

**Item 1. Cover Page**

**FORM ADV PART 2A AND 2B: FIRM BROCHURE**

**SOUTH GEORGIA CAPITAL, LLC**

2135 City Gate Lane, Suite 460  
Naperville, IL 60563  
<http://www.sgcim.com>  
(630) 784-2200

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This investment adviser brochure (“**Brochure**”) provides information about the qualifications and business practices of South Georgia Capital, LLC (“**SGC**”). If you have any questions about the contents of this Brochure, please contact us at (630) 784-2200. 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.

SGC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Registration of an investment adviser with the SEC does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

## **Item 2. Material Changes**

There have been no material changes since SGC's last annual Brochure dated March 2014. This annual amendment provides more information, however, in each Item regarding the business practices of SGC and its affiliates.

Pursuant to SEC rules, SGC provides a summary of material changes to its Brochure within 120 days of the close of SGC's fiscal year. SGC may provide further disclosures about material changes as deemed necessary. Additionally, SGC will provide to clients a new Brochure as necessary, without charge. SGC's Brochure may be requested by contacting Mike McAlister, Chief Compliance Officer, at (630) 447-2750 or [mcm@sgcim.com](mailto:mcm@sgcim.com).

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## **Item 4. Advisory Business**

### **A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

#### **Firm Description**

Founded in November 2008, South Georgia Capital, LLC (“SGC”), a Delaware limited liability company, is a Naperville, Illinois based investment adviser that provides investment advisory services to individuals, business entities, trusts, estates, foundations, pension and profit sharing plans and private investment fund. The Firm provides its investment advisory services in the form of separately managed accounts and pooled investment vehicles, which are exempt from registration under the Investment Company Act of 1940.

SGC acts as the investment manager to the following four private funds: South Georgia Partners Fund (“SGP”); South Georgia Multi Strategy Fund (“SGMS”); South Georgia Equity Income Fund (“SGEI”); and RSP Partners LP (“RSP”) (together, the “Funds”).

South Georgia Capital, LLC serves as the general partner for each of the Funds and is deemed registered under the Advisers Act pursuant to South Georgia’s registration in accordance with SEC guidance.

In addition to acting as the investment manager to private funds, SGC provides financial planning and investment advisory services for individuals and families.

#### **Principal Owners/Ownership Structure**

SGC is owned and controlled by Michael McAlister and Bruce Anderson.

### **B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

SGC provides investment advisory services to both private funds (the Funds) managed and operated by SGC, as well as to individuals and families. With regard to the Funds, SGC has full discretionary authority pursuant to its investment management agreements with the Funds to formulate investment advice and direct investments on behalf of each Fund.

SGP is a multi-strategy fund which seeks to achieve capital appreciation with both low volatility and a low degree of correlation to equity markets. SGP invests in both individual hedge funds and directly in private investments. SGMS is a hedge fund of funds which was formed to invest in the pooled investment product of another registered investment adviser, Fox River Advisers. SGEI is a hedge fund which seeks to achieve consistent and predictable income as well as long-term capital appreciation by investing in publicly traded securities opportunities across the global securities markets. SGEI offers three share classes: Class A, Class B and Class C. In addition to SGEI, a similar strategy is made available for specific instances using separately managed accounts (“SMAs”) in a fee only structure. RSP is a pooled investment vehicle established solely for the purpose of investing in a direct sponsored deal to Blue Water Systems LP and Blue Water Regional Supply Project LP (collectively “Blue Water”). RSP is no longer active, as there are no follow on investments expected; RSP awaiting royalty distributions from Blue Water and will liquidate the Fund once such distributions have been made.

More information about each Fund and/or separately managed account is available in its relevant offering documents, investment advisory agreements, limited partnership agreements, and any other relevant document (together “Governing Documents”).

With regard to separately managed account clients, SGC provides investment advice to various individual equity and fixed income securities, options and futures, exchange-traded funds (“ETFs”), mutual funds, pooled investment vehicles, private placements, and other investment and separate account managers, generally on a discretionary basis. Such investment advice is rendered in accordance with the client’s designated investment objective(s). Managed account clients SGC usually set their own investment objectives and/or impose restrictions on investing in certain securities or types of securities. For at least one managed account client, SGC provides bookkeeping services.

Financial planning services are provided in the form of financial goal planning where the end product is an estimated future view of wealth accumulation through life expectancy using several major assumptions including spending expectations from all sources and investment return on investment. SGC does not provide tax planning or estate planning services but will assist each client and the professionals they select to represent them in those areas.

To the extent possible, each investor or family will have a suitability agreement, investment advisory agreement and investment policy statement on file in order to assure a mutually informed relationship (“Governing Documents”).

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

For the SGC Funds, advisory services provided by SGC are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in each Fund's Governing Documents. SGC provides investment advice directly to the Funds and not to investors in the Funds individually. SGC does not require, nor does it seek, approval from the Funds or the investors in the Funds with respect to its trading.

SGC does not tailor its advisory services to the individual needs of investors in the Funds, provided, however, that in order to comply with certain legal and regulatory requirements, there may be instances when a limited partner in a Fund may not participate in an investment by the Fund (such as with respect to "new issues") and appropriate measures will be taken by the respective Fund to comply with such laws and regulations. The Funds or SGC, however, may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Fund's governing documents. Such rights include notification and disclosure rights, certain fee arrangements, transfer rights, and certain withdrawal or redemption rights, among others.

