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# Infinedi Partners LP Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Infinedi Partners, LP (“Infinedi” or the “the Firm”). If you have any questions about the contents of this brochure, please contact us at (917) 596-4593. 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. The Partnership is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

## **Item 2: Material Changes**

This brochure includes updates to Item 4 and Item 5 of this form made to reflect the acquisition of the Regulatory Assets Under Management needed to maintain Infinedi’s registration with the SEC and amend the filing of Form ADV Part 2 submitted with Infinedi’s request for registration with the Commission filed in October 2019.

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## **Item 4: Advisory Business**

Infinedi provides investment advisory services to a private pooled investment vehicles designed to acquire control and non-control private equity investments between \$40 million and \$350 million in middle market companies primarily based in North America with (i) annual revenues between \$100 million and \$1 billion and (ii) enterprise values between \$100 million and \$1 billion within the following industries (the “Target Industries”):

- Consumer
- Healthcare Services
- Software
- Business Services

Infinedi and Infinedi Group LLC, which servers as Infinedi’s General Partner, are solely owned and controlled by Joseph Hegenbart who serves as CEO and Managing Partner.

Infinedi is responsible for evaluating and monitoring private equity investments on behalf of pooled investment vehicles (“Pooled Investments”) and providing day-to-day managerial and administrative services to these private companies on behalf of these investment vehicles. Infinedi sources, structures and negotiates potential investments, monitors the performance of portfolio companies and advises the investment vehicles as to the disposition of investment holdings.

Infinedi currently manages \$115,000,000 in assets on behalf of an unaffiliated limited liability corporation on a non-discretionary basis.

## **Item 5: Fees and Compensation**

### Management Fee

Infinedi earns a management fee from the pooled investment vehicles in accordance with their respective advisory agreements. Pooled Investments, generally, will pay the Firm a management fee based on the percentage of the invested capital with the rate of compensation subject to change based on the duration of the investment period and other factors.

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

### **Carried Interest**

Infinedi is also entitled to receive distributions related to a performance fee or carried interest as agreed to by the Pooled Investment.

In addition, Infinedi is currently managing assets on behalf of a single Pooled Investment vehicle and therefore does not have any conflicts related to side-by-side management of client accounts. Affiliated entities controlled by the Infinedi’s Managing Partner currently maintain a minority interest in the Pooled Investment managed by the Company which aligns Infinedi’s interest with the investor in the Pooled Investment.

## **Item 7: Types of Clients**

Infinedi provides investment advisory services to privately-offered pooled investment vehicles.

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

Infinedi’s investment process involves a structured approach to the entire value chain of investing, from idea generation through exit. The investment process is designed to seek consistent returns while preserving capital, implementing a leveraged buyout oriented program which serves as the foundation for Infinedi’s investment program. Infinedi will utilize its investment approach, as well as its extensive network of contacts to identify, evaluate and execute potential investments in equity securities. The main components of the Pooled Investment’s investment strategy are to (i) leverage the resources and investment opportunities within Infinedi (ii) offer a compelling value proposition to entrepreneurial business owners, and (iii) focus on middle market companies that fit Infinedi’s investment criteria

The Pooled Investments will also employ an investment approach that emphasizes capital preservation and will endeavor to achieve safety of principal by investing in North American-based high quality companies that meet the investment criteria applied by Infinedi. The Pooled Investments will structure investments to maximize the impact of the capital, and in some cases may be senior in liquidation preference to a significant amount of underlying enterprise value. In addition the Pooled Investment's interest will be structured to include other rights, controls and protective covenants.

Infinedi adheres to an investment process that includes: (i) proactive sourcing; (ii) a stringent due diligence process; and (iii) active oversight and support. Infinedi's investment professionals take an active role in all phases of Infinedi's investment process.

