

Brightline Capital Management, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Brightline Capital Management, LLC (“Brightline” or the “Company”). If you have any questions about the contents of this brochure, please contact us at mmazzotta@brightlinecap.com. 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 Brightline is also available on the SEC’s website at: www.adviserinfo.sec.gov.

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Advisory Business

Brightline Capital Management, LLC (“Brightline”) was founded in 2005 by Naval (Nick) Khera. Brightline serves as manager to limited partnerships formed in the U.S. as privately-offered investment funds that may invest in a broad range of assets, including equity and debt instruments, fixed income securities, convertible securities, derivatives, swaps, options, and other financial instruments and products.

Brightline manages assets on a discretionary basis in two private funds (collectively referred to as “Funds”), Brightline Capital Partners, L.P. (“BCP”) and Brightline Capital Partners II, LP (“BCP II”), generally to applicable U.S. taxpayers, U.S. tax-exempt, and non-U.S. Investors. As of December 31, 2022, the Fund held approximately \$211 million in assets.

The disclosures below as well as Brightline’s policies and procedures relate to the Funds. The individuals and entities that are invested in the Funds are referred to as “Investors.”

Fees and Compensation

Brightline is compensated for providing services to the Funds as set forth in the respective governing documents of the Funds. The compensation includes both management fees, which are payable quarterly in advance, and performance-based fees, which are generally paid/allocated on an annual basis. Management fees payable by an Investor in any particular fiscal year are generally calculated based on the value of such Investor’s capital account at the beginning of each quarter; management fees will be prorated for any period that is less than a full quarter and will be adjusted for contributions made during the quarter. Brightline GP, LLC, the general partner of the Funds (the “General Partner”), may waive or modify the management fees and performance-based fees

for Investors that are members, employees or affiliates of the General Partner or Brightline, relatives of such persons, and for certain large or strategic Investors.

The performance-based fees are subject to a loss carryforward provision and are only paid when an Investor's interest in the Funds has recouped applicable net losses. Investors are required to pay the management and performance-based fees specified in the particular Fund's governing agreement until an Investor redeems in full.

In addition to Brightline's management and performance-based fees, Investors will also bear their pro-rata share of operating expenses for the particular Funds, including for legal, auditing, accounting and tax services; investment expenses such as commissions, research fees and expenses (including research-related travel expenses); expenses incurred with respect to furnishing Investors with reports and other financial information; interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; and any other expenses related to the purchase, sale or transmittal of Fund assets (collectively, the "Other Fund Expenses").

Prospective and existing Investors in the Funds are encouraged to review the Fund's governing agreement and confidential private placement memorandum for a more extensive description of the fees and expenses associated with an investment in the Funds.

Fees may be reduced or waived at Brightline's sole discretion.

Performance-Based Fees

As stated in the Fees and Compensation section above, Brightline charges performance-based fees which are fees based on a share of net income, including unrealized capital gains. However, performance-based fees are only paid when an Investor's interest in the particular Fund has recouped applicable net losses.

The fact that Brightline is in part compensated based on the performance of the Funds may create an incentive for Brightline to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of the performance-based compensation arrangement. Brightline manages the Funds in accordance with an investment strategy that is disclosed in the Fund's governing agreements and confidential private placement memorandum thereby informing Investors regarding the investment strategy and risks associated with the strategy.

Types of Clients

As stated in the Advisory Business section above, Brightline's client is a limited partnership formed in the State of Delaware. The Investors in the Funds are generally comprised of ultra-high-net-worth individuals and family offices, but also include a fund of funds. Although the Funds' minimum subscription amount is \$1 million, the minimum may be waived at the General Partner's discretion in accordance with any applicable provisions in the Fund's governing agreements.

Methods of Analysis, Investment Strategies, and Risk of Loss

Investment Strategy. Brightline's overall investment philosophy is value-driven and based on disciplined, rigorous fundamental analysis and research. Brightline generally looks for companies with strong fundamentals that are selling at prices that represent a discount to our conservative estimate of the company's long-run cash flows. Brightline primarily invests with a bottom-up perspective, focusing on the individual company business model. Most investments have historically been made through U.S. financial markets in U.S.-based companies.

Brightline's investment strategy is focused on generating superior absolute returns. We believe that superior alpha generation is based upon prudent, fundamental stock selection coupled with appropriate position sizing and risk management. Moreover, constant evaluation of existing holdings relative to potential new portfolio entries maximizes the risk/reward of the portfolio.