Separately managed account clients receive advice specifically tailored to their investment objectives, risk and capital requirements. SGC meets with each client to establish a unique investment policy for each client's needs. SGC provides investment advisory services to these clients on both a discretionary and non-discretionary basis.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

SGC does not participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.**

As of December 31, 2014, SGC managed approximately \$114 million of regulatory assets under management. \$58,033,463 million was managed in the South Georgia Funds, which are managed on a discretionary basis, and \$55,984,585 million are managed on behalf of 136 separately managed account clients, \$43,598,296 on a discretionary basis and \$12,386,289 on a non-discretionary basis.

## **Item 5. Fees and Compensation**

**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

In consideration for the investment management services provided to the Funds, SGC Fund deducts a quarterly management fee from the capital account of each limited partner in the Fund (the “Management Fee”) in an amount equal to a percentage of the net asset value of such account. The Management Fee for investors in South Georgia Partners, LP is 1.20% annually. Management Fees for investors in SGMS are 1% annually. For the SGEI, the Management Fee for Class A is 1% annually, for Class B the Management Fee is 2% annually, and for Class C there is no Management Fee. Investors in RSP pay a 1% Management Fee annually. The Management Fees for all SGC Funds are adjusted *pro rata* for any capital contributions or withdrawals during the relevant calendar quarter. In addition, Management Fees are payable without regard to the overall success or income earned by the Fund.

Separately managed account clients may determine to engage SGC to provide investment advisory services on a fee-only basis. In these cases, SGC’s Management Fee is based upon a percentage (up to 2.50% *per annum*) of the market value of the assets placed under SGC’s management in accordance with the specific fee schedule attached to the relevant investment advisory agreement between SGC and the client. For all clients, advisory fees generally are charged as follows:

<u>ASSET CATEGORY</u>	<u>MANAGEMENT FEE (<i>per annum</i>)</u>
Cash and Self-Directed Accounts .....	0.10% - 1.20%
Managed Bond Portfolios.....	0.60%
Actively Managed Portfolio.....	1.00 - 2.00%
Reported Assets Held Elsewhere .....	0.10%
Funds .....	1.00% - 2.00%

SGC, in its sole discretion, may elect to reduce or waive the Management Fee with respect to any limited partner in a Fund or with respect to any separately managed account investor, including employees of the Firm or its affiliates. In such event, the amount of the Management Fee will be adjusted accordingly. Principals or other employees of SGC may receive a portion of the Management Fees, incentive allocation or other compensation received by SGC or its general partner.

**B. Describe whether you deduct fees from clients’ assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

For the Funds, SGC deducts Management Fees from the capital account of each investor on a quarterly basis in arrears. Payment for the Management Fees for separately managed accounts vary based on each client’s specified instructions; some clients authorize their custodian to debit their account for the amount of the Management Fee while some clients are invoiced by SGC and remit payment directly to SGC. In select cases, for a family of accounts, fees from one account may be collected from an account that is different from the one in which the fee is earned.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

For the Funds, each Fund's relevant Governing Documents detail the expenses SGC investors in such Fund are responsible for, including, but not limited to: accounting, auditing, tax and tax preparation expenses; legal fees and expenses; professional fees and expenses (including, without limitation, expenses of consultants and experts); investment-related expenses; expenses of investing into or gaining exposure to underlying funds or managers, where applicable; travel expenses; printing and postage expenses; third-party valuation service expenses; bank service fees; blue sky and corporate filing fees and expenses; insurance expenses; initial offering and organizational expenses; fees for the performance of administrative services by the relevant Fund's administrator; extraordinary expenses, *e.g.*, litigation expenses, incurred by the Fund (whether or not required by generally accepted accounting principles as promulgated in the United States); and other Fund expenses as incurred by SGC. Investors are urged to review their respective Fund's Governing Documents for more specific information regarding expenses of the Fund.

For separately managed account clients, in addition to the Management Fees described above, clients also bear certain expenses specified in the relevant Governing Documents, as applicable, including: custodial fees; brokerage commissions and/or transaction fees charged by the relevant custodians (*i.e.*, transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions); "trade away fees"; charges and fees imposed at the level of exchange-traded funds and/or mutual funds into which clients invest; organizational and operating expenses; fees and expenses charged by any retained investment managers and/or unaffiliated third-party funds; and, in the event a client desires to purchase options, futures and/or commodities for its account, commissions paid to the relevant futures commission merchant.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

As mentioned above, limited partners in the Funds pay advisory fees quarterly or semi-annually in arrears based upon the market value of the assets on the last business day of the relevant quarter. Thus a Fund investor who terminates a contract prior to the end of the billing period would not pay for additional Management Fees.

SGC's advisory fees to separately managed account clients generally are prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Clients who use Interactive Brokers as their custodian have their fees debited daily, in arrears. In the

event a separately managed account client terminates an account, SGC will refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

Not applicable (with respect to all of Item 5.E and its sub-parts).

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

**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

Investors in SGEI pay to the Fund's general partner a performance-based incentive allocation generally equal to 10-30% of net profits, subject to a high water mark, as more fully described in each Fund's relevant Governing Documents. Investors in SGP and SGMS do not pay an incentive allocation. With regard to the SGEI, Class A investors pay the Fund's general partner a 10% annual incentive allocation, Class B investors pay the Fund's general partner a 20% annual incentive allocation, and Class C investors pay the Fund's general partner a 30% annual incentive allocation. Investors in RSP pay to the general partner a 20% incentive allocation.

