

**ITEM 1**  
**COVER PAGE**

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**PART 2A OF FORM ADV: FIRM BROCHURE**  
**HIGHFIELDS CAPITAL MANAGEMENT LP**  
**MARCH 30, 2021**

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Highfields Capital Management LP  
200 Clarendon Street, 59<sup>th</sup> Floor  
Boston, MA 02116  
Tel: (617) 850-7500  
Fax: (617) 850-7501  
Website: [www.highfieldscapital.com](http://www.highfieldscapital.com)

*This brochure (the “Brochure”) provides information about the qualification and business practices of Highfields Capital Management LP. If you have any questions about the contents of this Brochure, please contact Investor Relations at (617) 850-7500 or [investorrelations@highfieldscapital.com](mailto:investorrelations@highfieldscapital.com). 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 securities authority.*

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

*Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

**ITEM 2**  
**MATERIAL CHANGES**

In May 2020, Highfields Capital Management LP's ("HCM" or the "Management Company") withdrawal from the National Futures Association (NFA) as an NFA Member and Commodity Pool Operator was completed.

**ITEM 3**  
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## **ITEM 4**

### **ADVISORY BUSINESS**

Highfields Capital Management LP, a Delaware limited partnership, provides administrative and managerial services to private investment funds. HCM and Highfields Associates LLC (“Highfields Associates”), a Delaware limited liability company that serves as general partner of certain investment funds managed by HCM, were founded in 1998 with offices located in Boston, Massachusetts. Jonathon S. Jacobson is HCM’s principal owner, Chief Executive Officer and Chief Investment Officer and is responsible for winding down the portfolios of the private funds HCM manages.

HCM provides investment management and administrative services to six private investment funds (each a “Fund” and collectively the “Funds”), each of which is winding down its business and no longer being offered to potential investors. HCM does not provide investment or management services to managed accounts, registered investment companies or directly to individuals.

The Funds include Delaware limited partnerships with multiple limited partners who are, or are owned by, taxable individuals and entities, and a Delaware limited partnership with multiple limited partners who are non-taxable United States (“U.S.”) entities (collectively, the “U.S. Funds”); a Cayman Islands exempted company, shareholders of which are non-taxable U.S. entities and non-U.S. persons (the “Offshore Fund”); a Cayman Islands exempted limited partnership that serves as a master fund through which certain of the Funds invest (the “Master Fund”); and a Cayman Islands exempted limited partnership intermediary entity through which the Offshore Fund invests in the Master Fund.

HCM manages the wind-down of all of the Funds with substantially the same overall investment strategy and does not contemplate any new investments by the Funds.

As of December 31, 2020, HCM managed approximately \$244 million of assets, all of which is managed on a discretionary basis. HCM does not manage any assets on a non-discretionary basis.

Additional information about HCM’s business, history, organization and other matters addressed in Item 4 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

## ITEM 5

### FEES AND COMPENSATION

As of January 1, 2019, HCM no longer receives asset-based fees from the Funds. However, HCM continues to be eligible to receive performance-based incentive compensation from the Offshore Fund. Highfields Associates is eligible to receive a performance-based incentive allocation from each Fund other than the Offshore Fund. The terms and amounts of incentive compensation are not negotiable by investors in the Funds.

Any incentive fee due to HCM from the Offshore Fund, or an incentive allocation due to Highfields Associates from the other Funds, is calculated by reference to each investor's capital account (or multiple capital accounts, where applicable) in a Fund. Voluntary withdrawals by investors have been suspended, but from time to time, compulsory partial redemptions consisting of proceeds of realization events related to remaining Fund assets are being made. Generally, incentive compensation and allocations are determined as of December 31 of each year. With respect to mid-year compulsory partial redemptions, incentive compensation and allocations are determined with respect to the portion of the investor's capital that is redeemed, and incentive compensation and allocations on the remaining capital balance are determined at year-end. Incentive compensation and incentive allocations for all Funds are equal to 20% of each capital account's annual net realized and unrealized profits subject to a "High Water Mark" under which prior losses incurred by a capital account must be recovered before any new incentive compensation or allocation will be due. For capital accounts that hold Special Investments, the calculation of any incentive compensation or allocation will value Special Investments at the lower of net cost or current market value and therefore will not take into account unrealized appreciation in the value of a Special Investment above such Special Investment's net cost. Incentive compensation on capital invested in a Special Investment is only paid or allocated, as applicable, upon a realization event with respect to the Special Investment or at such time as HCM determines that the investment should no longer be maintained in a Special Investment account. The High Water Mark for interests in the Funds created prior to January 1, 2007, includes a priority return for each fiscal year that equals the lesser of the one-year Constant Maturity Treasury rate or 8%. Incentive compensation is deducted from investors' capital.

