

FORM ADV
PART 2A

FIRM BROCHURE

The Circumference Group LLC

One Information Way, Suite 405

Little Rock, AR 72202

501-492-8400 tel

501-492-8401 fax

March 29, 2021

This brochure provides information about the qualifications and business practices of The Circumference Group LLC, CRD # 159012. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Holly Larkin, at 501-492-8400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Circumference Group LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration as an investment adviser with the SEC or by any state securities authority does not imply a certain level of skill or training.

Item 2. Material Changes

Not applicable. This filing is the 2021 annual filing for The Circumference Group LLC.

Item 3. Table of Contents

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Item 4. Advisory Business

A. The Circumference Group LLC (“CG” or “Circumference”) is a Delaware limited liability company founded by Jeffrey H. Fox in 2009 as an investing and consulting firm. CG is indirectly owned by Mr. Fox through a subsidiary, Circumference Group Holdings, LLC (“CG Parent”).

B. Circumference currently provides investment advice and management services to private investment funds (“private funds”) which may be organized as domestic or foreign entities, such as limited partnerships, corporations, and limited liability companies. (These private funds are sometimes referred to as “hedge funds”.) These investments may be in the form of publicly-traded securities, private funds, and privately-held business ventures (majority and minority positions). CG also provides investment advisory services to Mr. Fox from time to time. These services include the evaluation of specific investment opportunities for Mr. Fox, which opportunities may be in the form of publicly-traded securities, private funds, and privately-held business ventures (majority and minority positions). CG does not manage a discretionary pool of capital for Mr. Fox.

Circumference currently manages one private fund, which is a U.S. limited partnership. This private fund is CG Core Value Fund LP (the “Core Value Fund”). A Circumference affiliate serves as the general partner of this private fund. This private fund is managed in accordance with its own investment objectives, strategies, restrictions, and guidelines, and the investors in the fund (“underlying investors”) do not have any opportunity to select or evaluate any fund investments or strategies. The private fund is actively managed by CG. CG employs a value-based strategy focused predominantly on equity and equity-related securities of business-to-business services and technology companies. Information about the private fund’s investment objectives, strategies, restrictions and guidelines is more fully described in the offering documents for the fund. CG Parent is an investor in the Core Value Fund.

C. Circumference does not provide individualized advice to the underlying investors in the private funds. Each investor in a private fund should consider whether the private fund meets such investor’s investment objectives and risk tolerance prior to investing in the fund.

D. Circumference does not participate in wrap fee programs.

E. Circumference has discretionary authority over all the assets it manages. As of February 28, 2021, Circumference managed approximately \$143 million in assets.

Item 5. Fees and Compensation

Circumference's fees differ depending on the nature of the services Circumference provides. Following is a summary of Circumference's fees. Information about a private fund's fee structure is more fully described in the governing documents for that fund.

Core Value Fund

The Core Value Fund advised by Circumference generally charges fees consisting of an annual management fee based upon the assets under management in the underlying investor's capital account with the private fund. An affiliate of Circumference, CG Core Value GP, LLC, which serves as the general partner to the Core Value Fund (the "General Partner"), is also entitled to receive an annual performance-based allocation that is calculated based upon a percentage of the net capital appreciation (if any) of the underlying investor's capital account with the private fund at the end of each fiscal year.

CG's current fee schedule is generally as follows:

Management Fee: 1.5% annually
Performance Allocation: 10%, as described below

Compensation may be negotiable, and some underlying investors may pay more or less than others for the same services depending, for example, on total assets under management by Circumference.

Management fees typically are payable quarterly in advance based on the assets in the underlying investor's capital account at the beginning of the quarter. In the case of an underlying investor withdrawing funds from his or her capital account other than as of the last day of a quarter, Circumference will refund to the underlying investor a pro rata portion of the management fee charged for that quarter (based on the actual number of days remaining in the quarter and the ratio of the amount withdrawn to such investor's capital account immediately prior to the withdrawal).

Performance based compensation (if any) typically is allocated from each underlying investor's capital account to the General Partner's capital account in arrears at the end of each fiscal year. In the case of an underlying investor who was admitted into a fund after January 1, performance based compensation (if any) is allocated for the period from the date of investment through the end of the fiscal year in which the underlying investor was admitted to the fund. In the case of an underlying investor withdrawing funds other than as of the end of a fiscal year, a performance allocation (if any) is allocated on the period from the first day of the fiscal year through the date

of withdrawal. Any loss in an account is carried forward so that no performance allocation is charged to an account unless the cumulative prior losses have been recouped (commonly referred to as a “high water mark provision”). Performance based compensation may create an incentive for Circumference, an affiliate of the General Partner, to make investments that are riskier or more speculative than it would otherwise make.