SGC or the general partner may agree to a different incentive allocation or may elect, in its sole and absolute discretion, to waive some or all of its incentive allocation with respect to certain limited partners in the Fund, including without limitation, limited partners that are employees or affiliates of SGC. Once a Fund's fiscal year has ended, any performance-based compensation earned during that year is not subject to reversal. The incentive allocation to the general partner will be based, in part, on unrealized investment gains of the Fund that may never be realized in the event of adverse changes in the value of such investments, and thus, the allocation may be greater than if it were solely based on realized gains.

The performance-based compensation received by the general partner creates a potential conflict between SGC's interest in earning a profit in the short term with the long-term interests of the Fund and their investors. An incentive-based allocation arrangement may create an incentive for riskier or more speculative investments by SGC than might be the case in the absence of such performance-based allocation arrangement because these investments may allow SGC to collect larger incentive-based compensation. Fund investors are provided with clear disclosure as to how performance-based compensation is charged and the risks associated with such performance-based compensation prior to making an investment.

In all cases where an incentive fee is charged on performance the general partner is only eligible to receive the incentive fee on realized and unrealized net gains earned during any calendar year if, and only if, that gain results in the reported value of the fund to be at a new all-time high (high water mark). High water marks are established at the end of each calendar year. Account values achieved intra-year are not used to determine a high water mark.

Separately managed account clients do not pay performance-based fees.

## **Item 7. Types of Clients**

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

Investors in the Funds and separately managed account clients include individuals, investment companies, associated trusts, estates, pension and profit sharing plans, foundations, family offices and other corporations or business entities..

All Funds limits its investors to persons who are "accredited investors", "qualified clients", or "qualified purchasers" as defined in the Securities Act of 1933. Investors in the South Georgia Partners are required to be "accredited investors". Investors in SGEI and RSP are also required to be "qualified clients" as that term is defined under Rule 205-3 of the Advisers Act; investors in the SGMS are also required to be "qualified purchasers" as that term is defined in Section 2(a)(51) of the Investment Company Act;

Minimum contributions for Funds range from \$500,000 for investment in the SGP and SGMS, to \$250,000 for the SGEI and RSP. Commitments of less than these required amounts are also accepted at the sole discretion of the Fund's general partner.

There is no minimum contribution for separately managed account clients.

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

### A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

SGP: The investment strategy of SGP is to invest in underlying hedge fund managers in a manner consistent with the Fund's absolute return strategy, intended to achieve the investment objective irrespective of overall market trends.

SGMS: The investment strategy of SGMS is to invest all of its assets in a Fox River Advisers pooled investment vehicle.

SGEI: The investment strategy of SGEI is to achieve consistent and predictable income as well as long-term capital appreciation by investing in publicly traded securities across the global securities market.

RSP: The investment strategy of RSP is to invest directly in the Blue Water direct sponsored investment.

For managed account clients, SGC provides discretionary (and, to a limited extent, non-discretionary) investment advice in accordance with each client's expressed investment goals, risk profile and desired liquidity. SGC conducts cyclical, fundamental or technical analysis as well as charting on securities recommended for client accounts as appropriate.

There can be no assurance that the South Georgia Funds or separately managed accounts will achieve their investment objectives. A risk of loss of an investor's entire investment may be possible.

### B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

No investment is free of risk. Investors are urged to review the relevant Governing Document of each particular Fund as well as talk to SGC about the risk of their specific accounts. The following risks are applicable to the SGC Funds and separately managed accounts, and noted when only applicable to specific strategies:

*Reliance on Corporate Management and Financial Reporting.* Certain of the strategies implemented by SGC may rely on the financial information made available by the issuers in which SGC clients invest.

Although SGC typically will evaluate all such information and seek independent corroboration when it considers it appropriate and when it is reasonably available, SGC will not always be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information will not be readily available. As a result, SGC will be dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Material losses can occur as a result of corporate mismanagement, misstatements or omissions, fraud and/or accounting irregularities.

*Accuracy of Underlying Fund Information; Possibility of Fraud or Other Misconduct.* In the case of Funds that are “funds of funds,” and where investment managers are retained and in certain other cases, SGC will rely on information provided by third parties (collectively, “Third Party Information”) in providing the services described in this Brochure. None of SGC, the Funds, principals or affiliates can ensure or be responsible for the accuracy or completeness of any Third Party Information. Moreover, although SGC may have “custody” of assets under the Advisers Act, neither SGC nor any Fund will hold client funds or securities directly. An underlying fund in which a client invests or an investment manager with which a client invests could divert or abscond with the investment, fail to follow agreed upon investment strategies, provide false reports of operations or engage in other misconduct. Although SGC will conduct due diligence with respect to such funds and investment managers with the intention of preventing such fraud or misconduct, there can be no assurance that such due diligence will be successful.

*Limited Right of Redemption.* An investment in all four SGC Funds is suitable only for sophisticated investors who have no need for current liquidity. An investment in a Fund provides limited liquidity, as interests are not freely transferable and limited partners generally may redeem capital only as specified in the relevant Governing Documents. The general partner may limit, suspend or otherwise restrict a limited partner’s right to redeem all or part of its capital account. Any portion of a limited partner’s capital account attributable to an interest in a special investment account may not be redeemed without the prior consent of the general partner. Redemption proceeds may be paid in cash, in kind or partially in cash and partially in kind.