The Management Company and Highfields Associates do not receive incentive compensation or allocations from Fund capital accounts of HCM employees, affiliates, family members and similar parties, and they may reduce or waive these costs for other investors, or for particular investments, in their discretion.

The Funds bear their own operating expenses, including all investment expenses relating to investments or contemplated investments and costs of winding down the Funds. Such investment expenses incurred by the Funds include, but are not limited to, brokerage commissions, clearing and settlement charges, custodial fees, interest expense, stock borrowing fees, proxy solicitation expenses, public relations, and third-party consulting, advisory, research, investment banking and professional fees. The Funds' other operating expenses include, but are not limited to, legal expenses, third-party accounting, administrative or custodial services, audit and tax

preparation expenses, SEC or other government regulatory and reporting expenses, including filing fees, and corporate licensing. Expenses that benefit more than one Fund are generally allocated among such Funds on a pro rata basis in accordance with the relative amounts of investment capital of the respective Funds. Expenses arising from Special Investments are allocated according to the Funds' respective interests in the Special Investment. The Management Company pays or advances certain expenses of a Fund, subject to later reimbursement.

There are no other fees, custodian charges, finder's fees, brokerage fees or other compensation paid to HCM or Highfields Associates by the Funds or the investors in the Funds.

Additional information about matters addressed in Item 5 can be found below in Item 12 ("Brokerage Practices") and in the Offering Memorandum and constituent documents of the relevant Fund.

## **ITEM 6**

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Item 5 above describes performance-based compensation or allocations that HCM or Highfields Associates are eligible to receive from all of its clients. As a result, HCM and its affiliates do not face the conflicts of interest that arise when an investment adviser receives performance-based compensation from some clients and not from others. Nevertheless, side-by-side management of the Funds creates conflicts of interest. For example, certain Funds currently invest through a “master-feeder” structure. To the extent that multiple Funds’ assets are invested in the Master Fund, certain conflicts of interest in managing the Master Fund portfolio may exist due to differing tax and other considerations applicable to each Fund. These considerations may cause the Master Fund to dispose of particular investments in a manner that is more advantageous to one Fund than to another Fund.

To mitigate such conflicts, Highfields has adopted investment allocation policies and procedures to provide for fair and equitable disposition of investments among the Funds, subject to modification on account of regulatory, tax and other considerations as determined by the Management Company.

**ITEM 7**  
**TYPES OF CLIENTS**

The Management Company's clients are the Funds to which it provides investment management and administrative services. Investors in the Funds primarily consist of charitable foundations, endowments, pension plans, governmental entities, funds of funds, private or family-owned investment entities, trusts and individuals. Investors in the Funds have met certain qualification requirements under applicable federal securities and commodities laws as set forth in each Fund's Offering Memorandum and/or constituent documents. The Funds' stated minimum initial investment is \$5,000,000. These minimum investment amounts have been waived by the Funds in certain circumstances and were not applied to investors who are HCM employees, affiliates, family members and similar parties.

Additional information about qualifications for investment in the Funds addressed in Item 7 can be found in the Offering Memorandum and constituent documents of the relevant Fund.



## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Jonathon S. Jacobson, HCM's founder and Chief Investment Officer, is responsible for managing the orderly liquidation of the remaining assets of the Funds.

