

**Item 1. - Cover Page**

**Form ADV Part 2A: FIRM BROCHURE**

**SAYBROOK ADVISORS, LLC**

11400 W. Olympic Blvd  
Suite 1400  
Los Angeles, CA 90064

(310) 899-9200 (phone)  
(310) 899-9101 (facsimile)

<http://www.saybrookfunds.com>

**March 30, 2020**

This Brochure provides information about the qualifications and business practices of Saybrook Advisors, L L C (“Saybrook”). If you have any questions about the contents of this Brochure, please contact us at (310) 899-9200 or [dpimentel@saybrook.net](mailto:dpimentel@saybrook.net). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

Saybrook is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

## Item 2. - Material Changes

On March 9, 2019 Kenny Slutsky, a Managing Director with Saybrook, retired and ceased to provide services to Saybrook entities either directly or through any affiliate.

On April 30, 2019 Said Al-Alaoui, Principal, ceased to provide services to Saybrook Corporate Funds. Said's responsibility has been transferred to Jonathan Rosenthal and Dan Pimentel. Said continues to serve on the board of Total Transport Services ("TTSI", one of Saybrook's investment) and provides consultant services to TTSI.

Pursuant to SEC rules, Saybrook provides a summary of material changes to its Brochure within 120 days of the close of Saybrook's fiscal year. Saybrook may provide further disclosures about material changes as deemed necessary. Additionally, Saybrook will provide to clients a new Brochure as necessary, without charge. Saybrook's Brochure may be requested by contacting Dan Pimentel, Chief Compliance Officer, at (310) 899-9200 or [dpimentel@saybrook.net](mailto:dpimentel@saybrook.net).

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#### Item 4. - Advisory Business

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

Saybrook Advisors, LLC (together with its affiliates, “Saybrook”), a Delaware limited liability company formed in June 2003, makes special situations credit investments in lower middle market companies. Saybrook’s Funds invest in lower middle market companies with operational or capital structure complexity that is an obstacle to accessing traditional forms of financing. These situations are often undervalued in the marketplace and present highly attractive investment opportunities. The catalyst for the investment opportunity can be financial or operational distress, a complicated capital structure involving difficult-to-value securities or a dysfunctional ownership group.

The following general partners are affiliated with Saybrook and are deemed to be relying advisers with authority to make investment decisions on behalf of each Fund: Saybrook COF LP; Saybrook COF II GP LP; and Saybrook COF Offshore LLC; (the “General Partners”).

The General Partners serve as the investment advisers for a series of limited partnerships; these clients are: Saybrook Corporate Opportunity Fund LP; Saybrook Corporate Opportunity Offshore Fund LP; Saybrook Corporate Opportunity Fund II, LP; Saybrook Corporate Opportunity Fund II Feeder, LP; and SCOF II Side Pocket Fund, LP (the “Funds”). The Funds make special situations debt and equity investments in middle market companies.

The principal owners of the Firm are the Jonathan and Lynn Rosenthal Family Trust, Jonathan Rosenthal and Lynn Rosenthal trustees.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

Saybrook provides advisory services as a fund manager to its Funds. Interests in the Funds generally are privately offered to qualified limited partners in the United States and elsewhere. The Funds make special situations debt and equity investments in middle market companies. The Funds invest in companies headquartered in the U.S. and Canada, and target the business services, consumer, healthcare and manufacturing sectors.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

Saybrook does not tailor its advisory services to the individual needs of investors in its Funds; Saybrook's investment advice and authority for each Fund are tailored to the investment objectives of that Fund. These objectives are described in the private placement memorandum, limited partnership agreement, investment advisory agreement and other governing documents of the relevant Fund (collectively, "Governing Documents").

Fund investors cannot impose restrictions on investing in certain securities or types of securities. Investors in Funds participate in the overall investment program for the applicable partnership, but may be excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable partnership agreement. Saybrook may enter into side letters or similar agreements with certain limited partners that have the effect of establishing rights under, or altering or supplementing a Fund's partnership agreement.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

Saybrook does not participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.**

As of December 31, 2019, Saybrook had approximately \$158 million Regulatory Assets under Management on a discretionary basis. Saybrook does not manage any assets on a non-discretionary basis.