*Short Sales.* SGC may engage in “short selling” of securities for its SGC Equity Income Fund and its separately managed accounts. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements to clients. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There is the risk that the securities borrowed by SGC clients in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, and a client may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

*Options.* SGC may purchase or write options on securities on behalf of its clients. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter (“OTC”) options, *i.e.*, options not purchased or sold on an exchange, also involve counterparty default and solvency risk, and may be employed by SGC on behalf of its clients where permitted by applicable law or regulation, and the relevant Investment Advisory Agreement or Operating Agreement.

*Exchange-Traded Funds.* SGC may purchase ETFs in pursuing a separately managed account client’s investment strategy. ETFs represent shares of ownership in funds, unit investment trusts or depository receipts that closely track the performance of specific instruments, including broad market, sector or international indexes. ETFs give investors the opportunity to buy or sell an entire portfolio of securities of individual issuers in a single security, as easily as buying or selling a share of stock, or to gain exposure to other instruments. They offer a wide range of investment opportunities. While similar to a mutual fund, ETFs differ from mutual funds in significant ways. Unlike mutual funds, ETFs are priced and can be bought and sold throughout the trading day. To the extent a client invests in ETFs, such client will directly or indirectly bear the fees and expenses of such ETFs.

*Commodity and Futures Contracts.* SGC may invest in commodity and futures contracts on behalf of its clients. Commodity futures markets (including financial futures, such as futures covering indices and larger “baskets” of securities) are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage is typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day’s trading beyond certain set limits. If prices fluctuate during a single day’s trading beyond those limits — which conditions have in the past sometimes lasted for several days in certain contracts — SGC could be prevented from promptly liquidating unfavorable positions and consequently subject the clients to substantial losses.

*Parallel or Similar Funds or Accounts; Allocation of Investment Opportunities.* From time to time, SGC and its principals may establish funds or accounts that trade in parallel with the Funds or that pursue the same or a similar investment objective or strategy (such Funds and other clients, “Parallel Accounts”), for example to enable investors with unique legal or regulatory concerns to participate in the same or

similar investment strategy as a particular Fund. As a result, SGC may be subject to conflicts of interest in allocating investment opportunities among the Funds and such Parallel Accounts.

SGC will allocate investment opportunities among Parallel Accounts to the extent that SGC determines in good faith that such investment opportunities are appropriate for such Parallel Account, with such allocations generally to be made on a *pro rata* basis based on available capital of such Parallel Accounts. In determining whether and to what extent such investment opportunities are appropriate for such Parallel Accounts, SGC may consider factors such as: (a) the overall liquidity profile of the such Parallel Accounts' respective investment portfolios; (b) the potential for redemptions from such Parallel Accounts; (c) the transferability of such investment opportunities; (d) the minimum denominations of such investment opportunities; (e) the availability of price quotes with respect to such investment opportunities; (f) the structural and operational differences between (and any applicable investment limitations, including without limitation risk and exposure limits and diversification considerations, of) such Parallel Accounts; (g) the eligibility of such Parallel Accounts to participate in such investment opportunity under applicable laws and regulations; and (h) any other applicable tax, legal, regulatory, compliance, operational or administrative issues.

In the event that a determination is made that one or more Parallel Accounts should trade in the same investment opportunity on the same day, such investment opportunity will be allocated among such Parallel Accounts in a manner that SGC determines in its discretion, provided that such Parallel Accounts will be treated fairly and equitably over time. Circumstances may occur in which an allocation could have adverse effects on one or more Parallel Accounts with respect to the price or size of securities positions obtainable or saleable. It is the policy of SGC, to the extent possible, to allocate investment opportunities to Parallel Accounts over a period of time on a fair and equitable basis relative to the other funds and accounts under the management of SGC. Fairness will be measured over time and clients should expect that there will be instances and periods of time where certain clients will not receive a share, or may receive a non-*pro rata* share, of an investment opportunity.

*Order Aggregation.* If SGC determines that the purchase or sale of an investment opportunity is appropriate with regard to one or more Parallel Accounts, SGC may, but is not obligated to, when possible, aggregate orders placed simultaneously in order to reduce transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating fund or account generally will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each account's participation in the order (or allocation in the event of a partial fill) as determined by SGC. In the event of a partial fill, allocations may be modified on a basis that SGC deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. To the extent that orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by SGC. As a result, certain trades in the same investment opportunity for one Fund or account (including a Fund or account in which SGC and its personnel may have a direct or indirect

interest) may receive more or less favorable prices or terms than another Fund or account, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

There may be instances, such as when orders are placed with more than one broker, that make it difficult or inadvisable (as determined by SGC in its discretion) for SGC to average the prices paid. In these instances, SGC will seek to allocate filled orders in a fair and equitable manner. Similarly, if an order on behalf of more than one Fund or account (such as one or more Parallel Accounts) cannot be fully executed under prevailing market conditions, SGC may allocate the securities traded among the different Funds and accounts on any basis that it considers fair and equitable. In these circumstances, each such Fund or account may be required to pay, in connection with the acquisition of securities by more than one such Fund or account, the average price per unit acquired, which may be higher than if such Fund or account had acted alone, and it may otherwise not be able to execute an investment decision as effectively as it could have if such fund or account had acted alone. There may be corresponding potential disadvantages when more than one fund or account simultaneously seeks to dispose of commonly held securities and other investment positions.

