



Form ADV Part 3 Form CRS Client Relationship Summary

March 26, 2024

Introduction

Owls Nest Partners IA, LLC ("Owls Nest", "us", "we", "our" or the "Adviser") is a registered investment adviser ("IA") with the Securities and Exchange Commission that provides portfolio management and investment advisory services. Brokerage and investment advisory services and fees differ, and it is important for the retail investor to understand the differences. This Form CRS provides information about the qualifications and business practices of Owls Nest. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/crs), which also provides educational materials about broker-dealers, investment advisers, and investing. The searchable IARD/CRD number for Owls Nest is 289811.

Relationship and Services

What investment services and advice can you provide me?

Owls Nest provides investment advisory services to separately managed accounts ("SMA") and private funds (the "Funds"). We serve individuals, Foundations, Endowments, Trusts, Outsourced Chief Investment Officers, Registered Investment Advisers, Corporations, Family Offices, and Sovereign Entities, on a discretionary basis, which are monitored on an ongoing basis, pursuant to the obligations and restrictions set forth in the investment management agreements ("IMA") for the Funds and SMA Clients. We provide advice on a fully discretionary basis meaning that we have the authority to make investment decisions on your behalf pursuant to an IMA. This authority lasts for the duration of our relationship with you, and we will not obtain your consent prior to making each investment decision. You can impose reasonable restrictions on the types of investments we make on your behalf. Our investment objective is to achieve long-term outperformance by investing in a highly concentrated portfolio of publicly traded equity securities, primarily those securities of out of-favor and misunderstood small and mid-capitalization companies. We employ a specific strategy with respect to the management of assets and believe that this strategy is uniquely tailored to meet the needs of our SMA and Fund Clients that we service. The standard account minimums require at least \$10,000,000 for SMA clients and \$1,000,000 for Fund investors unless the investor meets the Qualified Client threshold. High Net-Worth Individuals must meet the requirements laid out in Item 7 of the Form ADV Part 2 ("Brochure").

Recommended Question to ask your IA: Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

You should carefully review our Form ADV, Part 2A Brochure, particularly Items 4 and 7, to understand the services we provide.

Fees, Costs, Conflicts, and Standard of Conduct

What fees will I pay?

Please see our fee table starting on Page 8 of our Brochure for specific fees per account type. Fees can be broken out between the Funds and SMAs and an overview, but not the full breakdown, will be provided below. Also, certain agreements may be different than what is laid out below and highlighted in the Brochure starting on Page 7, if you have any questions, please review your IMA and/or consult with your IA.



Standard SMA fee breakdown: SMA Clients will incur Management Fees, which are calculated using an annual percentage (1%) of the account balance and Performance Fees (described later)¹. SMA clients will also incur other fees that are not payable to the Adviser and are separate and distinct from those discussed so far. These fees include custodian fees, brokerage, and other transaction fees (as discussed more fully in the Brochure). SMA Clients do not pay fees in advance. Each month, the Adviser will calculate the Management Fee based on the SMA Client's end of month net assets and deduct that amount from the SMA Client's account per invoice to the qualified custodian.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Recommended Question to ask your IA: Help me understand how these fees and costs might affect my investments? If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

- We have material relationships, through affiliated entities including the General Partner of Owls Nest Partners Fund, LP, Owls Nest Partners Long Only, LP and as Directors of Owls Nest Partners Offshore Fund Ltd. and Owls Nest Partners Long Only Offshore Ltd. The Adviser is the IA for Owls Nest Partners Master Fund Ltd. and Owls Nest Partners Long Only Master Fund Ltd. (each a "Fund" and collectively the "Funds"). Similar to the Management Fees, the Adviser deducts a Performance Fee from the capital accounts of investors in the Funds. When Clients increase the number of assets in your account(s) managed by the Adviser, the Adviser's revenue and your fees increase. Therefore, the Adviser has an incentive to recommend you increase assets in your account(s) for them to manage. Performance Fees will only be charged to persons who meet the definition of Qualified Client, as defined in Rule 205-3 under the Investment Advisers Act of 19402.
- We will advise SMA Clients and Funds that have substantially the same or similar investment strategies. These accounts will pay Management and Performance Fees that may differ in some circumstances (please see the Brochure for more information on the Adviser's fees). As a result, we may have an incentive to favor certain accounts in the allocation of investment opportunities or otherwise treat preferentially those accounts that pay a higher fee level or greater fees overall. The Adviser may also have an incentive to recommend investments which may be riskier or more speculative than those which would be recommended under a non-performance-based fee arrangement.
- We have policies and procedures designed and implemented to ensure that all Clients are treated fairly and equally, and to prevent such conflicts from influencing the selection and allocation of investment opportunities among clients.
- Standard Performance Fee Breakdown: The Adviser receives a performance fee (the "Performance Fee") as set forth below. When due, the applicable Performance Fee will be invoiced to SMA or Fund Clients. Upon the request and authorization of a SMA Client, the Adviser will deduct the Performance Fee from the SMA Client's account per invoice to the qualified custodian. The Performance Fee must be paid within 30 calendar days of the date of the invoice. The standard Performance Fee is 25% of the amount by which SMA or Fund Client's return (inclusive of all fees and expenses incurred) exceeds the return that the Client would have received from investing the capital account balance, over five years, in the Russell 2000 Total Return Index³.

You should carefully review our Form ADV, Part 2A Brochure, particularly Items 10, 11, and 12, for more detailed information about our conflicts of interest.

¹ Except as otherwise agreed by SMA Clients.



We are fiduciaries to you. That means we are required to act in your best interest throughout our entire advisory relationship.

Recommended Question to ask your IA: How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

Our financial professionals receive an annual salary. We do not accept commissions or other compensation for the sale of securities or other products purchased in a client's account. Owls Nest receives a performance fee as set forth above.

Disciplinary History

Do you or your financial professionals have legal or disciplinary history?

No. Owls Nest and our financial professionals do not have any legal or disciplinary history. We encourage you to visit www.investor.gov/CRS for a free and simple tool to research us and our financial professionals.

Recommended Question to ask your IA: As a financial professional, do you have any disciplinary history? For what type of conduct?

Additional Information

Additional information about Owls Nest is available on the SEC's website at www.adviserinfo.sec.gov. To request up to date information and a copy of the relationship summary, you can reach us at 484-352-1110 or use the contact information form on our website www.owlsnest.partners. You are encouraged to ask us questions including the following to help you better understand who to contact with any questions or complaints:

Recommended Question to ask your IA: Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?