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

**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

As compensation for investment advisory services rendered to the Funds, Saybrook receives both a management fee and a carried interest allocation. The General Partners or other Saybrook entities or affiliates may receive additional compensation in connection with management and other services performed for portfolio companies of the Funds (*e.g.*, monitoring, transaction, advisory board and other fees). Such additional compensation generally will reduce in whole or in part the management fees otherwise payable to Saybrook.

The precise amount of, and the manner and calculation of, the management fees for each Fund are established by Saybrook, as modified by negotiations with limited partners in the applicable Fund, and

are set forth in each Fund's Governing Documents prior to investment in a Fund. Any commitment of a limited partner in excess of a specified threshold may be subject to reduced management fee schedule as described in the applicable partnership agreement.

Generally, management fees are charged at an annual rate of 2% of aggregate capital commitments during the investment period; after the investment period of a Fund is over, management fees are charged at an annual rate of 1.75% of contributed capital, less returns of capital and write-downs to zero. In addition, the management fee will be reduced by 80% of: (i) any directors' fees, financial consulting fees or advisory fees earned by the General Partner with respect to any Fund investment; (ii) any transaction fees paid to the General Partner with respect to any Fund investment; and (iii) any break-up fees with respect to Fund transactions not completed that are paid to the General Partner. Management fees are deducted quarterly in advance and the first payment if less than a full quarter is pro-rated for the days remaining in the quarter. In certain circumstances, management fees are negotiable and fees and arrangements with respect to a particular limited partner may differ from those described above. The relevant Fund general partner may, in its sole discretion, waive or reduce a limited partner's management fee.

As further described below in Item 6, each General Partner generally is entitled to receive a carried interest allocation with respect to the Funds equal to 20% of all realized profits, subject to an 8% annual compounded preferred return and a related General Partner catch-up provision. The carried interest allocated to a General Partner is subject to a potential giveback at the end of life of a Fund. The calculation methodology is fully described in each Fund's Governing Documents.

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

Management fees are generally deducted from client's accounts in advance on a quarterly basis.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

In addition to the management fee and carried interest allocation payable to the relevant general partner, each Fund bears certain expenses. The General Partners will pay ordinary administrative and overhead expenses incurred in connection with maintaining and operating its office(s), including employees' salaries, rent, utilities, etc. In addition to the management fee, the Funds will pay all other costs and expenses of the Funds that are not reimbursed by portfolio companies (which reimbursements may be for travel and any other out-of-pocket expenses incurred in connection with the making, monitoring and/or disposing of such portfolio companies, including follow-on investments and refinancings), including brokerage, legal, auditing, consulting, financing, accounting, due diligence and

custodian fees and expenses; expenses associated with the Funds' third-party administrator; expenses associated with the Funds' financial statements, tax returns and Schedule K-1s; expenses incurred in connection with transactions not consummated (broken deal expenses); expenses of the Advisory Board and update visits with and meetings of the limited partners; insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Funds. Any board fees received from Saybrook principals and employees for serving on Saybrook lender or shareholder boards are offset against management fees; however, any third party appointed board member to an outside lender or shareholder board are not reimbursed against management fees.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

The Funds pay Saybrook non-refundable management fees at the beginning of each fiscal quarter. Given the long-term nature of an investment in the Funds, there are substantial constraints on a limited partner's ability to withdraw and, therefore, it is rare for a limited partner to withdraw from a fund before the end of a fiscal quarter. However, if this were to occur, Saybrook would refund the unearned portion of the management fee it received from the limited partner.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

1. Explain that this practice presents a conflict of interest and gives you or your supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.
2. Explain that clients have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.
3. If more than 50% of your revenue from advisory clients results from commissions and other compensation for the sale of investment products you recommend to your clients, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.
4. If you charge advisory fees in addition to commissions or markups, disclose

**whether you reduce your advisory fees to offset the commissions or markups.**

Neither Saybrook nor any supervised person accepts compensation for the sale of securities or other products.