*Fixed-Income Investments.* The value of the fixed-income securities in which the Funds and separately managed accounts may invest will change as the general levels of interest rates fluctuate. The value of fixed-income securities generally rises when interest rates decline, and conversely, the value of such securities generally declines when interest rates rise. Investments in lower-rated fixed-income securities in which the Funds and separately managed accounts may invest, while generally providing greater opportunity for gain and income than investments in higher-rated securities, usually entail greater risk, including the possibility of default or bankruptcy of the issuers of such securities.

*Hedging Risk.* The hedging activities of SGC clients, specifically SGEI, although they are designed to help offset negative movements in the markets for such clients' investments, will not always be successful. They can cause a client to lose money or to fail to get the benefit of a gain. Such negative effects may occur, for example, if the market moves in a direction that SGC does not anticipate or if a client is not able to close out its position in a hedging instrument or transaction.

*Use of Leverage; Borrowing; Interest Costs and Rates.* The investment strategy of some of the SGC Funds involves the use of certain amounts of leverage, *i.e.*, borrowings to increase investment positions and exposure. Although the use of leverage increases returns to clients if such clients earn a greater return on the investments purchased with borrowed funds than they pay for such funds, the use of leverage decreases returns to clients if such clients fail to earn as much on such investments as it pays for such funds. Although SGC intends to keep clients' use of leverage within the guidelines specified in the applicable Governing Documents, such agreements generally impose no hard limitation on the form or amount of borrowings; accordingly, the amount of a client's borrowings outstanding at any time may be large in comparison to its capital. Risk of loss and the magnitude of possible gains are both

increased by the use of leverage. Fluctuations in the market value of a client's portfolio will have a greater effect relative to the capital than would be the case in the absence of leverage. Adverse market fluctuations in the case of margin borrowings may require the untimely liquidation of one or more investment positions. Interest costs of borrowings will be an expense of clients and therefore both borrowing levels and fluctuations in interest rates may affect the operating results of such clients.

*Delayed Schedules K-1.* It is likely that the SGC Partners Fund and South Georgia Multi Strategy Fund will not be able to provide final Schedules K-1 to limited partners for any given fiscal year until after April 15 of the following year. The general partner will endeavor to provide limited partners with estimates of the taxable income or loss allocated to their investment in the Fund on or before such date, but final Schedules K-1 may not be available until completion of the Fund's annual audit (which may be six or more months after year-end due to delays in receiving necessary information from the underlying portfolio funds). In such cases, limited partners may be required to obtain extensions of the filing date for their income tax returns at the federal, state and local level.

*Single Investment.* For both SGMS and RSP, the general partner is not required to take a diversified investment approach with respect to the Funds, and accordingly each Fund will invest substantially all of its assets not retained to effect redemptions or provide operating capital in the Fox River Fund and in Blue Water. Fox River Advisers is wholly independent of SGC and the general partner. Neither the general partner nor the Funds will take any part in the management of the Fox River Fund or have any control whatsoever over its investment policies, disposition of assets or custodial practices.

*Valuation.* Securities which the general partner believes are fundamentally undervalued or overvalued may not ultimately be valued in the capital markets at prices and/or within the time frame the general partner anticipates. In particular, purchasing securities at prices which the general partner believes to be below fair value is no guarantee that the price of such securities will not decline even further. SGC will rely on the underlying valuation methodologies and reports of its fund managers for SGP, SGMS and RSP.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

*See 8.B. above.*

## **Item 9. Disciplinary Information**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

Neither SGC nor its principals have been subject to any material legal or disciplinary events required to be discussed in this Brochure.

**Item 10. Other Financial Industry Activities and Affiliations**

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

SGC is not actively engaged in a business other than giving investment advice to its clients and its Funds. Neither SGC nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.**

SGC has filed for an exemption from registration as a commodity pool operator and is subject to an exemption from registration as a commodity trading advisor.

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. Other investment adviser or financial planner
4. Futures commission merchant, commodity pool operator, or commodity trading advisor
5. Banking or thrift institution
6. Accountant or accounting firm
7. Lawyer or law firm
8. Insurance company or agency
9. Pension consultant
10. Real estate broker or dealer
11. Sponsor or syndicator of limited partnerships.

As mentioned in Item 4 above, the Funds general partner is deemed registered with the SEC under the Advisers Act pursuant to SGC's registration. This investment advisor operates as a single advisory business while serving as general partner of private investment funds, other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

SGC has entered into a consulting relationship with Stairway Partners, LLC, an SEC registered investment adviser, whereby SGC compensates Stairway Partners for investment allocation research. Such compensation is paid by SGC and not by any client or investor.

SGC has and will continue to develop relationships with professionals who provide services it does not provide, including: legal; accounting; banking; tax preparation; insurance brokerage; investment management services; and other personal services. None of the above relationships, however, creates a material conflict of interest with any of the Funds or limited partners.

From time to time, SGC may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will SGC accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider. As mentioned above, for at least one client SGC provides non-advisory bookkeeping services for a fee.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

SGC does not receive compensation, either directly or indirectly, for recommending investment advisers to its clients, other than its Management Fee and performance-based fee.

