

(Item 1. Cover Page.)

Form ADV: Part 2A  
Investment Adviser Brochure

**BW Capital Partners**  
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This brochure provides information about the qualifications and business practices of BW Capital Partners. If you have any questions about the contents of this brochure, please contact us at (312) 648-6800. 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.

BW Capital Partners is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about BW Capital Partners also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Please refer to the full name of the firm when reviewing the databases.

(Item 2. Material Changes)

**Material Changes**

BW Capital Partners is required to provide existing and prospective advisory clients with current disclosure of our business practices, conflicts of interest and the background of our firm and personnel. These disclosures are made using Form ADV, Part 2, commonly called a “Brochure.” During 2010, the SEC amended the Form ADV, including the requirements for the Brochure. In the future, this Item 2 will provide advisory clients with a summary of material changes that we have made to our Brochure since the previous annual update and provide advisory clients with a summary of such changes.

We will provide you with a summary of any materials changes to this and subsequent Brochures within 120 days following the end of our fiscal year end, i.e., not later than April 30 of each year. We also may provide you with other updates and disclosures about material changes at any time throughout the year.

Currently, our Brochure may be requested by contacting us at (312) 648-6800 or [bwash@bwcapitalpartners.com](mailto:bwash@bwcapitalpartners.com). Clients may receive a copy of our brochure at any time without charge.

Additional information about BW Capital Partners is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with BW Capital Partners who are registered, or are required to be registered, as investment adviser representatives of BW Capital Partners. Please refer to the full name of the company, BW Capital Partners, when reviewing the databases.

(Item 3. Table of Contents.)

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(Item 4. Advisory Business)

**Advisory Business**

BW Capital Partners is an alternative asset management firm that manages two long/short equity hedge funds and a private equity investment business. Going forward, BW Capital Partners will be the manager (the “Manager”) of the Partnership and, in such capacity, will provide certain investment management, advisory and administrative services to the Partnership. The Manager was formed by Brian Washkowiak, CFA, who has over 15 years of experience as an analyst and Portfolio Manager.

As investment manager of the Fund, BW Capital Partners’ advisory services to the fund include the identification, evaluation and selection of investment opportunities for the fund; performance of due diligence in connection with such potential investments; negotiation of investment terms; and monitoring the performance of the fund’s portfolio. BW Capital Partners manages the fund on a discretionary basis in accordance with the terms of the Fund’s governing documents. The Fund has a separate general partner, which is responsible for the operations of the fund other than its investment decisions. The general partner is an affiliate of BW Capital Partners.

As of June 1, 2013, BW Capital Partners manages client assets on a discretionary basis in the amount of \$100,565,388.

It is anticipated that BW Capital Partners will serve as the investment advisor to future funds formed by the General Partner or its affiliates.

BW Capital Partners does not participate in wrap fee programs.

(Item 5. Fees and Compensation)

### **Fees and Compensation**

There are two primary fee structures that BW Capital Partners offers. First, private investment funds for which BW Capital Partners provides investment advisory services typically pay management fees and allocate carried interest based on the amount of capital managed by BW Capital Partners.

The private equity fee structures vary, but generally are as follows: 2% annual management fee and 20% incentive fee – the incentive fee is generally 20% of profits after a certain minimum return to the investors.

Second, long/short equity hedge funds in which there is a 1% annual management fee and 20% incentive fee with a high water mark

**MANAGEMENT FEES.** The Funds pay an annual investment management fee quarterly, in advance, commencing on the Fund's first closing date and continuing through the third anniversary of the first closing date.

**THIRD PARTY MANAGEMENT FEES.** Each private equity investment vehicle or "underlying fund" in which a Fund acquires an interest pays management fees, carried interest and other expenses to a management company and/or general partner that is not affiliated with BW Capital Partners. Fees paid to BW Capital Partners or its affiliates for investment advisory services are separate and distinct from the fees and expenses charged by an underlying fund's independent investment adviser and/or general partner for such underlying fund's advisory or management services.

**COMPENSATION; WITHDRAWAL RIGHTS.** The Funds invest on a long-term basis. Accordingly, fees are paid during the term of the fund, and withdrawal or redemption of interests in the fund generally is not permitted.

To the extent that BW Capital Partners advises additional private investment funds, the fees paid to BW Capital Partners may be similar in structure but vary in amounts. Any description of the fees paid to BW Capital Partners is, and remains subject to, the applicable fund governing documents and related agreements.