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

**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

As described above in Item 5, each general partner receives a carried interest allocation on certain realized profits in the Funds equal to 20% of all realized profits subject to an 8% annually compounded preferred return and a related general partner catch-up provision. A carried interest allocation represents an adviser's compensation based on a percentage of net profits of the funds it manages. The carried interest allocated to a general partner is subject to a potential giveback at the end of life of a Fund if the respective general partner has received excess cumulative distributions.

Each Fund's carried interest fee structure is described in detail in the relevant Governing Documents. These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance based compensation may create an incentive for Saybrook to make more speculative investments and/or different decisions regarding the timing and manner of the realization of such investments for the Funds than would be made in the absence of performance-based compensation.

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

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

Saybrook provides investment advice to the Funds. Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment



pools under the Investment Company Act of 1940, as amended. Identifying details about the Funds may be found in Item 4, above, as well as the portion of Saybrook's Form ADV Part 1 captioned "Private Fund Reporting" at Section 7.B.(1).

The limited partners participating in the Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Saybrook and its affiliates. The Funds generally have a minimum investment commitment of \$5.0 million. Limited partners in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Limited partners must be (i) "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) either "qualified purchasers" or "knowledgeable employees" as defined under the Investment Company Act of 1940, as amended. Saybrook may waive the minimum investment amounts in its sole discretion.

Saybrook does not now, but may in the future serve as investment manager to various co-investors who may invest alongside the Funds in certain portfolio companies. Co-investment opportunities will be offered to all Fund limited partners, but Saybrook reserves the right to offer co-investment opportunities to non-Fund limited partners as well.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

Saybrook's Funds invest in lower middle market companies with operational or capital structure complexity that is an obstacle to accessing traditional forms of financing. These situations are often undervalued in the marketplace and present highly attractive investment opportunities. The catalyst for the investment opportunity can be financial or operational distress, a complicated capital structure involving difficult-to-value securities or a dysfunctional ownership group. Saybrook's goal in each situation is to establish the downside protection of a debt investment while creating the potential for an equity-type return. The recent economic crisis and the resulting changes to the financial industry have significantly restricted the capital that is available to lower middle market companies that have complexity. Saybrook Funds make two types of investments: (1) purchasing debt and illiquid equity interests in the secondary market; and (2) investing directly in companies that are unable to access capital from traditional sources. Saybrook typically structures investments to benefit from a combination of seniority, collateral protection and current income, and searches for situations in which the Firm can invest at a discount to intrinsic value. The Saybrook team conducts a thorough due diligence process which typically involves input from third party industry experts that are independent of the company which is being evaluated. Saybrook employs an activist approach to restructuring situations, and has substantial operational resources that the Firm is prepared to commit to its portfolio

companies. Saybrook Funds target companies in the business services, consumer, healthcare and manufacturing sectors.

For the Funds, Saybrook primarily utilizes discounted cash flow, and comparable company and precedent transaction analyses to evaluate the fundamental value of a potential investment. The portfolio managers perform fundamental credit and required return analyses. The analyses are performed utilizing data from publicly available sources, borrowers/issuers/ lenders, internal databases, broker/dealers and other third-party contacts. Saybrook's investment strategy is to generate investment returns by identifying "deep value" investment opportunities that can occur when a middle-market company either (i) suffers from an overleveraged balance sheet or (ii) is unable to access traditional capital sources at a time when it needs to undertake a refinancing, recapitalization or some other major transaction.

In implementing its strategy, Saybrook focuses on the following key components:

Disciplined Investing. Saybrook focuses on middle-market distressed and capital-constrained companies headquartered in the United States or Canada.

Value Gaps. Saybrook attempts to capitalize on "value gaps" that can result from financial distress and/or the lack of access to traditional sources of capital.

Saybrook Processes and Criteria. Saybrook applies rigorous due diligence and risk management processes to potential investments. Saybrook adheres to strict investment criteria to limit its downside risk.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

The Funds and their limited partners bear the risk of loss that Saybrook's investment strategy entails. Although the following risk factors generally apply to all Saybrook Funds, limited partners should also refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. The risks involved with Saybrook's investment strategy and an investment in the Funds include, but are not limited to:

Business Risks. The Fund's investment portfolio will consist primarily of securities issued by companies that are distressed or capital constrained, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of the General Partners' prior investments is not necessarily

indicative of the Funds' future results. While the General Partners intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

*Investment in Junior Securities.* The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss.

