



# **Bachrach Asset Management Inc.**

**INVESTMENT ADVISER CRD# 161894**

**20 Courthouse Square  
Rockville, MD 20850**

**This brochure provides information about the qualifications and business practices of Bachrach Asset Management Inc. If you have any questions about the contents of this brochure, please contact us at (301) 365.8880 or write to [info@venturifunds.com](mailto:info@venturifunds.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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## I. ADVISORY BUSINESS

Bachrach Asset Management Inc. principal business is to provide fee-based investment advisory services. The advisor manages portfolios, on a discretionary basis, according to the fund/client's objectives. The advisor's main approach is to use three levels of analysis: a) at a general level, top-down macroeconomic analysis, to determine general economic conditions and potential macroeconomic risks or opportunities worldwide; b) at a security level, fundamental and financial analysis to determine the attractiveness of a particular security; and c) to a lesser extent, for the execution of investment decisions, technical analysis to determine the timing of purchases or sales of selected securities.

The advisor thinks that the best approach to attain consistent long-term returns is to diversify risk, avoid excessive leverage and carefully select each investment using objective criteria with a view to protect downside risk as much as seeking upside rewards. Furthermore, the advisor concentrates on the selection of individual security investments, risk diversification, protection of downside risks and a long term horizon. The advisor may use exchange listed securities, over-the-counter securities, foreign securities, corporate or sovereign debt securities, CDs, mutual funds, hedge funds, options in securities and commodities, and futures on tangibles to accomplish this objective. The advisor may invest in Mutual Funds or Hedge Funds when it is more economic or practical to build a portfolio in this fashion. This may be due to the costs of building a portfolio in non-OECD local markets; the difficulties of gaining exposure to a sector/country for the size of investment contemplated, or due to superior expertise in picking securities in specific sub-sectors by mutual fund specialists. The advisor may invest in Closed End Funds, in particular when those trade at a significant discount to the net value of their underlying assets. The advisor may invest in Hedge Funds, to the extent that it believes that a particular Hedge Fund offers a superior advantage to what could be done by the advisor both in terms of absolute return and risk control via strategy diversification.

The advisor may reduce risk exposure and carry significant levels of cash positions as a possible hedge against market movement which may adversely affect the portfolio. The advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio. The advisor may sell securities short, sell against the box, covered call writing, naked put writing and/or other strategies to reduce risk and/or improve performance.

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Bachrach Asset Management Inc. will only provide investment advisory services and portfolio management services but will not provide securities custodial or other administrative services. At no time will Bachrach Asset Management Inc. accept or maintain custody of client's securities. Exceptionally, Bachrach Asset Management may have authority over a client's bank account, only to facilitate the payment of fees and other advisory related expenses, according to the Investment Advisory Agreement.

Bachrach Asset Management Inc. has approximately \$180 Million (One Hundred Eighty Million US Dollars) under discretionary management as of December 31, 2011.

Bachrach Asset Management Inc. is a Delaware corporation. The shareholders and principal owners of Bachrach Asset Management Inc. are:

**Miguel Bachrach (50 %)**

**Carlos Bachrach (50 %)**

## II. FEES AND COMPENSATION

### Asset Management Fees

Pursuant to an investment advisory contract signed by each client, the client pays a monthly Advisory Fee, payable in advance, based on the net asset value of the assets managed by the advisor as of the first business day of the current month (i.e. advisory fees for May are paid in April, based on the NAV of the assets under management as of April 1<sup>st</sup>).

Bachrach Asset Management currently has three affiliated Funds as clients. The fees charged to each Fund are a function of the type of portfolio. These fees range from 0.25% to 0.75% per annum (payable on a monthly basis, calculated as 1/12 of the percentage fee multiplied by the Net Asset Value of each Fund). Asset management fees are paid by the custodian as directed by the independent Administrator of the affiliated Funds. These fees may be negotiated by the advisor under unusual circumstances, at the sole discretion of the advisor.

All fees paid to the Firm for investment advisory services are separate and distinct from the expenses charged by any third-party Mutual or Hedge Funds in the portfolio, the administrator, custodian, auditor, etc. As described in the investment management agreements of the Funds managed by the advisor, these fees and expenses are paid directly by the Fund. These fees may include a management fee, other Fund expenses, and a possible distribution or performance fee.