Investment Process. Brightline performs a thorough bottom-up analysis of investment opportunities and evaluates each potential investment on its own merits. Our investment process consists of four main steps: (i) idea generation, (ii) prioritization; (iii) analysis and research and (iv) execution and risk management. Our ideas are generated from our greater than 15 years of experience identifying value creating change at companies. We look for change at the hundreds of companies that we've researched throughout the Funds' lifetime as well as new businesses. Once an idea has been identified, we prioritize the idea using a variety of proprietary parameters which include the ability to quickly evaluate (i) the upside, (ii) the downside, and (iii) the timing of catalysts. If an idea is sufficiently attractive to spend more time on it, we advance the idea to the analysis and research stage. At this point, we will build a detailed proprietary financial model, further develop the investment thesis, and talk to company management, customers, suppliers and competitors along the supply chain. Finally, we evaluate the idea to determine the potential investment's attractiveness for the Funds. Based upon this assessment, we then decide whether or not to make an investment. The exact sizing of the investment will be determined by the overall strength of the investment relative to current holdings with valuation being a key factor. If we do not decide to make an investment, we will then continue to monitor the stock so that if the fundamentals or price changes then we can re-evaluate it quickly for potential portfolio inclusion.

Mr. Khera is responsible for all aspects of portfolio management, including sourcing ideas, execution and risk management. Mr. Khera has the final decision on all investments. Elson Huang (Partner, Director of Research) directs the funds' research efforts and manages the research team. Mr. Huang oversees the creation of detailed cash flow models, discussions and meetings with management teams and the development of proprietary quantitative and qualitative analyses. Following the initial investment, Brightline continues to analyze, review, and monitor the investment as part of its ongoing due diligence and risk-management process.

Investment and Fund Risks. An investment in the Funds entails a significant degree of risk and therefore should be undertaken only by Investors capable of evaluating the risks of the Funds and bearing the risk they represent. Set forth below is a non-exhaustive list of such risks, however, prospective and existing Investors are encouraged to review the Fund's confidential private placement memorandum for a more extensive description of the risks of investing in the Fund:

- Reliance on Brightline for portfolio management, execution and trading
- Portfolio company or sector specific risk
- Limited withdrawal and transfer rights for Investors
- Concentration of a limited number of investments held by the Fund
- Potential inability to cover a short position
- Potentially negative impact of substantial Investor withdrawals from the Fund
- The occurrence of adverse legal, tax, and regulatory changes
- A mismatch between Brightline's and Investor's investment horizons and tolerance for concentration and volatility levels

Risk of Loss. Investments in privately offered investment funds and the underlying securities in which they invest can be highly speculative. Investors should not subscribe to the Funds unless they can bear the risk of a complete loss of their invested capital. There is no assurance that the Funds will be able to generate returns or that the returns will be commensurate with the risks inherent in Brightline's investment strategy. The past investment performance of Brightline cannot be taken to guarantee future results of the Funds or any investment in the Funds.

Cybersecurity. Brightline and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose both Brightline and the Funds to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse Investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from the Funds. Furthermore, Brightline and the Funds cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Funds and/or the issuers in which the Funds invests.

Disciplinary Information

The Company and its employees have not been involved in legal or disciplinary events that would be material to an Investor's evaluation of Brightline or its personnel.

Other Financial Industry Activities and Affiliations

The following entities are related to, or affiliated with, Brightline, which is wholly owned by Mr. Khera and Mr. Huang:

- Brightline GP, LLC, which is wholly owned by Mr. Khera and Mr. Huang and is the general partner of the Funds (the “General Partner”).
- The Fund itself, which is considered an affiliated entity of Brightline.

Brightline does not believe that any of the affiliations create material conflicts of interest with the Funds and/or Investors unless as explicitly described herein, as the activities and affiliations have been developed to facilitate Brightline’s investment strategy and its management of client portfolios.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Brightline recognizes and believes that (1) high ethical standards are essential for its success and to maintain the confidence of its Investors; (2) its long-term business interests are best served by adherence to the principle that the interests of Investors come first; and (3) it has a fiduciary duty to its Investors to act for their benefit. All Brightline personnel must put the interests of the Funds and Investors before their own personal interests and must act honestly and fairly in all respects in dealings with Investors. All Brightline personnel must also comply with all federal securities laws.

Brightline has adopted a Code of Ethics governing the personal trading activities of its personnel. Among other requirements, all personnel must seek pre-approval for certain personal trades, must report certain of their personal securities transactions and holdings, and must act as “whistleblowers” when it is believed that a violation of the Code of Ethics has occurred. The Code of Ethics additionally requires a review of personal trading documents and addressing any issues noted as a result of the review, including the appropriateness of imposing a penalty for violations of the Code of Ethics. Investors may obtain a copy of the Code of Ethics by contacting Brightline at the contact information included on the cover page.

