



STURBRIDGE CAPITAL

STURBRIDGE CAPITAL, LLC
Form ADV Part 2A

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March 30, 2021

This Brochure provides information about the qualifications and business practices of Sturbridge Capital, LLC (“Sturbridge” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (248) 220-8400 and request to speak with the Chief Compliance Officer (“CCO”), Shannon Iannettoni. 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.

Registration as an investment adviser does not imply that Sturbridge Capital, LLC or any of our principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Sturbridge can be found on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Sturbridge has made the following changes to the Brochure since our previous Form ADV Annual Updating Amendment filed in March 2020:

Descriptions were updated related to our separately managed accounts to reflect our current portfolio of clients in the following areas of the Brochure: Advisory Business (Item 4), Fees and Compensation (Item 5), Performance-based Fees and Side-by-Side Management (Item 6), Types of Clients (Item 7), Review of Accounts (Item 13), Investment Discretion (Item 16) and Voting Client Securities (Item 17).

In addition, descriptions were expanded related to our Funds in the following areas of our Brochure: Advisory Business (Item 4), Fees and Compensation (Item 5), Performance-based Fees and Side-by-Side Management (Item 6), Types of Clients (Item 7), Methods of Analysis, Investment Strategies and Risk of Loss (Item 8), Review of Accounts (Item 13), Investment Discretion (Item 16) and Voting Client Securities (Item 17).

You may request a copy of the most recent version of this Brochure free of charge by contacting us at (248) 220-8400.

Item 3: Table of Contents

Item 1: Cover Page	1
Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation	4
Item 6: Performance-Based Fees and Side-By-Side Management.....	5
Item 7: Types of Clients	6
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9: Disciplinary Information.....	8
Item 10: Other Financial Industry Activities and Affiliations.....	9
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	9
Item 12: Brokerage Practices.....	10
Item 13: Review of Accounts	11
Item 14: Client Referrals and Other Compensation	11
Item 15: Custody	11
Item 16: Investment Discretion	12
Item 17: Voting Client Securities	12
Item 18: Financial Information.....	12

Item 4: Advisory Business

Sturbridge Capital, LLC (“**Sturbridge**”, “**we**”, “**us**”, “**our**” or the “**Firm**”), a Delaware limited liability company, commenced operations in 2011 with Salam N. Chaudhary as its sole member and owner.

Sturbridge is currently an investment adviser to Sturbridge Diversified Private Equity I, LLC, Sturbridge Diversified Private Equity II, LLC, Sturbridge Diversified Private Equity II Master, LLC, and Blu Horn Holdings, LLC (the “**Funds**”) and Sturbridge supervised persons and related family members (“**Sturbridge access persons**”) through separately managed account arrangements (the “**Separately Managed Accounts**” or “**SMAs**”). The Funds and the Separately Managed Accounts are herein referred to as the “**Client Accounts**” or “**Clients**”. Client Accounts are managed separately and only in accordance with their own characteristics. The following is a description of the investment advisory services offered by the Firm:

Funds

The Firm provides discretionary investment advisory services and serves as general partner and investment adviser to private equity fund of funds. The Funds have set investment objectives and guidelines, and the Firm does not tailor advisory services to the individual needs of investors.

Separately Managed Accounts

The Firm provides discretionary and non-discretionary investment advisory services to SMAs. For the SMAs, clients are interviewed at the opening of the account for the Firm to understand their investment experience, liquidity requirements, risk tolerance, and other general financial information. As part of the account opening interview, clients may impose any desired restriction on investing in securities or types of securities. The SMAs are currently for Sturbridge access persons and do not require formal investment agreements with the Firm; however, SMAs enter into a custodial/clearing agreement with a designated broker-dealer/custodian. The Firm invests clients’ assets in stocks and bonds. Investment advisory services provided to Sturbridge access persons can be terminated by either party upon thirty (30) days prior written notice to the other party.

Sturbridge does not participate in wrap fee programs.

At September 30, 2020, Sturbridge has \$274,948,406 in regulatory assets under management (“**RAUM**”) on a discretionary basis and \$439,004 in RAUM on a non-discretionary basis.

Item 5: Fees and Compensation***Funds***

The Funds compensate Sturbridge with a performance draw that is not negotiable for the investment management and related services that it provides to its investors of the Funds. Performance draws are calculated in accordance with the respective Funds’ Operating Agreement and payable quarterly in arrears subject to a loss carry forward provision. Performance draws are deducted directly from the respective Funds’ assets.

The Firm is responsible for and pays all overhead expenses of an ordinary and recurring nature, such as rent, supplies, secretarial expenses, stationary, charges for furniture and fixtures, employee insurance, payroll taxes and compensation of employees.