#### Methods of Analysis and Investment Strategies

The Funds' capital is currently invested in a limited number of securities available in the U.S. and certain non-U.S. markets, including equity securities, debt instruments, convertible securities, financial derivatives and certain non-public securities. HCM is seeking an optimal time to dispose of these remaining investments based on market conditions and other factors. Broad diversification of investments in number, or by industry or geography, has never been a primary investment objective of any Fund and, as the Funds' portfolios wind down, they have become increasingly concentrated. This concentration could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in the selected investments.

**The investment program that HCM follows for the Funds is speculative and entails substantial risks including the risk of loss by an investor of its entire investment amount. Since market risks are inherent in all securities investments there can be no assurance that the investment objectives of the Funds will be achieved.**

#### Material, Significant or Unusual Risks Relating to Investment Strategies

HCM's investment strategy for the Funds entails substantial and material risks that are inherent in securities investing of all kinds, as well as risks specific to the investment assets, processes, strategies and portfolio composition that HCM may utilize at any given time. The most significant of these risks are briefly described below; each Fund's Offering Memorandum contains a more complete listing and explanation of such risks, the effects on the Fund's strategies and financial condition, and on the investor's investment in the Fund.

- Long-Biased Investment Program: The Funds' portfolios have a long-exposure bias making it more likely that adverse changes in the overall market will result in a decline in the value of the Funds' assets.
- Special Situations: The Funds pursue investments in "event-driven" or distressed special situations, such as recapitalizations, spinoffs, and financial restructurings and other catalyst-oriented situations which are complex in their analysis, may have limited liquidity and may be difficult or costly to establish or unwind.
- Price Volatility: The prices of the Funds' investments can be highly volatile and may have extreme reactions to changes in interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and governmental policies, and national and international political and economic events and policies. Such

changes may fundamentally change the trading or investment conditions underlying the HCM analysis on which the Funds relied when making an investment, and may therefore result in losses. Price volatility also may result in a “margin call” on the Funds, requiring the Funds to post additional collateral to a broker or even result in the forced liquidation of an asset causing losses to the Fund.

- Counterparty Risk: The Funds have established relationships to obtain financing, derivatives and prime brokerage services that permit the Funds to trade in a variety of markets or asset classes. There is no assurance that the Funds will be able to maintain such relationships, and a failure to do so would limit the Funds’ trading activities and could create losses. The Funds could also suffer losses if there were a default or insolvency by a prime brokers, custodian, brokerage firm or other financial institution with which a Fund does business. Some of the markets in which the Funds may invest are “over-the-counter” or “interdealer” markets, including many derivatives and debt markets, in which the terms of transactions are not standardized and are negotiated on an individual basis. This exposes the Funds to the risk that a counterparty will not settle a transaction because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the Funds to suffer a loss.

- Leverage and Financing Risk: HCM’s investment strategy employs leverage by the Funds, including through borrowings of funds, use of margin accounts, repurchase agreements, options and similar derivatives, and such leverage may magnify the effect of events that have adverse effects on the Funds’ portfolios and the losses that result.

- Liquidity of Investments: Certain of the Funds’ investments are not traded on major exchanges or may trade in limited volume, including debt instruments or other assets that are traded in the over-the-counter market, or only in privately negotiated transactions. The inability to timely or easily transact in such assets may result in losses to the Funds.

- Distressed Securities: The Funds have invested in securities of, or claims against, entities experiencing significant financial or business difficulties, including notes, loans, commercial paper, partnership interests and similar financial instruments or in securities backed by distressed assets. In addition to the inherent risk of investing in a troubled business, these investments pose additional risks attendant to their structural complexity, limited information, claims of competing creditors and stakeholders, and illiquid markets. These factors contribute to typically higher-than-average price volatility for such assets and may result in losses for the Funds.

- Risk of Certain Debt Investments and Interest Rate Fluctuations: The Funds have invested in bonds or other fixed income securities, including “higher yielding” (and, therefore, higher risk) debt securities that are often below “investment grade.” Issuers of such debt may face ongoing uncertainties and ultimately default on interest and principal payments. Changes in economic conditions, prevailing interest rates or competitive and

other industry factors may all result in the default of the issuer or a significant reduction in the securities' value on account of a perceived risk of default.