*Leveraged Nature of Investments.* The portfolio companies in which the Funds will invest may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs or to pay principal and interest on the Funds' investments when due. The leveraged capital structure of portfolio companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates. The Funds' investments may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Funds may suffer partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. Furthermore, the companies and securities in which the Funds will invest may not be rated by a credit rating agency.

*Concentration of Investments.* The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the Funds' investment portfolios could become highly concentrated, and the performance of a few holdings or industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying and structuring special situations transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to pay annual management fees during the investment period based on the entire amount of their Commitments.

*Dynamic Investment Strategy.* While the General Partners generally intend to seek attractive returns for the Funds primarily through making investments as described herein, the General Partners may pursue additional investment strategies and may modify or depart from their initial investment strategy, investment process and investment techniques as they determines appropriate. The General Partners may pursue investments outside of the industries and sectors in which they have previously made investments or have internal operational experience.

*Illiquidity; Lack of Current Distributions.* An investment in the Funds should be viewed as illiquid. It is

uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the annual management fee payable to the General Partners) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including, without limitation, unfunded Commitments.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to a Fund's limited partners.

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of the Funds will be vested with the General Partners, and the Funds' future profitability will depend largely upon the business and investment acumen of the principals. The loss or reduction of service of one or more of the principals could have an adverse effect on the Funds' ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of the General Partners. Although the General Partners will monitor the performance of each Funds' investments, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Funds' objectives.

*Projections.* Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*New Withholding Tax on Certain Non-U.S. Entities.* Legislation enacted on March 18, 2010, generally imposes, beginning January 1, 2013, a new withholding tax of 30% that will apply to distributions from the Funds to non-U.S. entities (including the Offshore Feeder) in respect of most payments attributable to investments in the United States, including distributions attributable to dividends, interest, and gross proceeds of a disposition of stock (including a liquidating distribution from a corporation), unless the foreign entity (including the Offshore Feeder) complies with certain conditions or an exception applies.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, the Funds

may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for the Funds to increase its participation in a successful portfolio company or the dilution of the Funds' ownership in a portfolio company if a third party invests in such portfolio company.

*Significant Adverse Consequences for Default.* The Partnership Agreement provides for significant adverse consequences in the event a limited partner defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from the Funds, a defaulting limited partner may be forced to transfer its interest in the Funds for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

*Dilution.* Limited partners admitted to the Funds at subsequent closings generally will participate in then-existing investments of the Funds, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Funds' existing investments at the time of such contributions.

*Non-Controlling Investments.* The Funds anticipates that they will principally hold debt obligations and other non-controlling interests in portfolio companies and, therefore, will have a limited ability to protect the Funds' position in such portfolio companies. However, the General Partners will seek appropriate creditor and shareholder rights to help protect the Funds' interest.

*Director Liability.* In certain circumstances, the Funds are expected to receive the right to appoint a representative to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Funds' representatives, and ultimately the Funds, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

*Delayed Schedule K-1s.* The Funds may not be able to provide final Schedule K-1s to limited partners for any given fiscal year until after April 15 of the following year. The General Partners will endeavor to provide limited partners with final Schedule K-1s on or before such date, but final Schedule K-1s may not be available until the Funds have received tax-reporting information from its portfolio companies necessary to prepare final Schedule K-1s. Limited partners may be required to obtain extensions of the filing dates for their U.S. federal, state and local income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in the Funds.

**C. If you recommend primarily a particular type of security, explain the material risks**

**involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

For information regarding the types of securities and portfolio companies in which Funds invest, please see Item 4.B and Item 8.A, above.

### **Item 9. - Disciplinary Information**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

Like other registered investment advisers, Saybrook is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a limited partner's evaluation of Saybrook or the integrity of Saybrook's management. Saybrook and its management persons have not been subject to any material legal or disciplinary events applicable to this Item.

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

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Saybrook is not actively engaged in a business other than giving investment advice to its clients, the Funds. Neither Saybrook nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.**

Neither Saybrook nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing.