An investment in the Pooled Investments involves a risk of loss. A brief overview of some of the prominent risks related to Infinedi's investment strategy is outlined below:

### **Unspecified Investments**

The Pooled Investments may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. The success of the Pooled Investments will depend on the ability of the General Partner and Infinedi to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of such investments. Furthermore, to the extent the investment strategy of the Pooled Investments relies upon the recovery, stabilization or improvement of market and economic conditions and such events do not occur for an extended period of time, the Pooled Investments may not be able to invest a significant portion of its committed capital during its commitment period.

### **Illiquid and Long-Term Investments**

Generally, there will be significant period of time before the Pooled Investments will have completed its investments in portfolio companies. Such investments may take several years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Private investment transaction structures typically are not considered liquid. The return of capital and the realization of gains, if any, from a portfolio investment will generally occur only upon the partial or complete disposition or refinancing of such portfolio investment.

It is unlikely that there will be a public market for the securities held by the Pooled Investments at the time of their acquisition. Further, disposition of such investments may require a lengthy time period or may result in distributions in kind to investors.

### **Investments in Restructurings or Underperforming Companies**

The Pooled Investments may make investments in companies that are experiencing financial difficulties, which such companies may never overcome. Such investments could subject the Pooled Investments to additional potential liabilities exceeding the value of the Pooled Investment's original investment therein. Such investments of the Pooled Investments could also be subject to federal bankruptcy law and state fraudulent transfer laws, which may vary from state to state.

## **Middle Market Companies**

A significant component of the Pooled Investments' investment objectives is to invest in middle market companies. Although investments in middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. Middle market companies may have relatively limited product lines, markets, and financial and other resources. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in middle market companies, could make it difficult for the Partnership to react quickly to negative economic or political developments.

## **Investments in Less Established Companies**

The Pooled Investments may invest a portion of its assets in the securities of less established companies or early stage companies. Investments in such early stage companies may involve greater risks than those generally associated with investments in more established companies. Such companies also may have shorter operating histories on which to judge future performance and, in many cases, if operating, will have negative cash flow. In the case of start-up enterprises, such companies may not have significant or any operating revenues.

## **Nature of Structured Capital Securities**

The Pooled Investments expect to invest in control and non-control private equity securities. In the event any portfolio company in which the Pooled Investments invest cannot generate adequate cash flow to meet senior debt service, the Pooled Investments may suffer a partial or total loss of capital invested.

- Nature of Preferred Securities

The Pooled Investments may invest in preferred securities which are rated in the lower rating categories by the various credit rating agencies or, more commonly, in comparable non-rated securities. Securities in the lower rating categories and comparable non-rated securities are subject to greater risk of loss of principal and interest than higher rated and comparable non-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings and comparable non-rated securities in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower rated and comparable non-rated securities, the yields and prices of such securities may be more volatile than those for higher rated and comparable non-rated securities. The market for lower rated and comparable non-rated securities is thinner, often less liquid and less active than that for higher rated and comparable non-rated securities, which

can adversely affect the prices at which these securities can be sold and may even make it impracticable to sell such securities.

### **Non-Control Position Risk**

Pooled Investments will generally hold non-controlling interests in its portfolio investments. Although Infinedi will negotiate negative covenants and other contractual restrictions applicable to the companies underlying such investments, it will primarily be the responsibility of the management teams and boards of directors of such companies to operate such companies on a day-to-day basis. Accordingly, Infinedi will have a limited ability to protect the Pooled Investments' investments in such companies. Further, the Partnership may have no right to appoint a director and a limited ability to influence such companies' management.

### **Control Position Risk**

Infinedi may make certain investments that allow the Pooled Investments to acquire control or exercise influence over management and the strategic direction of a portfolio investment. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, pension liabilities, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may be ignored. The exercise of control over a portfolio investment could expose the assets of the Pooled Investments to claims by portfolio companies underlying such investments, its security holders and its creditors. While Infinedi intends to manage the Pooled Investments to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

### **Non-United States Investments**

The Pooled Investments may invest in companies domiciled outside of the United States. Non-U.S. securities involve certain risks including risks relating to: (i) currency exchange matters; (ii) potential price volatility in, and relative illiquidity of, some non-U.S. securities markets; (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation in some countries; (iv) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, or social instability and the possibility of confiscatory taxation or expropriation; (v) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities and (vi) less developed corporate laws regarding, among other things, fiduciary duties and the protection of investors.