(Item 6. Performance-Based Fees and Side-By-Side Management)

**Performance-Based Fees and Side-By-Side Management**

As set forth in Item 5 (Fees and Compensation) above, the Funds charge an asset-based management fee and a performance-based fee. The performance-based fee is in the form of carried interest. The possibility of receiving carried interest may create an incentive for BW Capital Partners to make more speculative investments on behalf of the Fund than it would otherwise make in the absence of such performance-based compensation. Notwithstanding the foregoing, BW Capital Partners' disciplined investment selection process is intended to mitigate this risk and to prevent this arrangement from influencing investment decisions.

BW Capital Partners may manage accounts and provide services to clients that are not charged a performance-based fee. This practice could present a conflict of interest if the clients are competing for investments because BW Capital Partners has an incentive to favor accounts for which it or its affiliates receive performance-based fees. BW Capital Partners also may manage accounts and provide services to clients that make direct investments in funds that are underlying funds in the Funds or a future fund. These clients may pay fees that differ from those that are paid by investors in the Funds or a future fund.

In addition, a client may make an investment in an underlying fund in which another client has already invested or intends to invest. BW Capital Partners may have a conflict of interest as to the investment allocation between the two clients in this situation. Notwithstanding the foregoing, there may be limitations on BW Capital Partners' ability to make investments on behalf of a newly established fund if this fund has investment objectives substantially similar to those of an existing fund. These limitations would avoid the conflicts with respect to the allocation of investment opportunities between an existing fund and a newly established fund, but would also prevent the newly established fund from participating in the investment opportunity. Such limitations, if any, would not prevent a conflict between a fund client and an individual client of BW Capital Partners. BW Capital Partners' allocation policies address these potential conflicts. Determinations as to how investments are to be allocated among eligible funds or accounts are made by BW Capital Partners' Investment Committee.

(Item 7. Types of Clients)

**Types of Clients**

Private investment funds are investment partnerships or other investment entities operated as investment pools exempt from registration under the Investment Company Act. The investors participating in the private investment funds typically will be family offices and their related ultra high net worth individuals, and may include, directly or indirectly, principals or other employees of BW Capital Partners and its affiliates. The investors also may include pension and profit sharing plans, governmental entities, charitable organization and other corporations or business entities. Investors must be both “accredited investors” as defined in Regulation D of the Securities Act and “qualified purchasers” under Section 3(c)(7) of the Investment Company Act.

Non-fund clients for which BW Capital Partners provides investment advisory services also must be both “accredited investors” as defined in Regulation D of the Securities Act and “qualified purchasers” under Section 3(c)(7) of the Investment Company Act. Investment by U.S. investors will also be subject to applicable state securities laws, and investment by non-U.S. investors will be subject to any securities law restrictions of the applicable jurisdiction.

The minimum Capital Commitment to the funds will be \$100,000, though BW Capital Partners, in its discretion, may accept clients whose net worth is less. Clients seeking BW Capital Partners’ private equity related investment services must have significant investment and operating experience, and they may have an internal investment team or other investment resources that they utilize in tandem with BW Capital Partners’ services.

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

### **Methods of Analysis, Investment Strategies and Risk of Loss**

BW Capital Partners selects the underlying funds in which the Funds invest based on its investment process, key components of which include strong consistent track records, robust deal sourcing, disciplined investment process and high quality management teams. BW Capital Partners seeks to collect, process and analyze data on substantially all underlying fund managers within the small-to-middle market mezzanine universe on an ongoing basis (versus collecting such data only when an underlying fund manager is raising a new partnership). Such data is based on numerous sources of information, which may include underlying fund marketing and due diligence materials, legal documents, portfolio company information, industry news sources, BW Capital Partners' observations based on consistent contact with underlying fund managers (including face-to-face meetings and on-site visits), information and opinions from knowledgeable third parties, reputational information, and reference checks.

Inherent in BW Capital Partners' investment advisory business are a number of risk factors, including risks associated with BW Capital Partners' strategy of investing in private equity, particularly investing in private equity funds sponsored by unrelated managers who in turn invest in private companies. These risks result in a risk of investment loss for individual clients and private investment funds and their investors. The risks involved in BW Capital Partners' business include, but are not limited to:

#### **High Risk Investments**

The private equity class of investments, including the private equity fund investments that BW Capital Partners makes on behalf of the Funds, are illiquid, high-risk and subject to loss of a part or all of an investor's entire investment. Non-U.S. private equity fund investments may be subject to additional country, currency and illiquidity risks. The portfolio companies of underlying private equity funds may involve significant business and financial risk. Underlying private equity funds make venture capital and growth equity investments in companies that are in an early stage of development, have little or no operating history, are operating at a loss, and/or need significant additional capital to support their operations. Other underlying private equity funds may invest in buyouts, which involve significant financial leverage and are therefore sensitive to declines in revenues and to increases in interest rates and expenses.