## III. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

### Performance Fees

Qualified investors, as defined by Rule 205-3 of the Investment Adviser's Act, may enter into advisory agreements where the Firm is entitled to a performance fee as part or all of its compensation. Qualified investors must meet the following requirements: (a) have at least \$1,000,000 in assets under management with the adviser; or (b) have a net worth of at least \$1,500,000 in investable assets, in order to enter into performance based compensation agreements with Bachrach Asset Management Inc. Suitability will be determined through the use of a detailed suitability questionnaire and follow up due diligence inquiries. The Firm at its sole discretion, may reject any client application where the above financial standards

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are not met and/or where it reasonably believes the investor lacks the necessary financial sophistication, who purport to not fully understand the Firm's method of compensation and the nature of its risks, or who are otherwise deemed to be unsuitable for such an arrangement.

The Firm may engage in Performance based compensation based upon any gains obtained in the client's account for the quarter, or for the calendar year, depending on the specific arrangement. Performance fees may range from 5% to 20% of gains depending on each specific arrangement and they may be subject to a "hurdle rate" or minimum gain by the client. If this "hurdle rate" is not met the Performance Fee is not paid to the advisor.

Advice may be provided on assets held offshore.

## **IV. TYPES OF CLIENTS**

Bachrach Asset Management provides advice to Pooled Investment Vehicles.

Bachrach Asset Management Inc.'s cumulative minimum account is \$ 500,000.00, however, based on various facts and circumstances, the advisor may, at its sole discretion, accept accounts of lower value.

## **V. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The advisor's main approach is to use three levels of analysis: a) at a general level, top-down macroeconomic analysis, to determine general economic conditions and potential macroeconomic risks or opportunities worldwide; b) at a security level, fundamental and financial analysis to determine the attractiveness of a particular security; and c) to a lesser extent, for the execution of investment decisions, technical analysis to determine the timing of purchases or sales of selected securities.

The advisor thinks that the best approach to attain consistent long-term returns is to diversify risk, avoid excessive leverage and carefully select each investment using objective criteria with a view to protect downside risk as much as seeking upside rewards. Furthermore, the advisor concentrates on the selection of individual security investments, risk diversification, protection of downside risks and a long term horizon. The advisor may use exchange listed securities, over-the-counter securities, foreign securities, corporate or sovereign debt securities, CDs, mutual

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funds, hedge funds, options in securities and commodities, and futures on tangibles to accomplish this objective. The advisor may invest in Mutual Funds or Hedge Funds when it is more economic or practical to build a portfolio in this fashion. This may be due to the costs of building a portfolio in non-OECD local markets; the difficulties of gaining exposure to a sector/country for the size of investment contemplated, or due to superior expertise in picking securities in specific sub-sectors by mutual fund specialists. The advisor may invest in Closed End Funds, in particular when those trade at a significant discount to the net value of their underlying assets. The advisor may invest in Hedge Funds, to the extent that it believes that a particular Hedge Fund offers a superior advantage to what could be done by the advisor both in terms of absolute return and risk control via strategy diversification

The advisor may reduce risk exposure and carry significant levels of cash positions as a possible hedge against market movement which may adversely affect the portfolio. The advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio. The advisor may sell securities short, sell against the box, covered call writing, naked put writing and/or other strategies to reduce risk and/or improve performance. The advisor currently manages three different affiliated Funds, each with a distinctive risk profile and objectives. Each prospective investor in the Funds should evaluate the risk of each vehicle, the investment restrictions of their respective mandates, and the consistency between the Funds' and the investors' objectives and risk tolerance.

There is a substantial risk of loss in trading in securities and other financial instruments, including the affiliated Funds managed by the advisor. Past results are no guarantee of future performance. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. Trading in futures and options is not suitable for many members of the public.

## **VI. DISCIPLINARY INFORMATION**

Neither Bachrach Asset Management Inc. nor any employee of the Firm has been subject to any disciplinary actions by the Securities Exchange Commission (SEC) or any other regulatory authority.

## **VII. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Bachrach Asset Management Inc. serves as the Investment Manager to Venturi Global Fund SPC LTD and its segregated portfolios: Venturi Global Income Fund, Venturi Global Equity Fund and Venturi Global Opportunity Fund. We receive a management fee from the affiliated Funds we advise. At present, none of these Funds is subject to a Performance Fee.