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

- 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker**
- 2. Investment company or other pooled investment vehicle (including a mutual**

- fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. Other investment adviser or financial planner
  4. Futures commission merchant, commodity pool operator, or commodity trading advisor
  5. Banking or thrift institution
  6. Accountant or accounting firm
  7. Lawyer or law firm
  8. Insurance company or agency
  9. Pension consultant
  10. Real estate broker or dealer
  11. Sponsor or syndicator of limited partnerships.

As described in Item 4 above, Saybrook is affiliated with the following entities as General Partners: Saybrook COF LP; Saybrook COF II GP LP; Saybrook COF Offshore LLC; and Saybrook Capital II, LLC. These affiliated investment advisers operate as a single advisory business together with Saybrook and serve as General Partners of the Funds (and other pooled investment vehicles); these entities may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Saybrook has and will continue to develop relationships with professionals who provide services it does not provide, including: legal; accounting; banking; tax preparation; insurance brokerage; investment management services; and other personal services. None of the above relationships, however, creates a material conflict of interest with any of the Funds or limited partners.

From time to time, Saybrook may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will Saybrook accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Saybrook does not recommend or select other investment advisers for the Funds.

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

**A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

As fiduciaries, Saybrook and its employees are required to conduct personal securities transactions in a manner that prioritize clients' interest in client eligible investments. Saybrook has adopted a code of ethics policy, which sets forth standards of conduct that are expected of Saybrook principals and employees, and addresses conflicts that arise from personal trading. Saybrook's code is based upon the principle that the Firm and its employees owe a fiduciary duty to clients to conduct their affairs, including their personal securities transactions, to avoid (1) serving their own personal interests ahead of clients, (2) taking inappropriate advantage of their position with the Firm, and (3) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

Saybrook's code of ethics requires personnel to report their personal securities transactions, pre-clear any proposed purchase of any initial public offering or limited offering and comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information. At least once a year, each Saybrook covered person is required to acknowledge this code of ethics and agree to be bound by it.

Saybrook will provide a copy of its code of ethics to any existing or prospective limited partner upon request to Dan Pimentel, the Chief Compliance Officer, at (310) 899-9200 or [dpimentel@saybrook.net](mailto:dpimentel@saybrook.net).

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

### **1. Participation or Interest in Client Transactions**

Principals and employees of Saybrook and its affiliates may directly or indirectly own an interest in the Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Funds. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the Funds. Certain of these transactions require the consent of the applicable Fund.

It is Saybrook's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts without first obtaining the relevant advisory board and/or limited partner approval. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells a security to an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may



arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Neither situation applies to Saybrook.

## **2. Conflicts of Interest**

The Funds may invest together with other private investment funds advised by an affiliated adviser of Saybrook in the manner set forth in the limited partnership agreements. Saybrook will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations and the underlying documents for the relevant Fund. Accordingly, all transactions are allocated proportionately to each limited partner capital commitment unless “opt-out” provisions apply. Such “opt-out” provisions are directed by the applicable limited partner in Fund side-letters.

Each of Saybrook’s Funds has an advisory board, which is established under the respective Fund’s offering and governing documents. Each Fund’s advisory board is comprised of select limited partners of each Fund. A conflict of interest may exist in that not all limited partners are asked to join a Fund’s advisory board.

Each Fund’s investors include persons or entities resident in various jurisdictions, including the United States and other countries, who may have conflicting investment, tax and other interests with respect to their investments. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by each Fund and co-investment vehicle, the structuring of the acquisition of portfolio companies and the timing of the disposition of investments. Such structuring of portfolio companies may result in different after-tax returns being realized by different limited partners and other investors. As a consequence, conflicts of interest may arise in connection with decisions made by Saybrook that may be more beneficial for one investor than another investor, especially with respect to investors’ individual tax situations. Saybrook considers the investment and tax objectives of each Fund as a whole, and not the individual investment, tax or other objectives of any particular investor.

If any matter arises that Saybrook determines in its good faith constitutes an actual conflict of interest, Saybrook may take such actions as may be necessary or appropriate, within the context of such Fund’s or co-investment vehicle’s Governing Documents to ameliorate the conflict.