Each Fund will bear its own organizational and operating expenses, including travel and other out of pocket expenses relating to the sourcing, monitoring and management of the private equity fund investments, tax preparation, accounting, legal expenses, organization expenses, insurance, overhead, third party administrator, member-investor meeting expenses and investment expenses of or relating to the Fund including all fixed and incentive fees paid to money managers, expenses of any entity in which the Fund invests and other investment expenses such as commissions, research fees, custodial fees, bank service fees, interest expenses, expenses related to monitoring and managing the Funds' private equity fund investments, and other expenses related to the purchase, sale, preservation or transmittal of the Funds' assets. The organizational and operating expenses of the Fund are accrued and paid for in accordance with payment terms as invoiced from providers. Organizational and operating expenses are generally paid from the respective Funds' assets.

Pursuant to the Operating Agreements of the Funds, Sturbridge is limited to the amount per annum it can be reimbursed for related to travel and other out of pocket expenses for sourcing, monitoring and management of the Funds' investments. Expenses are billed quarterly in arrears and paid direct from the respective Funds' assets.

Separately Managed Accounts

SMAs of Sturbridge access persons are not assessed any fees for investment advisory services provided.

Clients are responsible for all expenses related to trading the assets of the SMA, including any initial and per trade fees, other brokerage or transactional fees, custodial fees, interest on margin borrowing and soft dollar expenses related to research. Fees are deducted from the respective clients' SMA as incurred.

For further details on the Firm's brokerage practices refer to Item 12 of this Brochure.

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

In addition to the fees discussed above, Sturbridge also receives a performance allocation (e.g. a performance-based fee) from its Funds. Performance allocations are calculated as a share of profits and deducted from the investors capital account and added to the capital account of the Firm as general partner of the Fund quarterly subject to loss carry forward provisions. Each Fund compensates Sturbridge with the performance allocation consistent with the Funds' Operating Agreement, which could induce the Firm to pursue investments that are riskier or more speculative in nature.

To address this potential conflict, we have adopted an allocation policy and implemented procedures designed to prevent this conflict from arising. Our allocation policy provides that transactions and investment opportunities shall be handled on a fair and equitable basis over time. Any investment opportunity is generally allocated pro-rata based on each Funds' size using the average price, with possible exceptions, such as, being unable to acquire the desired amount of a security or instrument, during efforts to rebalance or tax manage.

In addition, the Firm provides simultaneous management of multiple types of accounts (e.g. Funds and SMAs). The Firm has a potential conflict of interest as the Firm has an incentive to favor Client Accounts for which the Firm receives performance-based fees.

To address the inherent conflict of interest above, the Firm has adopted and implemented a Code of Ethics (the "**Code**"). The Code sets forth standards of conduct expected for the Firm and its supervised persons. The Code is based upon principles of applicable securities laws and

the fiduciary duty the Firm owes to all clients thus ensuring that no one client is favored over another.

Item 7: Types of Clients

As discussed in Item 4, we provide investment advisory services to the Funds and our SMAs for Sturbridge access persons.

Funds

The Funds minimum investment is \$250,000. The Firm may waive or reduce the minimum investment amount at its discretion. Investors in the Funds are qualified purchasers. The following types of clients have historically invested in our Funds: other pooled investment vehicles, limited partnerships, limited liability companies, trusts, and individuals. In the future, we may advise additional clients in our Funds, including but not limited to, endowment funds, foundations, municipalities.

Separately Managed Accounts

SMAs generally do not have any minimum account opening requirements. Historically, we have provided investment advisory services to SMAs of high net worth individuals and Sturbridge access persons. In the future, we may advise additional Separately Managed Accounts for clients, such as individuals or high net worth families.

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

The Funds seek to generate returns by investing in high-quality private equity funds of funds, secondary funds, and tail-end funds. The primary focus of the Funds is to invest in secondary private equity. The Funds may also invest in a variety of other securities including, but not limited to, fixed income securities. The Firm utilizes a disciplined due diligence process in evaluating potential investments that includes quantitative and qualitative analyses. On an ongoing basis, the Firm conducts investment reviews. In addition, the Firm attends annual and periodic fund update calls held by managers to gain information regarding the investment and any potential issues that could impact the Funds' investors. For a complete description of the investment strategy and an enumeration of the risks involved in making an investment in a Fund, a prospective investor should carefully review the Fund's Subscription Agreement and Operating Agreement.

Separately Managed Accounts

In advising SMAs, we strive to create long term capital appreciation. Our investment approach is based on constructing, monitoring, and advising portfolios of long equity related securities, bonds (convertible and nonconvertible), other fixed income investments, and derivative instruments, such as options. Therefore, in pursuit of our investment objective, we may hold, sell, sell short, trade (on margin or otherwise), and otherwise deal in U.S. equity securities, foreign equity securities, fixed income products and other financial instruments.