Eligible Brightline personnel are permitted to hold financial interests in the Funds. However, Brightline prohibits its personnel, except as described below, to trade interests in any securities held by the Funds, or to trade any securities that could be traded by the Funds, unless specifically approved on a case by case basis in accordance with the Code of Ethics.

Brokerage Practices

Trading Authority. Mr. Khera is empowered with the sole trading authority to make the following determinations in accordance with the Funds’ objectives without obtaining prior consent from the Funds or any Investor subject to the applicable provisions in the Funds’ governing agreements: (1) which securities or instruments to buy or sell; (2) the total amount of securities or instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

Best Execution. Brightline seeks to obtain the best execution when implementing its investment decisions, taking into account the following factors (this is not an exhaustive list):

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution;
- the integrity and stability of the broker-dealer; and
- the competitiveness of commission rates in comparison with other brokers satisfying Brightline's other selection criteria.

Although Brightline seeks competitive commission rates and commission equivalents, it is not obligated to necessarily pay the lowest commission or equivalent that is available.

Notwithstanding the foregoing, Brightline will endeavor to conduct periodic and systematic analyses of its counterparties and trading arrangements to ensure that its current trading relationships and arrangements enable it to seek to obtain best execution on portfolio transactions.

Soft Dollars. Brightline is permitted to enter into soft dollar arrangements and has such arrangements currently. Soft dollar arrangements represent a potential conflict of interest since Fund commissions can be used to obtain research and brokerage services that Brightline would otherwise have to pay for with its own assets. Therefore, Brightline could be incented to utilize a soft dollar broker based on its interests in receiving soft dollar credits rather than on a client's interests in receiving most favorable execution. Brightline only uses soft dollars in compliance with the requirements of Section 28(e) of the Securities Exchange Act of 1934.

Trade Errors. As disclosed in the governing agreements and confidential placement memorandums, Brightline will be indemnified for all trade errors that do not occur as a result of its gross negligence, willful misconduct or violation of applicable laws.

Review of Accounts

Portfolios are reviewed with regard to positions held and proper settlement at least on a daily basis by Brightline. Additionally, given the highly concentrated securities positions held in portfolios, the portfolio companies are closely reviewed, often on a daily basis.

On a monthly basis, Investors in the Funds receive Fund performance and portfolio exposure information. The Fund's independent fund administrator also prepares and distributes monthly NAV statements to each Investor in the Funds. On a quarterly basis, Brightline provides a more comprehensive un-audited report containing a detailed summary of the Funds' recent performance. Annually, Investors receive audited financial statements of the Funds and a year-end letter reviewing the Funds' investment and operational activities throughout the year. Investors in the Funds also receive documentation necessary to prepare their U.S. federal and state tax returns.

Client Referrals and Other Compensation

Brightline does not currently have third-party arrangements for client referrals.

By virtue of it conducting business with broker-dealers, Brightline could receive certain economic benefits from such broker-dealers which would not be received if Brightline did not transact through the broker-dealers, including potential introduction of prospective investors. Brightline understands that any such benefits that may be received generally do not depend on the amount of transactions directed to, or amount of assets held in custody by, the broker-dealers, and are not material to Brightline.

Custody

All portfolio investments and cash are held in custody by the Fund's prime broker acting in the capacity as a "qualified custodian."

Notwithstanding the foregoing, Brightline's role as the Funds' investment manager enables it to access Fund assets and Brightline has developed procedures that ensure the safeguarding and protection of the assets. Such procedures include among other things, the separation of functions, a separate bank account managed by the Fund's independent administrator to process any withdrawals from the Fund, dual authorization approvals at both the prime broker and independent administrator levels, and confirmations of instructions for the distribution of Fund capital.

The Funds are also subject to an annual audit and the audited financial statements are distributed to each Investor. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles and distributed within 120 days of the Fund's fiscal year ends.

Investment Discretion

Brightline maintains the authority to manage the Funds on a discretionary basis in a manner consistent with the terms outlined in the Fund's governing agreement.

Voting Client Securities

Brightline has developed written policies and procedures to govern its proxy voting activities. In general, Brightline's proxy voting policy requires it to vote proxies in the interest of maximizing shareholder value. Mr. Huang determines how Brightline will vote proxies and together with compliance, addresses any conflicts of interest that arise in the proxy voting process. In addition, Brightline maintains a record of all proxy votes cast on behalf of the Funds. Brightline does not direct the Fund's participation in class actions. Investors may obtain a copy of Brightline's proxy voting policy and the proxy voting record over the past twelve months by contacting Brightline at the contact information on the cover page.

Financial Information

Brightline has never filed for bankruptcy and is not aware of any financial condition that is expected to adversely affect its ability to manage the Funds.