Circumference charges the capital accounts of the underlying investors in the fund for the management fees. The General Partner reallocates from the capital accounts of the underlying investors in the fund any performance based allocation. The General Partner, in its discretion, may distribute or invest any performance allocation allocated to its capital account.

The underlying investors in the private fund bear the costs and expenses of the fund, including without limitation trading costs and expenses (such as brokerage commissions, interest on margin accounts, expenses related to short sales, clearing and settlement charges), ongoing legal, accounting and bookkeeping fees and expenses, and fund administrator fees. Circumference bears its own operating, general, administrative and overhead costs and expenses. The Core Value Fund offering documents discuss the fund expenses in detail. Also, please see the response to Item 12 below for further information about brokerage expenses.

Mr. Fox

Mr. Fox does not currently pay any management fees or performance based compensation to Circumference for management of their respective capital outside of the private funds. However, Circumference could in the future receive finder’s fees, advisory fees, annual management fees, and performance compensation with respect to investments in privately-held business ventures that CG arranges, executes and manages for Mr. Fox or other investors.

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

The private fund that Circumference advises is subject to management and performance-based fees. The General Partner’s rights to receive performance-based compensation may create an incentive for Circumference (their affiliate) to cause a fund to make investments that are riskier or more speculative than would be the case if the General Partner did not receive such compensation. Notwithstanding the foregoing, Circumference always acts in the best interest of its clients.

Mr. Fox does not currently pay advisory fees outside of the private funds. Because Circumference manages multiple client accounts with their own investment strategies and/or different fee levels on a side-by side basis, Circumference may have a conflict of interest between its responsibility to manage the various private fund investment portfolios, Mr. Fox and

Circumference's interest in maximizing the performance compensation. For example, Circumference may have conflicts of interest in: (i) allocating time and activity among the multiple clients; (ii) allocating investments among the multiple clients; and (iii) effecting transactions among the multiple clients, including ones in which Circumference, its principal(s), and/or affiliate(s) may have a greater financial interest. These conflicts of interest may create an incentive for Circumference to favor one client in which Circumference and its affiliates have a greater financial interest with respect to allocation of time and activity, limited investment opportunities, or investments that Circumference regards as more attractive or better performing investments. To address these conflicts of interest, Circumference has implemented policies and procedures to ensure all clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities, based on all relevant factors (e.g., capital commitments, available cash, investment appetite, strategy, strategy portfolio limitations, concentration, etc.).

Item 7. Types of Clients

Circumference provides advisory services to the private funds, as well as Mr. Fox. See response to Item 4 for additional information regarding services provided to Mr. Fox.

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

Circumference advises its private fund based on the particular investment objectives, policies and strategies described in the fund's governing documents and offering documents. Circumference actively manages the private fund's investment portfolio.

With respect to the Core Value Fund, Circumference's principal investment strategy focuses predominantly on investing in equity and equity-related securities of business-to-business services and technology companies. Circumference attempts to avoid permanent capital loss and produce attractive returns disproportionate to the risk taken by using the industry knowledge and operations experience of its staff, as well as its value investing analytical models, to find companies that are fundamentally undervalued and have good prospects for being properly valued within a 6 to 36 month timeframe. CG may utilize derivatives and trading strategies in an effort to both maximize returns and reduce risk.

The foregoing summary of Circumference's private fund investment strategies and methods of analysis is general in nature and not exhaustive. There are few limits on the types of securities in which CG may take positions on behalf of the private funds, the types of positions it may take, the concentration of its investments, or the amount of leverage that it may use.

Investing in securities involves risk of loss that an investor should be prepared to bear, including the risk of loss of all the investor's capital. Following is a brief summary of some of the risks

inherent to the strategies employed by Circumference in the Core Value Fund. The Core Value Fund offering documents discuss the risks relevant to that fund in detail.

Core Value Fund:

- ***Concentration of Investments:*** The Core Value Fund's focus on equity and equity-related securities of business to business services and technology companies inherently limits diversification within the fund and subjects the underlying investors to greater risk of loss than would a more broad-based equity approach. Further, the fund may take significant positions in securities of a specific issuer which could subject the underlying investors to greater risk of loss. The fund can invest up to 15% of its gross assets in the securities of any one issuer (measured at the time of investment). As a result, the fund's investment portfolio may be volatile and may be affected substantially by the performance of only a few investments. This concentration risk may be exacerbated by the illiquidity of small- and mid-cap companies in which the fund often invests.
- ***Investments in Undervalued Securities:*** One of the objectives of the Core Value Fund is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the fund's investments may not adequately compensate for the business and financial risks assumed.