We will not invest in futures contracts on behalf of any client accounts until we have registered with the U.S. Commodity Futures Trading Commission (the "CFTC") or apply for an exemption from registration as a commodity trading adviser or commodity pool operator.

No assurances can be given, however, that we will achieve our objective, and results may vary substantially over time and from period to period.

Risk of Loss Factors

Investing in the Funds or SMAs involves risk and should be undertaken with an awareness of the underlying risks an investment in the Firm's Funds or SMAs represent. Investing involves risk of loss, including risk of loss of the entire investment, and clients should be prepared to bear those losses. The following are certain of the material risks involved in our investment strategies for the Firm's Client Accounts. This list does not purport to be a complete enumeration or explanation of the risks involved in such strategy.

Performance-Based Fee

As described in Item 5, the Funds compensate Sturbridge with a periodic performance-based allocation. A performance-based fee arrangement may create an incentive for Sturbridge to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Use of Leverage

We may leverage investment positions by borrowing funds from broker-dealers, banks, or others. While leverage presents opportunities for increasing the total return on an investment, it has the effect of potentially increasing losses as well. The use of leverage can result in consequences, included but not limited to: fluctuation in the net assets of the Funds, use of cash flow for debt interest expenses and other related costs and expenses, and limitation on the Funds to make distributions to its investors or sell assets that are pledged to secure indebtedness. Accordingly, any event that adversely affects the value of an investment in a client account would likely be magnified to the extent that it is leveraged.

Non-Diversification

In general, we are not subject to limitations on the percentage of assets we may invest in a particular security. Being concentrated in a small number of securities, options or futures, exposes a portfolio to the risk of adverse developments in or affecting a single issuer or industry to a greater extent than if the investments were diversified over a large number of issuers and industries.

Illiquid Portfolio Investments

Certain investments may be very illiquid and may not be able to be sold at prices that reflect our assessment of their value. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual, or other restrictions on their resale and other factors. Furthermore, the nature of certain investments, especially those in financially distressed companies, may require a long holding period prior to profitability.

Derivatives

We participate in derivative instruments from time to time, or "derivatives," which include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow the Firm to hedge upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are other risks associated with derivatives trading, including liquidity risk and counterparty risk.

Short Selling Increases Risk of Capital Losses

Although we generally make long investments only, at times, for hedging purposes, we may make short sales. Short selling, or the sale of securities not owned by the Account, involves certain additional risks. Such transactions may expose a client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein we may be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Non-U.S. Investments

We make investments in non-U.S. issuers or securities principally traded outside the U.S. which will likely involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers. The securities of some foreign governments and companies and foreign securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets.

Market Disruption and Geopolitical Risk

Clients are subject to the risk that war, terrorism, pandemics (including, without limitation, COVID-19) and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of a client’s investments. These events, as well as other changes in U.S. and non-U.S. economic and political conditions, also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a client’s investments.

Business Continuity and Disaster Recovery Risks

The Firm’s business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolong power outages. Although the Firm has implemented, or expects to implement, measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Firm and investments therein.

Item 9: Disciplinary Information

Neither Sturbridge nor any of our management personnel or employees are subject to, or have in the past been subject to, any criminal or civil action in any domestic or foreign court, nor have we been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.

Item 10: Other Financial Industry Activities and Affiliations

As discussed, we provide investment management services to the Funds and the Separately Managed Accounts. We may in the future provide such services to other clients. Sturbridge and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Item 11: Code of Ethics, Participation and Employee Investment Policy***Code of Ethics and Employee Investment Policy***

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics and Employee Investment Policy that establishes various procedures with respect to investment transactions in accounts in which employees of Sturbridge or related persons (such as members of their immediate household) have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must place the interests of our Clients first.
- Employees must comply with all applicable securities laws; and
- Employees should not take inappropriate advantage of their position at Sturbridge.

All Sturbridge employees are deemed to be “Access Persons” and are required to adhere to a comprehensive Code of Ethics and Employee Investment Policy, which covers the duty of confidentiality. All employees are required to certify their adherence to the Code of Ethics and Employee Investment Policy.

In addition, employees may not acquire securities for their own account in an initial public offering. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private placements.

All our employees must provide their brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies. These policies apply to any personal transactions involving equity, debt, options, or futures. This policy does not apply to transactions involving government securities, open-end mutual funds, money market funds or other instruments which afford the investor no discretion over individual securities.

The Firm’s Code of Ethics and Employee Investment Policy are available to Clients upon request.

Privacy Policy

We are committed to maintaining the confidentiality, integrity, and security of our client’s personal information. It is our policy to collect only information necessary or relevant to our management business and to use only legitimate means to collect such information. Without client consent, we do not disclose any non-public personal information about our clients or former clients to anyone except for servicing and processing transactions and as required by law. We restrict access to non-public personal information about our clients to those employees with a legitimate business need for the information. Sturbridge maintains security practices, physical, electronic, and procedural safeguards to guard Investor’s non-public personal information.