Bachrach Asset Management Inc. has no direct distributions agreements.

The principals at Bachrach Asset Management Inc. are also directors and members of the advisory committee of a number of entities focused on private equity investments, primarily in Latin America.

## **VIII. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Bachrach Asset Management Inc. has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Bachrach Asset Management Inc. deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Bachrach Asset Management Inc. are conducted in a manner that avoids any actual or potential conflict of interest between such persons and clients of the adviser or its affiliates. Bachrach Asset Management Inc. collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve potential conflicts of interest. Bachrach Asset Management Inc. maintains a code of ethics and they will provide a copy to any client or prospective client upon request.

Bachrach Asset Management Inc. and/or its investment advisory representatives may from time to time purchase or sell products that they may recommend to clients.



The Firm prohibits itself and its associated persons from benefiting from the short-term market effects of transactions for clients. The Firm gives preference to clients trading over itself. The Compliance Officer reviews all transactions executed by the Firm daily, and conducts an additional review of all securities transactions by officers and employees quarterly.

## IX. BROKERAGE PRACTICES

**Best Execution:** As an investment advisory company, the Firm has a fiduciary duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. The Firm may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker.

This would justify higher commissions (or their equivalent) than other transactions requiring routine services. If the Firm is directed by the client to direct trades to a specific broker dealer other than the custodian typically used for trade execution, it is disclosed that the Firm's ability to negotiate commissions (where applicable), obtain volume discounts, or otherwise obtain best execution may not be as favorable as might otherwise be obtained.

**Order Aggregation:** the Firm may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of the Firm's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive, to the extent possible, the same execution price (average share price) for the securities purchased or sold in a trading day. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If

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an order is partially filled, the securities will be allocated pro rata based on the allocation statement. The Firm may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

The Firm may engage in “soft-dollar” arrangements whereby a portion of the commission that would be paid to the broker executing a particular order is credited towards payment of third-party research services. While this may result in the client paying higher commissions than those obtainable through other brokers or arrangements, the advisor thinks the clients will ultimately benefit from access to research services that would not be otherwise available or affordable. Although the Firm does not have any soft-dollar arrangements currently in place, it may do so in the future, as disclosed in the advisory contracts with the affiliated Funds under management.

Bachrach Asset Management Inc. never discloses the nonpublic personal information about its clients to anyone except to those persons necessary to effect the transactions and provide the services that the clients requires (such as broker-dealers, custodians, etc.) or as otherwise provided by law.

A copy of Bachrach Asset Management Inc.'s Business Continuity Plan Disclosure Document will be provided to the Client at the time of account opening as well as when material changes to the plan occur. A copy of this document may be obtained at any time upon request.

### **X. REVIEW OF ACCOUNTS**

Accounts are monitored on an ongoing basis. The factors that may change allocations would be: changes in economic conditions, changes in the fundamentals of the securities in the accounts, or technical factors. Re-balancing of assets may be also performed to comply with each Fund's or client's investment restrictions. The Funds produce written statements on a monthly basis under the supervision of the Administrator, using information supplied directly by the custodian (s). Audited Statements are prepared at the end of each year by an independent Auditor.

## **XI. CLIENT REFERRALS AND OTHER COMPENSATION**

Bachrach Asset Management Inc. doesn't have any solicitors' agreement in order to compensate for client referrals.

## **XII. CUSTODY**

The Firm provides investment advisory services and portfolio management services and does not under any circumstance provide securities custody or other administrative services. On special circumstances, the Firm may have authority over bank accounts in name of a client, in order to facilitate the payment of fees or other administrative expenses related to the advice provided to the client.

## **XIII. INVESTMENT DISCRETION**

The advisor has discretion over the selection and amount of securities to be bought or sold in the Fund's accounts without obtaining prior consent or approval from the client. However, these purchases or sales are subject to specified investment limitations previously set forth in the investment management agreement between the advisor and the Funds.

## **XIV. VOTING CLIENT SECURITIES**

The Firm may vote proxies for securities held in the Fund's accounts whenever it considers it may positively affect the interests of the Funds.

## **XV. FINANCIAL INFORMATION**

Bachrach Asset Management Inc. does not maintain any impairments or financial obligations that might prevent it from meeting any contractual obligation to its clients.

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