#### **Reliance on Underlying Managers**

The returns of private equity fund investments are primarily dependent upon the performance of unrelated investment managers and management teams. The Funds do, and future funds are likely to, depend on managers of the private equity funds in which they invest. The Funds are and future funds generally will be limited partners in underlying private equity funds and therefore do and will not have the ability to participate in the management and control of these private equity funds or the ability to control the timing of capital calls or distributions received from these funds or over investment decisions made by them. Similarly, individual clients making direct private equity investments depend on the management teams of the portfolio



companies in which they invest. Both funds and individual clients that are investors may be minority equity investors in portfolio companies and, notwithstanding certain board or contractual management rights, will generally not control such companies.

#### Availability of High-Quality Investment Opportunities

There is no assurance that access to high-quality private equity investment opportunities will be available during the investment period of the Funds (or any future funds) or when an individual client is evaluating private equity investments, or that high-quality secondary purchase opportunities will be available at attractive prices. In addition, top-quality private equity partnerships may be oversubscribed and there is significant competition for investment allocations. Similarly, individual clients compete for investments in portfolio companies with other individuals, financial institutions, private equity, venture capital and investment funds or corporations. There can be no assurance that BW Capital Partners will be able to locate and complete attractive investments or that the investments the clients ultimately make will satisfy their investment objectives.

#### Non-U.S. Market Risks

Investments in non-U.S. markets involve risks different from those in the United States, including economic, social, political, currency, and taxation risks, as well as potential exchange control regulations and restriction on foreign investment and repatriation of capital. If underlying private equity funds or individual clients invest in countries that are in emerging markets, these investments involve a broader range of economic, foreign currency, exchange rate, political, legal and financial risks. Many governments in emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. Other risks include nationalization, expropriation, confiscatory taxation, negative diplomatic developments and political or social instability. In addition, the laws of some emerging markets governing business organizations, bankruptcy and insolvency may make legal action difficult and unpredictable and provide little, if any legal protection for investors.

#### Operational Risks

BW Capital Partners' ability to conduct its business effectively is subject to a variety of operational risks. If any of BW Capital Partners' financial controls, investment accounting or investment operations systems, or data processing systems fail to operate properly, or if there are other failures in its internal processes, BW Capital Partners could suffer business disruption, financial loss, liability to clients, or regulatory or reputational issues. Systems failures may result from factors that are beyond BW Capital Partners' control, notwithstanding the fact that BW Capital Partners takes precautionary measures. In addition, changes in legal, fiscal and regulatory regimes may occur that may have an adverse effect on BW Capital Partners. BW Capital Partners may not be permitted to, or be able to, make adjustments in its structure or investment program in order to adapt to such changes. Changes in economic conditions may occur that may have an adverse effect on investments, such as rising interest rates. Due to the illiquidity of the investments made by BW Capital Partners, BW Capital Partners will have limited ability to adapt to any such changes in economic environment or mitigate any resulting losses.

### *Illiquidity; Cash Flow Risks*

Investments in private equity funds are highly illiquid, as are the funds' investments in the underlying private equity funds and portfolio companies. Interests in private equity funds and private companies are not registered under the Securities Act, and may not be transferred unless registered under applicable federal or state securities laws or unless exemptions from such laws are available. The Funds and future funds' ability to undertake new investments and pay distributions to their investors is contingent upon generating cash flows, the sufficiency of which is contingent upon, among other things, the performance of the fund's existing investments, current economic conditions and conditions in the securities markets, and timely payment by fund investors of their called capital commitments.

### *Conflicts of Interest*

BW Capital Partners provides investment management services to the Funds and anticipates providing services to additional funds and individual client accounts. BW Capital Partners and its affiliates will continue to form relationships in the private equity investment arena. As BW Capital Partners invests and manages assets for its clients, it is possible for conflicts of interest to arise between clients. Known potential conflicts are described elsewhere in this Brochure, including Items 6, 10 and 14.

### *Past Performance Not Necessarily Indicative of Future Performance*

There is no assurance that the performance of BW Capital Partners or any investment will equal or exceed the past investment performance.