The fund may make certain speculative investments in securities which the General Partner believes to be undervalued; however, there are no assurances that the securities purchased will be, in fact, undervalued. In addition, the fund may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the fund's capital would be committed to the securities purchased, thus possibly preventing the fund from investing in other opportunities. In addition, the fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Certain of the investment strategies employed by the fund are based on historical relationships between prices. There can be no assurance that such historical relationships will continue, and no representation is made by the General Partner or the fund as to what results the fund will achieve or is likely to achieve based on such trends and relationships.

- ***"Widening" Risk:*** For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the securities in which the Core Value Fund invests may decline substantially. In particular, purchasing assets at what may appear to be "undervalued" levels is no guarantee that these assets will not be trading at even more "undervalued" levels at a later time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk, which could adversely affect the fund's performance.

- ***Small- and Mid-Capitalization Companies:*** The Core Value Fund may invest a portion of its assets in the stocks of companies with small-or mid-sized market capitalizations. While the General Partner believes these investments often provide significant potential for appreciation, those stocks involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to low trading volume in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

- ***Options:*** Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. In theory, an uncovered callwriter's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted. Options also generally are subject to additional risks including, but not limited to, the risk of non-performance of the counterparty on the trade.

- ***Short Sales:*** The investment strategies employed by the General Partner may involve making short sales of securities. In a short sale, the seller sells a security (or other instrument) that it does not own – typically it is borrowed from a broker-dealer. Because the seller remains liable to return the underlying investment instrument that it has borrowed, the seller must purchase the borrowed investment instrument prior to the date on which delivery to the broker-dealer is required. Thus, a short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security that could result in an inability to cover the short position or theoretically unlimited loss. In addition, there can be no assurance that the investment instruments necessary to cover a short position will be available for purchase. As a result of the foregoing, short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the fund's investments.

- ***Country Risks:*** The Core Value Fund may make investments in securities of issuers organized and/or conducting business in foreign countries. As with any investment related to a foreign country, there exists the risk of adverse political developments, including, but not limited to, nationalization, confiscation without fair compensation, and war. Furthermore, any fluctuation in currency exchange rates will affect the value of investments in foreign securities and any restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency.

In addition, laws and regulations of foreign countries may impose restrictions or approvals that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Foreign countries also may impose taxes on the fund or its underlying investors. The General Partner will analyze risks in the applicable foreign countries before making

such investments, but no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the fund.

- ***Distressed Securities:*** The Core Value Fund may invest in “distressed” securities of domestic and foreign entities which are experiencing significant financial or business difficulties. Distressed securities may result in significant returns to the fund, but also involve a substantial degree of risk. The fund may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the fund's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.
- ***Leverage:*** While the use of borrowed funds can improve substantially the return on invested capital, such use also may increase significantly the adverse impact to which the Core Value Fund's investment portfolio may be subject. In addition, money borrowed for leveraging will be subject to interest costs or other costs incurred in connection with such borrowing, which may or may not be recovered by the return on the securities purchased with borrowed funds. Borrowing and the use of leverage create an opportunity for greater appreciation, but also for greater loss, in the value of the fund's assets. They also increase the volatility of the value of the fund's assets by magnifying both increases and declines in the value of such assets. The General Partner intends to limit the use of leverage to amounts that the General Partner determines to be reasonable and appropriate and in no event will the fund incur indebtedness in excess of 25% of the value of its assets (measured at the time of investment).

In addition to its private fund, Circumference evaluates specific investment opportunities for Mr. Fox from time to time. Fox investment opportunities may be in the form of publicly-traded securities, private funds, and privately-held business ventures (majority and minority positions). Investing in securities involves risk of loss that an investor should be prepared to bear, including the risk of loss of all the investor's capital. Additionally, these types of investments could involve illiquidity and governance risks.

Item 9. Disciplinary Information

Not applicable. There are no legal or disciplinary events that would be material to any investor's or prospective investor's evaluation of Circumference's advisory business or the integrity of CG's management.

Item 10. Other Financial Industry Activities and Affiliations

A. Neither Circumference nor any of Circumference's management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Neither Circumference nor any of Circumference's management persons is registered as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing.

C. The General Partner and related persons of Circumference serve as the Core Value Fund general partner. This relationship creates an incentive for Circumference to make investment allocations that are riskier or more speculative than would be the case if the General Partner did not receive incentive compensation from the fund for serving as the general partner to such fund.

Circumference contracts with Horrell Capital Management to execute equity trades on behalf of Circumference clients for which we manage capital. Horrell Capital Management charges each Circumference client a quarterly fee for these services. CG negotiates the fee on behalf of each client based on the expected trading activity applicable to that client. In selecting a trader, Circumference considers a number of factors, including but not limited to, the following:

- Efficiency of trade execution and error resolution
- Special execution capabilities
- Cost-effectiveness relative to anticipated trading activity

A Circumference affiliate also contracts with Horrell Capital Management to execute securities trades. Additionally, Horrell Capital Management has engaged Circumference to provide re-balancing calculations for Horrell Capital Management in connection with a Horrell Capital client account. Horrell Capital Management pays Circumference a quarterly fee for these services. These fees, and the affiliate relationship, may create an incentive for Circumference to continue to contract with Horrell Capital Management for Circumference client trading services.

