

**Barlow Partners, Inc.**

**March 27, 2014**

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**This brochure provides information about the qualifications and business practices of Barlow Partners, Inc. (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us by phone at (212) 355-3449 or by email at [info@barlowpartners.com](mailto:info@barlowpartners.com). This information has not been approved or verified by the SEC or by any state securities authority.**

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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**Item 4. Advisory Business**

The Adviser is an investment adviser with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser on January 1, 1994 and has been registered with the SEC since November 15, 1993.

The Adviser provides investment advisory services on a discretionary basis to its clients, which include separately-managed accounts for sophisticated financial institutions, pooled investment vehicles intended for institutional investors and other sophisticated investors and registered investment companies. The Adviser invests the assets of its clients primarily with hedge fund investment managers (each, a "Portfolio Manager") who manage domestic investment partnerships, offshore funds, separate accounts, and other investment vehicles.

The Adviser provides advice to client accounts based on specific investment objectives and strategies. With respect to investment discretion, the Adviser may agree to comply with certain investment restrictions relating to diversification and types of investments as may be requested by certain clients from time to time.

As of March 21, 2014, the Adviser had \$766,180,000 in client assets under management. All assets are managed on a discretionary basis.

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## Item 5. Fees and Compensation

### Asset-Based Compensation:

The Adviser charges each client an investment management fee based on the value of the client's assets under management. The Adviser is generally paid a quarterly management fee calculated at the annual rate of 1% of the net assets of each client. The fee is charged quarterly in arrears based on the value of the net assets of each client as of the last day of each quarter. The management fee is prorated for any period that is less than a full calendar quarter and is adjusted for subscriptions and redemptions made during the quarter.

### Performance-Based Compensation:

With respect to certain clients that are separately managed accounts, the Adviser may also be paid a performance-based fee, which is compensation that is based on a share of net income, capital gains, or capital appreciation (realized and unrealized) of the assets of such clients. The performance fee is 10% of net profits subject to a loss carryforward.

With respect to clients that are registered investment companies, the Adviser and sub-adviser receive an annual Management Fee equal to 1.00% or 1.50% of the Fund's net assets, depending on the Management Fee Adjustment based on the Fund's trailing twelve month return, which includes realized and unrealized appreciation and income. Specifically, the actual monthly Management Fee will equal one-twelfth of the applicable Net Management Fee below based on the Fund's annual return for the preceding twelve-month period. The Management Fee will be calculated and accrued monthly and paid monthly.

The Management Fee Adjustment will be determined in accordance with the following scale:

<b>Return for the Prior 12 - Month Period</b>	<b>Management Fee Adjustment</b>	<b>Net Management Fee</b>
Less than 6.00% of the Fund's capital account	- 0.50%	1.00%
Greater than 6.00% of the Fund's capital account	-----	1.50%

### Allocation of Management Fee.

The sub-adviser will be allocated a portion of the Management Fee based on the net revenues generated from the Fund and dependent on the assets under management (AUM) and in accordance with the table below. Net revenues are defined as revenues after any sales commissions, platform fees, fee rebates or selling fees. To clarify, the sub-adviser will receive 100% on the fees from first \$60mm of AUM, 75% of the fees from the AUM between \$60mm to \$100mm, 50% of the fees from the AUM between \$100mm and \$300,000,000 then 25% of the fees from the AUM greater than \$300,000,000

<b><u>Range</u></b>	<b><u>% to Sub-Adviser</u></b>	<b><u>% to Adviser</u></b>
<= \$60,000,000	100%	0%
\$60,000,000 to \$100,000,000	75%	25%
\$100,000,000 to \$300,000,000	50%	50%
>\$300,000,000	25%	75%

With respect to clients that are pooled investment vehicles, the Administrator deducts the investment management fees from such clients' accounts. The Adviser bills clients that are separately managed accounts for investment management fees. In an arrangement under which investment management

fees are assessed directly to the fund, the fund's administrator instructs the fund's custodial bank to pay the Adviser.