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

The principals and employees of Saybrook may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and

recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

Saybrook employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding these securities or communicating material non-public information to others. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Except for the limited circumstances described in Item 11.B, Saybrook and its related persons do not invest in the securities of companies recommended to the Funds.

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

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

- 1. *Research and Other Soft Dollar Benefits.* If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.**
  - a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.**
  - b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.**
  - c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.**
  - d. Disclose whether you use soft dollar benefits to service all of your clients'**

accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

- e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.
- f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

Transactions for the Funds are allocated to broker-dealers on the basis of best execution available in light of the overall quality of brokerage, prime brokerage, financing, and other services provided. Saybrook will periodically engage broker-dealers to perform various services for its clients and/or its portfolio companies. Broker-dealers are chosen based upon a variety of factors, including, without limitation, the broker-dealer's reputation, knowledge and expertise in a given segment of their industries, as well as upon the cost of the services provided. Saybrook is authorized to determine the broker or dealer to be used for each securities transaction for its Funds. In the event Saybrook is in a position to select brokers or dealers to execute transactions, Saybrook will consider the following factors, among others: the financial stability and reputation of the broker, Saybrook's experience with the broker, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping, and other services provided by such broker. Saybrook need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Saybrook does not request or permit investors to direct brokerage.

Although Saybrook will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable, and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable.

Saybrook currently does not pay or receive soft dollars, does not pay or receive fees for limited partner referrals, does not direct brokerage or advise limited partners on doing so, and does not aggregate trades.

Saybrook does not receive research or other soft dollar benefits in connection with securities transactions for the Funds or any co-investment vehicles.

- 2. ***Brokerage for Client Referrals.*** If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

- a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on

- your clients' interest in receiving most favorable execution.**
- b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.**

In selecting brokers and negotiating commission rates, Saybrook will take into account, among other things, the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. Saybrook may place transactions with a broker or dealer that (i) provides it (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Funds or other products advised by Saybrook (or an affiliate), if otherwise consistent with seeking best execution, provided Saybrook is not selecting the broker-dealer solely in recognition of the opportunity to participate in such capital introduction events or the referral of investors. The selection of a broker (including the prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances, and provide other services may be influenced by, among other things, the provision by the broker of the following: capital introduction; marketing assistance; consulting with respect to technology, operations, and equipment; commitment of capital; access to company management; and access to deal flow. Neither the General Partner nor any Funds separately compensate any broker for any of these other services.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services.

Each Fund's securities transactions generate brokerage commissions and other compensation, all of which the respective Fund, not Saybrook, will be obligated to pay. The Firm has complete discretion in deciding what brokers and dealers each Fund will use and in negotiating the rates of compensation a Fund will pay. In addition to using brokers as "agents" and paying commissions, each Fund may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

### **3. *Directed Brokerage.***

- a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most**

favorable execution of client transactions, and that this practice may cost clients more money.

- b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.**

Saybrook does not engage in directed brokerage.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

Saybrook aggregates the purchase or sale of securities for Client accounts when to do so is in the Client's best interest. In such rare circumstance, the Firm will enter a block trade and generally allocate on a *pro rata* basis among Clients, unless investment restrictions or investment guidelines otherwise require.

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

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

The investments made by the Funds are generally illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. Saybrook's team of investment professionals closely monitors and conducts quarterly reviews of the portfolio companies and maintains ongoing oversight. These reviews include, without limitation, sales trends, margins, profitability, debt to equity ratios, material business developments, competitive landscape and management.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

Portfolio Manager Jonathan Rosenthal has review the accounts of the Funds on a quarterly basis and periodically check to confirm that each Fund is maintained in accordance with its stated business objectives. The Manager would perform additional reviews based on the following triggering factors: changes in market environment, major economic events, changes in real or perceived creditworthiness of key holdings, in the event that a portfolio company needed subsequent financing, in the event of a

potential acquisition or liquidity event, or if there were a serious performance issue.