- Non-U.S. Securities: The Funds invest in securities of non-U.S. issuers (including non-U.S. governments) and securities priced in non-U.S. currencies that pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as risks attendant to the imposition of withholding or other local taxes and political or social instability. In addition, less information is typically available to HCM regarding securities of non-U.S. issuers and such issuers may not be subject to financial reporting standards comparable to those of U.S. issuers. Investments in developing countries present the further risks of securities markets that are smaller and more volatile than the securities markets of the U.S.

Additional information about HCM's investment strategy, methods of analysis, the risks of investing in the Funds and other matters addressed in Item 8 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

## **ITEM 9**

### **DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or a prospective client's evaluation of HCM's advisory business or the integrity of its management.

## **ITEM 10**

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

In May 2020, HCM's withdrawal from the NFA as an NFA Member and Commodity Pool Operator was completed.

HCM evaluates any material conflicts of interest presented by any proposed relationship or arrangement it may contemplate with a service provider, broker or similar party that has a material business relationship with the Funds to ensure that the transaction or arrangement is fair and equitable to the investors in the Funds, and on terms that are consistent with arm's length dealings, and HCM reviews any such arrangement on an ongoing basis thereafter to ensure continued benefit to the Funds and their investors. Except as described in the paragraph immediately below, neither HCM nor any of its management persons currently has any such relationship.

Employees of HCM have family and other relationships with investors in, or service providers to, the Funds. HCM reviews such relationships to identify and address any conflicts.

Additional information about HCM's affiliate relationships and other matters addressed in Item 10 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

## ITEM 11

### CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

#### Code of Ethics

HCM has adopted a Code of Ethics (the “Code”) consistent with the requirements of Rule 204A-1, which, among other things, (i) sets forth the standards of professional conduct for HCM employees; (ii) governs the personal securities transactions of HCM’s employees; (iii) governs the treatment and forbids the misuse of material nonpublic information by HCM employees; and (iv) requires all supervised persons to report any violations of the Code to HCM’s Chief Compliance Officer. HCM will make a copy of the Code available to any investor or potential investor upon request.

#### Participation or Interest in Client Transactions

HCM and its affiliates (including for this purpose, Highfields Associates, Jonathon S. Jacobson, and officers and employees of HCM, and accounts controlled by them) have invested substantial capital in the U.S. Funds and collectively represent the largest investor in the aggregate capital of the Funds. The personal investments of such affiliates are concentrated in the Funds that are organized as Delaware partnerships for U.S. taxable investors. Such persons are not charged incentive compensation or allocation.

Such Fund ownership presents conflicts of interest in that HCM and its affiliates have a larger interest in certain Funds than in others. This potential conflict is evaluated on an ongoing basis by HCM’s senior management and is addressed, in part, through HCM’s allocation policies discussed in Item 6 above. Because the Funds are winding down their business and disposing of remaining portfolio positions on a pro rata basis, any such potential conflict is largely ameliorated. Nevertheless, allocations, and conformance to allocation policies, are reviewed on an ongoing basis.

#### Personal Trading

The Code generally prohibits employees from transacting in publicly traded securities in which the Funds are invested or that are on HCM’s restricted list. Transactions in other publicly traded securities are generally permitted without preclearance. The Code generally requires employees to (1) disclose all personal securities holdings upon commencement of employment and annually thereafter; and (2) report all personal securities transactions at least quarterly. Pursuant to the Code, employees may not participate in initial public offerings and must obtain permission from HCM before acquiring securities in private transactions.

Except as described in Item 10 and except for certain Funds invested through a “master-feeder” structure, HCM does not cause the Funds to buy or sell securities in which HCM or its principals have a material financial interest. HCM does not regularly initiate cross transactions

between one or more Funds to achieve comparable exposure among the Funds to certain investments. On account of the ownership of HCM affiliates in certain Funds, certain such cross transactions, if they occurred, may be viewed as principal transactions. If HCM were to initiate a cross transaction, HCM would comply with the relevant provisions of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), including, where appropriate, requiring the appointment of an independent third party to review and approve the terms of such transaction.