### **Cybersecurity**

Infinedi and the portfolio companies may face cybersecurity threats to gain unauthorized access to sensitive information, including, without limitation, information regarding the limited partners and the Pooled Investment's investment activities, or to render data or systems unusable, which could result in significant losses. If such events were to materialize, they could lead to losses of sensitive information or capabilities essential to the operations of Infinedi and the portfolio

companies and could have a material adverse effect on their reputations, financial positions, results of operations, or cash flows, could lead to financial losses from remedial actions, loss of business, or potential liability, or could lead to the disclosure of limited partners' personal information.

Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Infinedi or a portfolio company's controls and procedures, business continuity systems, and data security systems could prove to be inadequate. These problems may arise in both Infinedi's or a portfolio company's internally developed systems and the systems of third-party service providers.

### **Joint Venture Partners**

Some of the third-party operators and joint venture partners with whom Infinedi may elect to co-invest may have preexisting investments with Infinedi. The terms of the preexisting investments may differ from the terms upon which Pooled Investments invests with such operators and partners. To the extent a dispute arises between Infinedi and such operators and partners, the Pooled Investments' investments relating thereto may be affected.

### **Service Providers**

Service providers or affiliates of service providers (including lenders, brokers, accountants, administrators, bankers, consultants, attorneys, and investment banking firms) of the Partnership may be in a position to provide certain services to employees of Infinedi with respect to non-Partnership matters. The General Partner may recommend to Infinedi or a portfolio company that it contract for services with such service providers. As such, the receipt of services with respect to non-Partnership matters may influence or have the appearance of influencing the General Partner's decision whether to select such service provider for the Partnership or whether to recommend such service provider to a portfolio company. Furthermore, to the extent such service provider relies or depends on the General Partner for such recommendations or selection, such service provider may be conflicted in the course of work that otherwise requires independence or impartiality. For instance, if such service provider relies or depends on the referrals or direction of the General Partner for work performed for Infinedi or the Pooled Investments, such service provider may be inclined to provide better or more resources to the work of the General Partner or Infinedi personnel than to the work of the Pooled Investments. The General Partner addresses these conflicts of interest by using reasonable diligence to ascertain whether each service provider provides its service on a "best execution" basis, taking into account factors such as expertise, operational and regulatory controls, availability and quality of service and the competitiveness of compensation rates in comparison with other service providers satisfying the Infinedi's service provider selection criteria.

In addition, the General Partner may from time to time enter into arrangements with service providers that provide fee discounts for certain services. Generally, the General Partner will not itself receive, or permit employees of the Infinedi to receive, discounts with respect to services

that are also provided to the Pooled Investments or portfolio companies unless the Pooled Investments or companies are charged similar rates. However, a portfolio company may not enjoy such discounts to the extent it engages such service provider on its own behalf and on independent terms.

Finally, on occasion, employees of certain key service providers engaged by Infinedi may invest in the Pooled Investments or co-investment vehicles. Investments from these parties are subject to the same subscription process as other investors in the Pooled Investments.

#### **Item 9: Disciplinary Information**

Infinedi and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

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

The Managing Partner and Infinedi's employees may serve as members of the boards of directors or similar governing bodies of various companies and may participate in other activities outside of the Partnership. Conflicts may arise as a result of such activities and in the allocation of management resources. Investors should be aware that receipt of material non-public information by the Managing Partners and Infinedi's employees regarding these companies could preclude the Partnership from effecting transactions in the securities of such companies (to the extent permitted under its limited partnership agreement). The possibility exists that the companies with which one or more of the employees is involved could engage in transactions which would be suitable for the Partnership, but in which the Partnership might be unable to invest.