Upon request, we will provide our Clients with a copy of our privacy policy

Item 12: Brokerage Practices

We have discretionary authority to manage the Client Accounts, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid. Our authority is governed by the terms of the investment management agreement with the Client Account.

In selecting an appropriate broker-dealer to affect a Client trade, we seek to obtain “best execution,” meaning generally the execution of a securities transaction for a client in such a manner that a client’s total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking best execution, we take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer’s full range and quality of services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

Soft Dollar Usage

We do not currently have any “soft dollar” arrangements. In the future, we may execute a “soft dollar” arrangement with a particular broker. We will limit the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended. Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; data services (including services providing market data, company financial data and economic data).

Aggregation of Orders

We generally aggregate trade orders for multiple Client Accounts to achieve more efficient execution or to provide for equitable treatment among the accounts. The clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

Allocation

Our policy prohibits any allocation of trades in a manner that benefits proprietary accounts, affiliated accounts, or any client or group of clients over other Client Accounts.

We have adopted a policy for the fair and equitable allocation of transactions that generally analyses each trade and/or investee fund subscription and redemption on an investment by investment basis, taking into consideration the specifics of each trade and the characteristics of each Client Account. To the extent that multiple Client Accounts participate in a particular transaction such transaction will generally be allocated pro-rata among such client accounts unless facts specific to the transaction and the trade warrant an alternative allocation methodology.

Trade Errors

As a fiduciary, we have the responsibility to effect orders correctly, promptly and in the best interests of the Client Accounts. In the event any error occurs in the handling of any transactions due to Sturbridge’s actions, or inaction, or the actions of others, our policy is to assess each trade error on a case-by-case basis.

Item 13: Review of Accounts***Funds***

The Funds are reviewed on a continual basis by the CEO and our Investment team to assure conformity with investment objectives and guidelines. Certain of our Funds are also reviewed by an advisory committee at least annually.

We engage in active management for the Funds and, accordingly, review our transactions, positions, and cash balances on an ongoing basis.

Investors receive periodic fund reporting that includes information regarding investments, cash transaction, expenses, leverage levels, and fund performance. The information is generally provided to investors electronically.

Separately Managed Accounts

SMA's are reviewed monthly by the CEO. The reviews ensure conformity with the investment objectives for each account and validation of the accuracy of trades executed and any fees charged to the account.

Clients have access to their monthly account statements directly from the broker through access to the broker's portal. The Firm currently does not provide formal performance reporting for SMA's.

Item 14: Client Referrals and Other Compensation

We do not currently utilize any third-party marketers or solicitors. In the future, we may use third placement agents to refer potential investors to the Funds.

Item 15: Custody***Funds***

While it is Sturbridge's practice not to accept or maintain physical possession of any of the Funds' assets (and our Funds' assets are in the custody of one or more prime brokers and or banks), we are deemed to have custody of their assets under Rule 206(4)-2 of the Advisers Act because we have the authority to access Funds and deduct fees and expenses from the Funds' accounts.

In order to comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all assets of the Funds, except those assets (such as bank debt or other private investments) that are not capable of being held by a custodian. We also confirm that the qualified custodian maintains these assets in accounts bearing the respective Fund's name, including our name as agent for the Funds, and that such account contains only assets of the respective Fund.

While Rule 206(4)-2 generally requires an investment adviser to provide for a qualified custodian to send account statements to all of its Clients whose assets the custodian holds at least quarterly, we are not subject to such requirement because our Funds are subject to an audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. We distribute audited financial statements to all investors in the Funds on an annual basis.

Separately Managed Accounts

We do not custody the assets of the SMAs. SMAs receive account statements directly from the custodian and should review them for accuracy and completeness of all account activity.

Item 16: Investment Discretion

The Firm has discretionary authority for all Sturbridge Funds.

Generally, the Firm has discretionary authority for SMAs to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, the broker-dealer to be used and the commission rates paid. In those instances where Sturbridge provides non-discretionary services, any limitation on our authority is outlined and agreed upon at the opening of the account.

Item 17: Voting Client Securities***Funds***

Sturbridge has proxy voting authority on behalf of its Funds; however, proxy voting is infrequent given the Funds are fund of funds and rarely include trading of equity securities. The Firm complies with its proxy voting policies and procedures that are designed to ensure that such proxies are voted in the best interest of the investors. The beneficial owners in the Funds may not direct voting of proxies.

Upon request, we will provide our investors with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast for the Fund.

Separately Managed Accounts

Sturbridge does not have proxy voting authority on behalf of its SMAs. SMAs will receive any relevant proxies or solicitations directly from their custodian. If a Client has questions about a particular solicitation, they should contact our CEO.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Firm's financial condition. Sturbridge has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.