Additional risks relevant to investments in private equity funds, including the Funds, are described in the applicable private offering memoranda.

(Item 9. Disciplinary Information)

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client or prospective client's evaluation of their advisory business or the integrity of their management. BW Capital Partners has no information to disclose applicable to this Item 9.

(Item 10. Other Financial Industry Activities and Affiliations)

**Other Financial Industry Activities and Affiliations**

BW Capital Partners is not affiliated with any investment advisers or broker-dealers.

BW Capital Partners serves as the investment manager of the Funds. The general partner of the Funds is an affiliate of BW Capital Partners. BW Capital Partners' personnel also are employed by and/or associated with other affiliated companies. As a result, BW Capital Partners' personnel will not devote their full business time and attention to BW Capital Partners.

BW Capital Partners and its affiliates may begin organizing and accepting capital commitments for other funds at any time. These additional funds may invest concurrently with the Funds, and may be allocated investment opportunities that are not allocated to the Funds. BW Capital Partners' employees and other personnel may spend a significant amount of their business time and attention on multiple funds and other clients. As a result, the performance by these individuals of their obligations to one client could conflict with their responsibilities to other clients.

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

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

BW Capital Partners has implemented a Code of Ethics as required by Rule 204A-1 under the Investment Advisers Act of 1940. This Code of Ethics sets forth certain standards of business conduct that govern the personal investment activities of employees and officers of BW Capital Partners, including the requirement that the interests of advisory clients must be placed first at all times.

The Code of Ethics requires “access persons” (officers and supervised persons with access to client information) of BW Capital Partners to report their personal securities transactions to BW Capital Partners on a quarterly basis and their securities holdings upon commencement of employment (or upon becoming an access person) and annually thereafter. Access persons also must obtain approval from BW Capital Partners’ chief compliance officer before they acquire any ownership interest in any security in an initial public offering or limited offering. The Code of Ethics requires all employees and officers of BW Capital Partners to comply with applicable federal securities laws and to promptly report any violation of the Code of Ethics to BW Capital Partners’ chief compliance officer.

A copy of BW Capital Partners’ Code of Ethics will be provided upon request to any investor or prospective investor in the Funds or any future fund for which BW Capital Partners provides investment management services and to any individual client of BW Capital Partners.

BW Capital Partners and its Investment Committee seek to ensure that BW Capital Partners and their respective employees and affiliates, do not personally benefit from underlying fund investment recommendations. Pursuant to the partnership agreement of each of the Funds, access persons must obtain approval from the Fund’s general partner before they acquire any ownership interest in any underlying fund or other securities that meet the Fund’s investment criteria.

(Item 12. Brokerage Practices)

### **Brokerage Practices**

BW Capital Partners, as manager of the Fund, has the discretion to determine the underlying funds in which the fund invests. The Partnership will seek to generate attractive risk-adjusted returns by providing mezzanine financing to medium-sized companies with principal operations in the United States through a combination of current pay interest on subordinated notes and a deferred return component which may consist of some or all of deferred interest, warrants, equity co-investments, other equity investments, fees and success payments. BW Capital Partners does not utilize broker-dealers in connection with such investments.

BW Capital Partners has no additional information to disclose applicable to this Item 12.

(Item 13. Review of Accounts)

### **Review of Accounts**

As the sole member of BW Capital Partners' Investment Committee, Brian Washkowiak continuously monitors all client portfolios.

Mr. Washkowiak is assigned primary responsibility for monitoring fund portfolios and individual client's portfolios (which typically will be only a designated portion of their investment assets).

With respect to the Funds, BW Capital Partners' monitoring activities may include but are not limited to: participation in underlying funds' annual meetings; membership on the advisory boards of the underlying funds (to the extent such membership is granted by the underlying funds); contact with the managers of the underlying funds in an effort to remain apprised of all developments in the underlying funds' portfolios; and ongoing evaluation of the market generally. With respect to individual client's portfolios, monitoring activities may include but are not limited to reviewing any particular sectors, issuers or markets as warranted by the client's investment parameters.

Not less often than quarterly, BW Capital Partners' Investment Committee prepares and circulates account information and the information is discussed among those particular personnel assigned to monitor the particular clients' portfolio.

With respect to the Funds, this information is prepared shortly after receipt of the underlying funds' quarterly reports and in conjunction with an investor letter provided to Fund investors. The investor letter includes a detailed summary of the underlying funds' performance, including the current valuation as reported by the underlying funds' managers. The Funds provide annual audited financial statements, quarterly unaudited capital account statements specific to each investor, and quarterly portfolio reports. U.S. income tax information is furnished annually. In addition, BW Capital Partners hosts an annual meeting for investors in each Fund.