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

**A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

##### **Code of Ethics**

As fiduciaries, SGC and its employees have certain legal obligations to put clients' interests ahead of their own. SGC has adopted a written Code of Ethics based on principles of openness, honesty,

integrity, and trust. At least once a year, each SGC employee is required to acknowledge this Code and agree to be bound by it.

SGC's Code of Ethics covers standards of business conduct, confidentiality of client information, personal trading requirements, insider trading, reporting of personal securities transactions, restrictions on accepting and giving of significant gifts, political contribution policies, and reporting of certain gifts and business entertainment items, among other things. The Code of Ethics also includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

Employees of SGC who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension, or dismissal. Employees are also required to promptly report to the Chief Compliance Officer any violations of the Code of Ethics of which they become aware.

SGC will provide a copy of its Code of Ethics to any existing or prospective investor upon request to its Chief Compliance Officer, Mike McAlister, at (630) 784-2200 or [mcm@sgcim.com](mailto:mcm@sgcim.com).

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

*Proprietary Trading.* SGC and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others, and may give advice and recommend securities to vehicles or accounts which may differ from advice given to, or securities recommended or bought for, any SGC client, even though their investment objectives may be the same or similar. SGC and its principals may also trade in the securities and derivatives markets or make other investments for their own accounts and the accounts of their clients, and in doing so may take positions opposite to, or ahead of (including trading positions with preferential terms), those held by other SGC clients and may be competing with such clients for positions in the marketplace. Such trading may result in competition for investment opportunities or create other conflicts of interest on behalf of one or more such persons in respect of their obligations to clients. Records of this trading will not be available for inspection by clients.

The proprietary activities or portfolio strategies of SGC and its principals or the activities or strategies used for accounts managed by SGC or its principals for other client accounts could conflict with the transactions and strategies employed by clients and affect the prices and availability of the securities and instruments in which such clients may invest. Issuers of securities held by clients may have publicly- or privately-traded securities in which SGC or its principals are investors. The trading activities of SGC or its principals generally will be carried out without reference to positions held

directly or indirectly by any SGC client and may have an effect on the value of the positions so held or may result in SGC or its principals having an interest in the issuer adverse to that of SGC clients.

In particular, various SGC affiliates may be significant investors in the Funds for their proprietary accounts. Such affiliates' investments in and redemptions from the Funds will be made in their best interests and without regard to the best interests of the Funds or other clients. SGC may share information regarding the Funds with such affiliates of SGC.

SGC generally will not affect any principal or agency cross securities transactions for client accounts without first obtaining the relevant advisory board and/or limited partner approval. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells a security to an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account.

Although it does not expect to, from time to time, SGC and its affiliates may complete securities trades (including outright purchases and sales) between a Fund and other clients of SGC or its affiliates, known as a cross trade. In the rare event this occurs, any cross trading transactions conducted between the Fund and SGC's separately managed accounts will be made at the then market rate for similar transactions between unrelated parties and only where an independent pricing mechanism (such as the last sales price on the exchange where the security is principally traded) is available. Transactions between the Fund and/or separately managed accounts are completed for no consideration other than cash payment against prompt delivery of the relevant security or other instrument, are completed at current market prices, and do not involve any brokerage commissions, clearing charges, other transaction costs or fees, or other remuneration.

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

SGC's employees are permitted to make securities transactions in their personal accounts, subject to certain limitations. In particular, the general partner, SGC, and their related persons may not knowingly trade for the accounts of clients other than the Fund or for their own accounts in a manner that is detrimental to the Fund, and they may not seek profit from their knowledge that the Fund intends to engage in particular transactions. Employee personal trading presents potential conflicts in that an employee could make improper use of information regarding a Client's holdings or future transactions or research paid for by the Clients. SGC manages the potential conflicts of interest inherent in employee trading by strict enforcement of its Code of Ethics, which includes pre-clearance and reporting requirements.

SGC's Code of Ethics prohibits it and its personnel from trading for clients or for themselves, or recommending trading, in securities of a company while in possession of material nonpublic information ("Inside Information"), and from disclosing such information to any person not entitled to receive it, in either case in contravention of applicable securities laws. SGC has adopted policies and procedures reasonably designed to control and monitor the flow of Inside Information to and within SGC as well as prevent trading based on Inside Information.

SGC maintains a restricted list regarding issuers about whom it has inside information. Pre-clearance is required for initial public offerings and certain limited offerings. Supervised persons are required to submit their brokerage account statements or quarterly transaction reports along with annual holding reports to the Chief Compliance Officer for review to confirm employees are abiding by SGC's personal trading requirements.

After the launch of the SGMS and the SGP, one of South Georgia's principals became related through marriage to a principal in Fox River Advisers. The decision to invest in the Fox River Advisers fund, however, was independently made prior to this relationship and was based on extensive due diligence of Fox River Advisers. Additionally, in the third quarter of 2014, this Fox River Advisers' principal assumed a larger and more active role in the operations at Fox River Advisers.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Please refer to Items 11.A, 11.B and 11.C.

## **Item 12. Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

**1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.**

**a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a**

benefit because you do not have to produce or pay for the research, products or services.