D. Not applicable

Item 11. Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

Circumference has adopted a code of ethics pursuant to SEC Rule 204A-1 to govern the conduct of Circumference employees. The code of ethics includes general requirements that Circumference employees comply with their client obligations and applicable laws, as well as specific requirements relating to personal trading, insider trading, conflicts of interest and confidentiality of client information. A copy of CG's Code of Ethics is available to clients and prospective clients upon request.

Circumference's employee personal trading policies prohibit employees from trading for their personal accounts in any equity or equity-related securities of fund portfolio companies, or of companies that Circumference is actively researching for fund investment.

Circumference acts as an investment adviser to multiple clients, including the private fund. The existence of multiple clients may create conflicts of interest over Circumference time devoted to any one client and allocating investment opportunities among all clients. Circumference devotes such time and services to each client as CG, in its sole discretion, considers necessary for the performance of its obligations to the client. CG may give advice and take action with respect to one client (including the private fund) that may differ from action taken by Circumference on behalf of another client. CG may purchase or sell for a client securities of an issuer in which a CG affiliate, employee or client also has a position or interest. Circumference may refrain from recommending, buying or selling any security that CG or its employees may buy or sell for its or their own accounts or for any other Circumference client. In such events, CG seeks to fulfill its obligations to each client on an equitable basis in accordance with the terms of the agreements governing the relationship.

Item 12. Brokerage Practices

CG has complete discretion in selecting the broker(s) that it uses for client transactions, and the commission rates that the clients pay such brokers. In selecting a broker, Circumference may consider a number of factors, including but not limited to, the following:

- Net price, clearance, settlement and reputation
- Financial strength and stability
- Efficiency of execution and error resolution
- Special execution capabilities
- Access to and responsiveness of personnel
- On-line access to computerized data regarding fund accounts

Circumference does not obtain research or other services in return for brokerage commissions. However, Circumference, may from time to time, receive research reports, performance measurement data, and basic fund portfolio and measurement reports from brokers and other third parties that assist CG in carrying out its investment decision making responsibilities and with back-office functions and record keeping. Circumference takes into account the provision of such items when assessing the reasonableness of the compensation Circumference pays such third parties on behalf of its clients. When Circumference receives such products or services, it receives a benefit because it does not have to produce or pay for such research, products or services. As such, Circumference may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its clients' interests in receiving most favorable execution.

From time to time, Circumference may aggregate securities sale and purchase orders for a client with a similar order being placed contemporaneously for another client. In such event, CG seeks to allocate the position to its participating clients on a fair basis.

Item 13. Review of Accounts

Circumference's Chief Investment Officer conducts a portfolio review of the private fund at least weekly, and more often if issuer, industry or market conditions warrant. The price movements of individual securities in the portfolio are monitored on a daily basis. All portfolio reviews take into account such matters as asset allocation, cash management, the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook and price levels.

Circumference provides the underlying investors in the private fund those reports as described in the applicable governing documents and offering documents. Typically, these reports include a monthly or quarterly report summarizing fund performance for the period, a Form K-1 for tax purposes, and an annual audit report within 120 days' following the private fund's fiscal year end. Reports to underlying investors may be sent by a third party on CG's behalf. A private fund may offer certain underlying investors, upon request, additional information and reporting that other underlying investors may not receive, and such information may affect an investor's investment decisions.

Item 14. Client Referrals and Other Compensation

Not applicable.

Item 15. Custody

The General Partner serves as the general partner of the Core Value Fund, and as such is deemed to have custody of the funds' money and securities. Investors in the fund will receive audited financial statements prepared in accordance with US generally accepted accounting principles within 120 days of a Fund's fiscal year-end. From time to time, Mr. Fox may grant Circumference Group access to certain accounts to execute transactions he has authorized.

Qualified custodians hold Circumference clients' funds and securities. These qualified custodians send account statements directly to Circumference. The underlying investors in the private fund will receive only those statements and reports referenced in Item 13 above.

Item 16. Investment Discretion

Circumference has discretionary authority to manage securities accounts on behalf of the private fund in accordance with the grant of authority in the limited partnership agreements and management agreements.

Item 17. Voting Client Securities

Circumference votes proxies on behalf of Circumference clients consistent with the interests of its clients. If a material conflict of interest between Circumference and a client exists, Circumference will determine whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interests of a client or will take some other appropriate action. A copy of CG's proxy voting policy is available to clients and prospective clients upon request.

Item 18. Financial Information

Not applicable. Circumference is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.