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

Infinedi has adopted a formal compliance code of conduct that includes a securities trading code of ethics, insider trading policies and procedures, and procedures to address "pay to play" rules and regulations. Among other things, the code of conduct requires that employees act with integrity, place the interests of clients above their own, avoid actual and potential conflicts of interest, and comply with applicable provisions of all laws. The policies also require employees to pre-clear certain personal securities transactions, report personal securities transactions on at least a quarterly basis, and provide Infinedi with a detailed summary of certain holdings annually. Infinedi regularly reviews its compliance systems and procedures with experienced compliance consultants.

A copy of Infinedi's securities compliance policy will be provided to any investor or prospective investor upon request.

The investment professionals of Infinedi may invest in the Pooled Investments as indirect partners of the General Partner. As indirect partners of the Pooled Investments, the investment professionals of Infinedi invest in transactions made by the Pooled Investments. While investments by related persons and investment professionals of Infinedi are intended to align interests of Infinedi and its related persons with those of the Pooled Investments, such investments



may create conflicts (for example, in a diverse group of investors, including the investment professionals, with conflicting tax or other interests, decisions may be made that are more beneficial to one type of investor). Generally, investments and divestures are made on the same economic terms at the investment level for all partners of the Pooled Investments, including for Infinedi's related persons. Each investment is made pro rata among the partners of the Pooled Investments and Infinedi's related persons who are indirect partners so that Infinedi's related persons may not receive favorable terms or greater exposure to certain investments.

#### **Item 12: Brokerage Practices**

From time to time, the Pooled Investments may enter into currency transactions for the purposes of hedging non-U.S. investments. Infinedi does not typically participate in trading through broker-dealers. To the extent the Pooled Investments purchase public securities as part of a private equity transaction or acquires such securities as a result of a portfolio company going public, Infinedi will follow applicable SEC guidelines to seek best execution when implementing such transactions.

Infinedi does not have formal soft dollar arrangements. However, Infinedi may receive access to research made available through brokerage firms or investment banks. Infinedi believes this research is available to all managers of similar size. Infinedi does not direct transactions in lieu of payments for research or other services that do not benefit the Pooled Investments.

#### **Item 13: Review of Accounts**

Infinedi maintains continuous and ongoing oversight and review of the Pooled Investments' portfolio holdings by its senior investment professionals, including the Managing Partner.

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

Infinedi does not currently engage placement agents or compensate any third party to solicit investors for the Pooled Investments.

#### **Item 15: Custody**

Pooled Investment assets including cash, cash equivalents and, generally, certificated securities are held by unaffiliated, qualified custodians. Infinedi does not currently have signature authority over the assets held by the Pooled Investments. Access to the assets maintained in name of the Pooled Investment with custodians is reserved exclusively for the Investor in the Pooled Investment who will release payments related to Infinedi's management fees to Infinedi.

#### **Item 16: Investment Discretion**

Infinedi serves as the investment adviser with non-discretionary authority to implement investment decisions on behalf of the Pooled Investments. Infinedi's investment decisions and advice with respect to the sale or disposition of the portfolio companies held by the Pooled Investments is subject to the consents required by the applicable limited liability company agreements.

**Item 17: Voting Client Securities**

In the event the Pooled Investments hold equity positions or other positions that may solicit proxies, it is Infinedi's policy to review the proxies to determine whether a vote is material to shareholder value and in the best interest of the Pooled Investments. When a vote is deemed material to shareholder value it is Infinedi's policy to vote in a manner which it believes will increase shareholder value the most or decrease shareholder value the least. Infinedi's may abstain from voting if it deems that abstinence is in the Pooled Investments' best interests or when Infinedi has determined that the vote is immaterial to the value of the securities held by the Pooled Investments.

Current investors may request a copy of Infinedi's full proxy voting policies and procedures and record. Please contact Infinedi's CCO at (917) 596-4593.

**Item 18: Financial Information**

Infinedi has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to provide investment advisory services to the Firm.