- b. **Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.**
- c. **If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.**
- d. **Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.**
- e. **Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.**
- f. **Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.**

For those funds and separately managed accounts that engage in publicly traded securities trading, SGC will select or recommend brokers whose commissions and/or transaction fees are consistent with SGC's duty to seek to obtain best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where SGC determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. SGC has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although SGC generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. SGC seeks to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, SGC may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions

charged; (iii) the reputation of the firm being considered; (iv) historical relationship of responsiveness to requests for trade data and other financial information; (v) financial strength; research capabilities; and (vi) service level.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker, SGC may receive from a broker, without cost (and/or at a discount) support services and/or products, certain of which assist SGC to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by SGC may be investment-related research, pricing information and market data, software and other technology that may be used by SGC in furtherance of its investment advisory business operations. Any such benefits will comply with the Section 28(e) safe harbor under the Securities Exchange Act of 1934, as amended. At this time SGC does not engage in soft dollar arrangements.

SGC may (but is not obligated to) combine or “batch” client orders to seek to obtain “best execution,” to negotiate more favorable commission rates or to allocate equitably among SGC’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and generally will be allocated among SGC’s clients in accordance with the procedures specified in this Brochure.

Research and brokerage services obtained by the use of commissions arising from the Fund and/or separately managed account’s portfolio transactions may be used by SGC in its other investment activities and thus, the Fund and/or separately managed account may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although SGC will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable, and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of “mixed use” products or services create a potential conflict of interest between SGC and its clients.

For separately managed account clients, in the event that a client requests that SGC recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct SGC to use a specific broker-dealer/custodian), SGC generally recommends that investment management accounts be maintained at Pershing Advisor Solutions and Interactive Brokers.

**2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a**

**broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

- a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.**
- b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.**

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services.

SGC periodically reviews its broker-dealer arrangements and evaluating each broker-dealer's performance in a variety of categories, including but not limited to, the broker or dealer's execution capabilities, reputation and access to the markets for the securities being traded. Other considerations include, among other things, the amount of transaction costs, the quality of execution, the expertise in particular markets, the experience and financial stability of the firm, the availability of stock loans, the breadth of investment products made available, the quality of service, the familiarity both with investment practices generally and the techniques employed by SGC, the research and analytic services and clearing and settlement capabilities, the capability to facilitate transfers and payments to and from accounts, and the availability of other products and services, subject at all times to principles of best execution. Such reviews are expected to enable SGC to determine when broker-dealers that outperform in capital introduction and investor referrals also underperform in other areas. In such situations, SGC may provide heightened scrutiny to its relationship with such a broker-dealer.

### **3. Directed Brokerage.**

- a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.**

- b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.**

The Funds do not allow directed brokerage. Separately managed account clients, however, may direct SGC to use a particular broker-dealer (subject to SGC's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with such requested broker-dealer, and SGC will not seek better execution services or prices from other broker-dealers or, generally speaking, be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by SGC. As a result, any such client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

- B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

SGC aggregates the purchase or sale of securities for accounts when to do so is in the client's best interest. In such circumstance, the Firm will generally allocate on a *pro rata* basis among clients, unless investment restrictions or investment guidelines otherwise require.

### **Item 13. Review of Accounts**

- A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

The Principals and other senior managers of SGC regularly review the portfolios of each Fund and separately managed account to determine if they are consistent with applicable investment objectives and restrictions as detailed in the client's Governing Documents. Separately managed account clients are encouraged to review investment objectives and account performance with SGC on an annual basis.

- B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

Client reviews on an other-than-periodic basis would occur in the event of performance anomalies and market volatility, or for separately managed accounts, if requested by the client.

**C. Describe the content and indicate the frequency of regular reports you provide to Clients regarding their accounts. State whether these reports are written.**

SGC distributes monthly and annual written reports to Fund investors and separately managed account clients. Fund investors receive monthly reports contain summary information regarding performance and exposures, including the estimated NAV as compared to the previous calendar month. Annual reports are delivered within 120 or 180 days of year-end and include a summary of investments and performance, as well as annual audited financial statements and audited balance sheet.

Separately managed account clients receive transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian and/or program sponsor for client accounts.

All reports are sent to investors in writing and are delivered electronically. In addition, SGC has contact with investors (personal visits, telephone calls and e-mails) throughout the year and as conditions warrant.

**Item 14. Client Referrals and Other Compensation**

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

SGC does not receive any monetary compensation or any other economic benefit from a non-client for SGC's provision of investment advisory services to a client.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

From time to time, SGC may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund or a separately managed account client. Any such arrangements will be structured in accordance with the requirements of Rule 206(4)-3 of the Advisers Act. In addition, any referral fee for separately managed account clients shall be paid solely from SGC's advisory fee and shall not result in any

additional charge to the client. For Fund clients, any fees and expenses payable to a such placement agents will borne by SGC indirectly through an offset against the Management Fee.

### **Item 15. Custody**

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

The Investment Advisers Act of 1940 Rule 206(4) (the “Custody Rule”) requires that advisers with custody either undergo an annual generally accepted accounting principles (“GAAP”) financial statement audit or be subject to a surprise custody examination by an SEC-registered auditing firm. By virtue of the Funds’ general partner’s ability to deduct fees from its Fund’s accounts, SGC is deemed to have custody over its four Fund vehicles. For these four Funds, SGC has elected to undergo an annual GAAP financial statement audit and delivers copies of the audit to underlying fund investors within 120 or 180 (180 for the fund-of-funds) days of year-end, thus satisfying the Custody Rule’s requirements.

For separately managed account clients, SGC does not maintain custody and thus these accounts are not subject to these same custody requirements. All separately managed account client assets are held by qualified custodians and statements and transaction confirmation notices are sent directly to the underlying account holders. Clients are urged to carefully review these account statements, particularly against any account statements provided by SGC.