Additional information about HCM’s matters addressed in Item 11 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

## **ITEM 12**

### **BROKERAGE PRACTICES**

HCM has discretion in deciding which brokers and dealers the Funds will use and in negotiating the rates of compensation the Funds are willing to pay. Portfolio transactions for the Funds are allocated to brokers and dealers in a manner consistent with the obligation to seek “best execution,” taking into account one or more factors such as the broker’s execution capability, reliability and financial condition, securities pricing and transaction expenses, confidentiality, capital commitment and transaction responsiveness. HCM also considers a broker’s effectiveness in providing market or industry information, arranging for access to knowledgeable industry sources and the provision or payment of the costs of brokerage or research products or services that benefit the Funds and assist HCM in the performance of its responsibilities. HCM need not solicit competitive bids and does not always select the lowest available commission cost. Accordingly, if HCM determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker, HCM may direct brokerage transactions to such broker and/or pay a commission rate that is greater than the amount another broker might charge.

Subject to the considerations described above, the selection of a broker (including a prime broker) also may be influenced by, among other things, the provision by the broker of consulting with respect to technology, and operations and equipment. HCM does not separately compensate any broker for any of these other services. Provision of services, including services that HCM might otherwise pay for, provides HCM with an incentive to select the respective broker and dealer for client transactions without regard to best execution.

Consistent with its approach of pursuing substantially the same investment strategy for each of the Funds, brokerage orders for securities are typically aggregated, and the cost of execution is shared by the Funds according to the allocable portion of the transaction assigned to each Fund.

Additional information about HCM’s brokerage practices, execution of transactions and other matters addressed in Item 12 can be found in the Offering Memorandum of the relevant Fund and in its constituent documents.



## **ITEM 13**

### **REVIEW OF ACCOUNTS**

The Funds' investment portfolios are reviewed and monitored by HCM's Chief Investment Officer on an ongoing basis.

In light of the ongoing unwinding of the Funds' portfolios, HCM, through its Administrator, makes few written reports and information available to continuing investors in the Funds. This information includes:

- Quarterly unaudited account statements;
- Schedule K-1 (where applicable) issued as soon as practicable after the fiscal year-end; and
- Fund financial statements audited by Ernst & Young LLP and Ernst & Young Ltd., within 90 days after fiscal year-end.

Additional information about matters addressed in Item 13 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

## **ITEM 14**

### **CLIENT REFERRALS AND OTHER COMPENSATION**

Neither HCM nor any of its related persons compensate any person who is not a supervised person of HCM for client referrals to HCM.

Neither HCM nor any of its related persons receive an economic benefit from any other person for providing investment advice or any other advisory services to HCM's clients.

## **ITEM 15**

### **CUSTODY**

HCM is subject to Rule 206(4)-2 (often referred to as the “Custody Rule”) under the Advisers Act. Accordingly, HCM has engaged an independent accounting firm registered with and subject to inspection by the PCAOB to perform an annual audit of each Fund and distributes audited financial statements prepared in accordance with U.S. GAAP to all investors within 120 days of each Fund’s fiscal year end. In addition, HCM has engaged “qualified custodians” (as defined in the Custody Rule) to hold all assets of the Funds that must be held with a qualified custodian pursuant to the Custody Rule. These qualified custodians do not send statements to investors in the Funds.

## **ITEM 16**

### **INVESTMENT DISCRETION**

Pursuant to applicable agreements, HCM has discretionary authority over the remaining assets of the Funds. The Funds typically place no restrictions on HCM's authority.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

HCM has discretion over the Funds' exercise of voting rights with respect to securities that the Funds hold, but the Funds no longer hold securities that have voting rights.

Upon written request, HCM will make available information concerning how HCM exercised voting rights as well as a copy of HCM's historical proxy voting policies and procedures.

Additional information about voting of proxies on behalf of the Funds and other matters addressed in Item 17 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

**ITEM 18**  
**FINANCIAL INFORMATION**

Not Applicable.