

# Mangrove Partners

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This Brochure provides information about the qualifications and business practices of Mangrove Partners (“Mangrove” or the “Firm”). Mangrove is an investment adviser registered with the Securities and Exchange Commission (the “SEC”). The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information with which you can determine whether you wish to hire or retain such adviser.

This document is not an advertisement, an offer to sell or the solicitation of an offer to purchase interests in any fund managed by Mangrove. Offers to invest in any such interests or accounts may be made only pursuant to appropriate offering documents. Investors must be qualified and approved prior to investing.

If you have any questions about the contents of this Brochure, please contact us at (212) 897-9535 or [compliance@MangrovePartners.com](mailto:compliance@MangrovePartners.com).

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

# Mangrove Partners

## Item 2: Material Changes

Since our last Brochure dated March 31, 2014, we have made certain updates to the information contained in the Brochure. The following summary is a list of only those changes that we deem as material in nature.

Assets under management (AUM) information has been updated to reflect values as of January 1, 2015.

# Mangrove Partners

## Item 3: Table of Contents

<b>ITEM 2: MATERIAL CHANGES</b>	<b>2</b>
<b>ITEM 4: ADVISORY BUSINESS</b>	<b>3</b>
<b>ITEM 5: FEES AND COMPENSATION</b>	<b>4</b>
<b>ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT</b>	<b>6</b>
<b>ITEM 7: TYPES OF CLIENTS</b>	<b>6</b>
<b>ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS</b>	<b>6</b>
<b>ITEM 9: DISCIPLINARY INFORMATION</b>	<b>12</b>
<b>ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS</b>	<b>13</b>
<b>ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING</b>	<b>13</b>
<b>ITEM 12: BROKERAGE PRACTICES</b>	<b>14</b>
<b>ITEM 13: REVIEW OF ACCOUNTS</b>	<b>16</b>
<b>ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION</b>	<b>16</b>
<b>ITEM 15: CUSTODY</b>	<b>16</b>
<b>ITEM 16: INVESTMENT DISCRETION</b>	<b>17</b>
<b>ITEM 17: VOTING CLIENT SECURITIES</b>	<b>17</b>
<b>ITEM 18: FINANCIAL INFORMATION</b>	<b>17</b>

## Item 4: Advisory Business

Mangrove Partners, a Cayman Islands exempted company established in 2010, provides investment management services on a discretionary basis to the Funds (defined below) which are privately offered pooled investment vehicles intended for sophisticated individual and institutional investors. (Mangrove Partners is referred to as “Mangrove” or the “Firm” in this Brochure and references to “us”, “we” and “our” also refer to Mangrove.)

Mangrove is the investment manager for The Mangrove Partners Fund, L.P., a Delaware limited partnership (the “US Feeder”), The Mangrove Partners Fund (Cayman), Ltd., a Cayman Islands exempted company (the “Cayman Feeder”), The Mangrove Partners Master Fund, Ltd., a Cayman Islands exempted company (the “Cayman Master”) and MP OpportunityCo 1, LLC (“MPOC1”), a Delaware limited liability company. (Each of the foregoing funds is referred to individually as a “Fund” and collectively as the “Funds”. “Investor” refers to any investor in any of the Funds.)

An affiliate of Mangrove, Mangrove Capital, a Cayman Islands exempted company (“Mangrove Capital”), serves as the general partner of the US Feeder and the managing member to MPOC1. The US Feeder and the Cayman Feeder are constituents of a “master-feeder” structure for which

## Mangrove Partners

the Cayman Master serves as the master fund. Each of the Funds is exempt from the registration requirements of the Investment Company Act of 1940 (the “Investment Company Act”).

The Funds’ shared investment objective is to organically compound their net worth while minimizing the chances of a permanent loss of capital. Mangrove’s investment strategy concentrates on an identified subset of systematically underfollowed investments and inefficient markets. Our goal is to generate positive returns from both long and short investments as opposed to employing a relative value or market hedging strategy. Our investment process involves in-depth analysis and valuation work at the company level while being cognizant of underlying industry dynamics. Our deep value discipline in combination with our focus on underfollowed securities gives us our edge.