Individual clients receive customized reports designed based on their particular requirements and objectives.

(Item 14. Client Referrals and Other Compensation)

**Client Referrals and Other Compensation**

BW Capital Partners has not engaged any persons to solicit advisory clients on its behalf, although affiliates of BW Capital Partners may refer clients to BW Capital Partners. Affiliates have an incentive to refer clients to BW Capital Partners because fees paid by clients will indirectly benefit the affiliates. Clients referred to BW Capital Partners by its affiliates will not pay higher fees due to the referral.

BW Capital Partners, particularly for any future funds for which it seeks to provide investment management services, could enter into a placement agent agreement with respect to the fund. Pursuant to such an agreement, BW Capital Partners could pay a placement agent a percentage of the capital invested in the fund by investors referred by such placement agent. Such agreements would typically require that BW Capital Partners agree to indemnify the placement agent for certain losses, claims or damages to which the placement agent may be subject in connection with its engagement by BW Capital Partners.

BW Capital Partners also could enter into an agreement with an entity to act as a solicitor to refer clients to BW Capital Partners. Pursuant to such an agreement, BW Capital Partners could pay a solicitor based on the fees received by BW Capital Partners from its referred client.

Any such agreements require the placement agent or solicitor to meet the disclosure and other requirements of Rule 206(4)-3 under the Investment Advisers Act. Furthermore, these agreements require the placement agent or solicitor to obtain a fee disclosure statement executed by the prospective investor in the fund or client disclosing the existence of the relationship as well as the amount of fees earned by the placement agent or solicitor. The terms of the agreements may vary depending upon the circumstances.

BW Capital Partners endeavors at all times to put the interests of its clients first as part of BW Capital Partners' duty to its clients. Nevertheless, the receipt of compensation by placement agents and solicitors as described above creates a conflict of interest, and may affect the judgment of the placement agents and solicitors when referring eligible clients to BW Capital Partners.



(Item 15. Custody)

### **Custody**

BW Capital Partners has custody (as defined by the Investment Advisers Act) of the assets of the Fund, but it does not act as a qualified custodian for the Fund. An independent public accountant audits annually the Fund and the audited financial statements are distributed to the investors in the Fund.

BW Capital Partners will not have custody of individual client assets.

(Item 16. Investment Discretion)

### **Investment Discretion**

BW Capital Partners has investment discretion for the Funds. Subject to the investment objectives and other limitations of the Fund, as set forth in its confidential private placement memorandum and partnership agreement, BW Capital Partners has discretion to determine the underlying funds in which the Fund invests and the amounts of such investments. BW Capital Partners' investment decisions take into account the investment objectives and strategy of the Fund; the Fund's size and amount of capital available for investment; the Fund's diversification requirements; available investment opportunities appropriate for the Fund; and current and anticipated market conditions.

By subscribing for an investment in the Funds and executing a partnership agreement, each investor agrees that the Fund was formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Fund is, operating generally as a fund-of-funds in the manner described in the Fund's confidential private placement memorandum.

BW Capital Partners anticipates that it will have and exercise similar investment discretion for any future funds for which it acts as the investment manager.

With respect to individual non-fund clients that seek BW Capital Partners' services, BW Capital Partners does not accept or exercise investment discretion.

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(Item 17. Voting Client Securities)

### **Voting Client Securities**

BW Capital Partners recognizes that voting rights have economic value and that the exercise of such rights is an important part of an advisor's fiduciary duties. Proxy voting, however, is not generally applicable to BW Capital Partners' business.

As a matter of firm policy and practice, BW Capital Partners does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. BW Capital Partners may provide advice to clients regarding the clients' voting of proxies.

BW Capital Partners has no additional information to disclose applicable to this Item 17.

(Item 18. Financial Information)

### **Financial Information**

Registered investment advisers are required in this Item 18 to provide certain financial information or disclosures about their financial condition. BW Capital Partners has no financial condition that is reasonably likely to impair BW Capital Partners' ability to meet contractual commitments to BW Capital Partners' clients.

Furthermore, BW Capital Partners has never been the subject of a bankruptcy proceeding.

(Item 19. Requirements for State-Registered Advisers)

**Requirements for State-Registered Advisers**

BW Capital Partners is not registered with any state securities authorities.