In addition to paying investment management fees and, if applicable, performance-based fees, client accounts will also be subject to other investment expenses such as legal, audit, administration, and accounting expenses. Client accounts in registered investment companies will also bear any mutual fund expenses. Since client assets are invested in pooled investment vehicles, clients will also bear their pro rata share of the underlying funds' fees, operating expenses and other expenses, including legal, audit, administration, and accounting.

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

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Adviser is paid performance-based compensation by certain separately-managed accounts and registered investment companies. Other accounts are charged only an asset-based fee, which is a non-performance-based fee. When the Adviser manages more than one client account, a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser performance-based compensation or higher fees.

The Adviser allocates investment opportunities without regard to compensation arrangements. The determining factors in allocation decisions are the amount of cash available for investment at the current time and expected in the future, whether the client has tax-exempt or taxable status, client liquidity requirements, ERISA limitations, and recent Portfolio Manager returns. No one factor determines allocation decisions.

The Adviser reviews investment decisions for the purpose of ensuring that all accounts achieve returns and performance characteristics which are representative of a long/short equity strategy.

The performance of similarly managed accounts is also regularly compared to stated investment objectives. The Adviser's Chief Operating Officer conducts these reviews.

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**Item 7. Types of Clients**

The Adviser's clients consist of pooled investment vehicles and separately-managed accounts for sophisticated financial institutions as well as registered investment companies.

The Adviser generally requires a client to invest a minimum of \$50,000,000 to open a separately-managed account and \$25,000 or \$250,000 with respect to accounts in registered investment companies. The Adviser may, in its discretion, require a different investment minimum for any account.

With respect to any client that is a pooled investment vehicle, initial and additional subscription minimums are disclosed in the offering memorandum of the pooled investment vehicle.

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

The Adviser utilizes a variety of methods and strategies to make investment decisions for the client accounts it manages.

The Adviser invests primarily with Portfolio Managers who emphasize fundamental security analysis as the basis for their investment decisions and manage investment partnerships, separate accounts and other investment vehicles (the "Portfolio Funds") which employ diverse investment styles and strategies.

The Adviser evaluates the investment strategies of Portfolio Managers in order to identify those managers whose strategies rely on fundamental research for security selection. The Adviser places particular emphasis on the character, integrity, professional skill, and dedication of prospective Portfolio Managers. In selecting a Portfolio Manager, the Adviser also considers such factors as the Portfolio Manager's facilities, reliability, financial responsibility, and the reasonableness of her compensation arrangements. The Adviser does not consider portfolio turnover to be a limiting factor as long as a Portfolio Manager's trading decisions are consistent with her investment objective and policies. After directing investments to a Portfolio Manager, the Adviser monitors her performance by regular communication, by review of the strategies employed, and by comparison of the performance of the investment relative to both the Adviser's expectations and other investments utilizing the same or a similar strategy.

The Adviser focuses on Portfolio Managers who manage long/short equity hedge funds. The Portfolio Managers employed pursue various long/short strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued.

This strategy involves risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

The material risks associated with the Adviser's investment strategies are set forth below:

*Multiple Investment Managers.* Because the Adviser invests with Portfolio Managers who make their trading decisions independently, it is possible that one or more of such Portfolio Managers may, at any time, take investment positions that are opposite of positions taken by other Portfolio Managers. It is also possible that the Portfolio Managers may on occasion be competing with each other for similar positions at the same time. Also, a particular Portfolio Manager may take positions for its other clients that are opposite to positions taken for the Adviser's clients.

*Access to Information from Portfolio Managers; Possibility of Mismanagement or Fraud.* The Adviser will request information from each Portfolio Manager regarding the Portfolio Manager's historical performance and investment strategy. However, the Adviser may not always be provided with such information because certain of this information may be considered proprietary information by the particular Portfolio Manager. This lack of access to information may make it more difficult for the Adviser to select, allocate among, and evaluate Portfolio Managers. There is also a risk that a Portfolio Manager retained by the Adviser could inappropriately invest or abscond with the assets of its Portfolio Fund.

*Hedging.* There can be no assurances that a particular hedge or hedging strategy is appropriate, or that investment risks are measured properly. Furthermore, while the underlying Portfolio Managers selected by the Adviser may enter into hedging transactions to reduce risk, such transactions may result in worse overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the underlying Portfolio Managers selected by the Adviser did not engage in such hedging transactions.