For the client previously mentioned for whom SGC provides bookkeeping services, SGC receives a surprise custody audit for this account.

### **Item 16. Investment Discretion**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

For Fund clients, investment advice is provided directly to the Funds, subject to the discretion and control of the general partner, and not to investors in the Funds individually. SGC and its general partner have discretionary authority based on the Governing Documents of each Fund to buy and sell securities or other investments and to determine the amount of such investments to be bought and

sold. The terms upon which SGC serves as an investment manager of the Funds is established at the time each Fund is established. SGC's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Pursuant to the terms of the relevant Governing Documents, however, SGC may enter into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

To become a limited partner in a SGC Fund, an investor must execute a subscription agreement with the Fund. Such subscription agreements, and the other Governing Documents of the applicable Fund, contain a power of attorney that generally grants the general partner, an affiliate of SGC, certain powers related to the orderly administration of the affairs of the Fund.

In the case of separately managed account clients, by virtue of the investment management agreement entered into with each client, SGC generally has the authority to determine, without obtaining specific client consent: the securities bought and sold; the amount of securities bought and sold; the broker-dealer used; and commission rates paid for transactions in client accounts. SGC's investment professionals are not limited in this authority except to the extent a client has established specific guidelines and/or prohibitions with respect to its investment account and specific securities.

#### **Item 17. Voting Client Securities**

**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

SGC generally does not vote client proxies on behalf of its Funds or separately managed account clients. In the infrequent event the Firm does elect to vote a proxy on behalf of one of the Funds, SGC will do so in accordance with management's recommendations. Separately managed account clients maintain exclusive responsibility for voting their own proxies.

SGC's complete proxy voting policy upon request, free of charge, from SGC's Chief Compliance Officer, Mike McAlister, at (630) 784-2200 or [mcm@sgcim.com](mailto:mcm@sgcim.com). Investors may also obtain information from SGC, free of charge, about how SGC voted any previous proxies.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a**

transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

Not applicable.

#### **Item 18. Financial Information**

**A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.
2. Show parenthetically the market or fair value of securities included at cost.
3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

SGC does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.

**B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

See Item 18.A.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

SGC has not been the subject of a bankruptcy petition at any time during the past 10 years.

**SOUTH GEORGIA CAPITAL, LLC**  
**FORM ADV PART 2B: BROCHURE SUPPLEMENT**

2135 City Gate Lane, Suite 460  
Naperville, IL 60563  
<http://www.sgcim.com>

Updated: March 31, 2015

This brochure supplement (“**Supplement**”) provides information about South Georgia Capital, LLC (“**SGC**”) that supplements South Georgia Capital’s Brochure. If you have any questions about the contents of this Supplement, please contact us Mike McAlister, Chief Compliance Officer, at (630) 784-2200 or [mcm@sgcim.com](mailto:mcm@sgcim.com).

**MICHAEL MCALISTER**

Year of Birth: 1978

Title: Co-Founder and Principal

2135 City Gate Lane

Suite 460

Naperville, IL 60563

**Item 2 - Educational Background and Business Experience**

Mr. McAlister graduated with a bachelor's degree in Accounting from Trinity University in 2001.

Mr. McAlister is Co-Founder and Principal of South Georgia Capital, LLC ("SGC") (formerly James Caird Capital Partners, LLC) since 2009. Prior to joining SGC, Mr. McAlister worked at Morgan Stanley as a Financial Advisor and Senior Vice President from 2002 to 2009.

**Item 3 - Disciplinary Information**

Mr. McAlister has not been involved in any legal or disciplinary events required to be disclosed in this section.

**Item 4 - Other Business Activities**

Mr. McAlister is not engaged in any other investment-related business outside of his roles with SGC.

**Item 5 - Additional Compensation**

Mr. McAlister does not receive any additional compensation that is required to be disclosed.

**Item 6 - Supervision**

As Chief Compliance Officer, Mr. McAlister cannot supervise himself. Thus, for compliance matters, Mr. McAlister is supervised by Mr. Anderson, who can be reached at 784-2200 or [bwa@sgcim.com](mailto:bwa@sgcim.com)

**BRUCE ANDERSON**

Year of Birth: 1951

Title: Co-Founder and Principal

2135 City Gate Lane

Suite 460

Naperville, IL 60563

**Item 2 - Educational Background and Business Experience**

Mr. Anderson graduated with a bachelor's degree in Marketing from Babson College in 1974.

Mr. Anderson is Co-Founder and Principal of South Georgia Capital, LLC ("SGC") since 2009. Prior to joining SGC, Mr. Anderson worked at Morgan Stanley as a Financial Advisor and Senior Vice President from 1999 to 2009.

**Item 3 - Disciplinary Information**

Mr. Anderson has not been involved in any legal or disciplinary events required to be disclosed in this section.

**Item 4 - Other Business Activities**

Mr. Anderson is not engaged in any other investment-related business outside of his roles with SGC.

**Item 5 - Additional Compensation**

Mr. Anderson does not receive additional compensation that is required to be disclosed.

**Item 6 - Supervision**

Mr. Anderson is supervised on compliance matters by Mike McAlister, principal and Chief Compliance Officer, who can be reached at 784-2200 or [mcm@sgcim.com](mailto:mcm@sgcim.com).