Mangrove neither tailors its advisory services to the individual needs of investors in the Funds (“Investors”), nor accepts investor-imposed investment restrictions.

For further details on the Mangrove’s investment strategy, please see Item 7 (“Types of Clients”) and Item 8 (“Methods of Analysis, Investment Strategies and Risk of Loss”) below.

The principal owner of Mangrove is Nathaniel August.

As of January 1, 2015, Mangrove manages approximately \$449,210,433 of client assets, in net equity terms, on a discretionary basis. Mangrove does not currently manage any client assets on a non-discretionary basis.

### Item 5: Fees and Compensation

#### Management Fees

Other than MPOC1, Mangrove receives fees for its advisory services based on a percentage (generally, approximately 2% annually) of assets under management. In general, Mangrove deducts fees from Fund assets. Management fees are payable monthly in advance and are calculated by a third party administrator. Management fees are prorated for any month during which Mangrove does not serve as investment manager for the entire month. Mangrove has discretion to waive, reduce or rebate management fees.

#### Performance-Based Compensation

Except for MPOC1, Mangrove Capital is allocated 20% of the annual increase in the net worth of an Investor’s interest in a Fund (the “Performance Allocation”). If, however, there is a decrease in the net worth of an Investor’s interest in a Fund (other than MPOC1) at the conclusion of a calendar year the Performance Allocation will be reduced to 10% until the net worth of the Investor’s interest increases by an amount equal to twice the decrease.

Mangrove Capital structures Performance Allocation subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients’ profits for the calculation of Performance Allocation, Mangrove Capital includes realized and unrealized gains and losses.

# Mangrove Partners

The Performance Allocation is allocated at the end of each calendar year to a separate series of Cayman Master shares issued by the Cayman Master to Mangrove Capital. Mangrove Capital reserves the right (i) to receive such compensation in any form or manner, including from the Cayman Master, U.S. Feeder and/or Cayman Feeder, so long as such change does not negatively and adversely affect any investor and (ii) to waive, reduce or rebate the Performance Allocation or to pay or reallocate a portion of the Performance Allocation to certain Investors and/or other third parties.

With respect to MPOC1, performance-based compensation is paid on a realized basis using a waterfall structure. Distributable cash is first allocated to investors until they have received a return of their capital plus an 8% preferred return. Distributable cash flow is then allocated to Mangrove Capital as a “catch-up” until Mangrove Capital has received an amount equal to 25% of the investors’ 8% preferred return. Thereafter, 80% of distributable cash is allocated to investors and 20% is allocated to Mangrove Capital.

## **Other Fees and Expenses**

Each Fund bears, or reimburses Mangrove and its affiliates for, its organization, operating and investment expenses and, in the case of the US Feeder and the Cayman Feeder, their respective allocable share of the organization and operating expenses of the Cayman Master. Expenses and fees borne by the Funds include, among other things, (i) all operating and administrative fees and expenses of the Funds; (ii) all costs and expenses associated with the Funds’ investment program; (iii) all costs and expenses related to the Funds’ portfolio and trade management systems, risk management systems and other similar systems; (iv) all expenses related to the indemnification of any person; and (v) taxes, fees or other governmental charges levied against the Funds. Expenses and fees are allocated among the Funds in such manner as Mangrove and Mangrove Capital deem to be fair and reasonable.

## **Side Letters**

Mangrove may from time to time enter into agreements with certain Fund investors that may provide for terms of investment that are more favorable than the terms described in the relevant Fund offering documents. Such terms may include the waiver, reduction or rebate of management fees, Fund expenses and/or performance-based allocations, the provision of additional information or reports or more favorable transfer rights. No such agreement will necessarily entitle any other Fund investor to the same terms of investment.

Item 12 describes the factors that Mangrove considers in selecting or recommending broker-dealers for transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

No supervised person of Mangrove accepts compensation for the sale of securities or other investment products, including interests in or shares of the Funds.

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