**C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

Saybrook generally will provide to its limited partners (i) audited financial statements annually within 120 days of year end, commencing with the first year in which it either is in operation for at least six months or makes an investment, (ii) unaudited financial statements for the first three quarters of each fiscal year and (iii) annual tax information necessary for each partner's U.S. tax returns.. All reports are sent to limited partners in either electronically or by mail, as per each investor's preference. The Firm also has contact with investors (personal visits, telephone, e-mail) throughout the year as conditions warrant.

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

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

Saybrook does not receive an economic benefit from any non-clients for providing investment advice or other advisory services to its clients.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

From time to time, Saybrook may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees and expenses payable to any such placement agents will be borne by Saybrook indirectly through an offset against the management fee. Additionally, the cost of any such fees will be borne entirely by Saybrook and not by any affected limited partner.

In connection with the fundraising of Saybrook Corporate Opportunity Fund II, LP, the Firm retained the services of Credit Suisse, a registered broker-dealer. This Fund is no longer open to new investors. No limited partners bore the expense of the placement agent fee.

**Item 15. - Custody**

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from**

**you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

The Investment Advisers Act of 1940 Rule 206(4) (the “Custody Rule”) requires that pooled investment vehicles advised by the adviser either undergo an annual GAAP financial statement audit or be subject to a surprise custody examination by an SEC-registered auditing firm. The Firm has elected to undergo an annual GAAP financial statement audit for each of its Fund vehicles. Copies of such audit(s) are delivered to underlying fund investors within 120 days of year-end, thus satisfying the Custody Rule’s requirements.

By its ability of its general partners to deduct fees from Fund accounts, Saybrook is deemed to have custody over its clients’ funds. Saybrook does not take physical custody of client securities or money; as disclosed in the ADV filing, a number of organizations serve as the Firm’s qualified custodians for client assets. Saybrook receives monthly statements of activity from custodians provided there is activity in any given month. Saybrook complies with the custody rules under the Advisers Act applicable to pooled investment vehicles, including the requirement that Saybrook deliver a copy of Fund audited financial statements within 120 days of the fiscal year end and that it receive quarterly statements from its qualified custodian.

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

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

Saybrook is retained on a fully discretionary basis and is authorized to determine and direct execution of portfolio transactions pursuant to the terms of each Fund’s Governing Documents. The terms upon which Saybrook serves as an investment manager are established at the time each investor retains Saybrook as their investment manager. Saybrook is not required to contact an investor prior to transacting any business once such investor executes these documents. Investment advice is provided directly to the Funds and not to investors in the Fund individually. Saybrook has discretionary authority based on the Governing Documents to buy and sell securities and other investments on behalf of the Funds.

To invest in the Fund, a limited partner must execute a subscription agreement with a Fund. A limited partner in the Fund may impose limitations on Saybrook’s authority through a side letter agreement and the Firm may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon a limited partner’s investment must be presented to Saybrook in writing and agreed to by all parties. No limited partners to date have limited Saybrook’s discretion to provide investment advice, nor have any limited partners limited Saybrook’s ability to invest in specific company sectors or otherwise.

## Item 17. - Voting Client Securities

**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

By virtue of the Fund Governing Documents, Saybrook has the authority to vote client proxy statements on behalf of its Funds. The majority of "proxies" received by Saybrook will be written shareholder consents or similar instruments for private companies. Saybrook's proxy policy seeks to ensure that it vote proxies in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Saybrook generally believe its interests are aligned with those of the Funds' limited partners through the principals' beneficial ownership interests in the Funds; therefore, Saybrook will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, Saybrook's proxy policy provides that the Firm may address the conflict using several alternatives, including by seeking the approval or concurrence of an Advisory Committee on the proposed proxy vote, or through other alternatives set forth in Saybrook's proxy policy.

Saybrook does not consider service on portfolio company boards by Saybrook personnel or the receipt of nominal board fees to create a material conflict of interest in voting proxies with respect to such companies.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

This Item is not applicable to Saybrook.

## Item 18. - Financial Information

**A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

- 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.**



2. Show parenthetically the market or fair value of securities included at cost.
3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

This Item is not applicable to Saybrook.

**B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

Saybrook does not require prepayment of more than \$1,200 in fees per client, six months or more in advance or have any other events requiring disclosure under this item of the Brochure.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

Saybrook has not been the subject of a bankruptcy proceeding.