*Lack of Diversification.* Client accounts will not be diversified among a wide range or types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the underlying Portfolio Managers selected by the Adviser were required to maintain a wider diversification among types of securities and other instruments.

*Leverage.* The underlying Portfolio Managers may employ leverage at the Portfolio Fund level and performance of the Adviser's client accounts may be more volatile as a result thereof.

*Short Selling Risk.* The Adviser's investment program includes a significant amount of short selling employed by the underlying Portfolio Managers selected by the Adviser. Short selling transactions expose the underlying Portfolio Managers to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the underlying Portfolio Managers in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the underlying Portfolio Managers might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, likely at prices significantly in excess of the proceeds received earlier.

Risks associated with the types of securities and financial instruments that may be recommended by the Adviser (through its investments in the Portfolio Managers) are set forth below:

*Asset-Backed Securities.* Asset-backed securities are subject to interest rate risk and, to a lesser degree, prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. In addition, asset-backed securities experience credit risk. There is also the possibility that recoveries on repossessed collateral may not be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

*Commodity Futures and Options.* Commodity futures markets 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 may be typical of a pooled investment vehicle engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

*Derivatives.* Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments exhibit a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client, the Adviser or a Portfolio Manager. Furthermore, transactions in derivative instruments are not undertaken on recognized exchanges and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

*Distressed Securities.* Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of

distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

*Emerging Markets.* The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Fixed-Income and Debt Securities.* Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be vulnerable to adverse changes in the economy.

*Illiquid Instruments and Private Investments.* Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Portfolio Manager's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Portfolio Manager or the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

*Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

*Security Futures and Options.* In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the client's account. In addition, a Portfolio Manager's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

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**Item 9. Disciplinary Information**

This Item is not applicable.

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

This Item is not applicable.

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

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its employees to put the interests of the Adviser’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser’s personnel are required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting George A. Hambrecht (Chief Compliance Officer) by email at [info@barlowpartners.com](mailto:info@barlowpartners.com). See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by Access Persons.

The Adviser in the course of its investment management and other activities may come into possession of confidential or material nonpublic information about issuers primarily through its contacts with Portfolio Managers. The Adviser and its employees are prohibited from improperly disclosing or using such information for their own benefit or for the benefit of any other person, regardless of whether such other person is a client. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client’s benefit.

The Adviser and its Access Persons (as defined in the Code) may invest in the same Portfolio Managers in which the Adviser invests in on behalf of its clients. The Adviser requires its Access Persons to pre-clear all such transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction. All of the Adviser’s Access Persons (as defined in the Code) are required to disclose their transactions and holdings in securities and pooled investment vehicles on a quarterly basis.

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**Item 12. Brokerage Practices**

This Item is not applicable because the Adviser does not buy or sell securities directly.

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**Item 13. Review of Accounts**

As members of the Adviser's Investment Committee, the Adviser's President, Chief Investment Officer, Chief Operating Officer, and Senior Portfolio Managers review all investments on a periodic basis. The Adviser's Chief Financial Officer reviews all client accounts monthly.

Stock market volatility may trigger reviews of client accounts on other than a periodic basis.

Clients that are separately managed accounts receive monthly performance reports on their accounts. For clients that are pooled investment funds, a client's investors receive monthly reports from the client pursuant to the terms of each client's offering memoranda. For registered investment company clients, investors receive monthly reports.

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

The Adviser does not currently engage any third-party solicitors for client referrals.



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**Item 15. Custody**

The Adviser has custody of three clients (Barlow Partners Group Trust, Barlow Partners Fundamental Managers, L.P. and Barlow Partners Offshore Limited).

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**Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) Portfolio Funds to which it allocates its clients' assets and (ii) the amount of such allocation of assets (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines). Because of the differences in client investment objectives and strategies, tax status, cash availability, risk tolerances, and other criteria, there may be differences among clients in underlying Portfolio Fund positions and securities held. The Adviser may consider the following factors, among others, in allocating assets among Portfolio Funds: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) strategy and liquidity of the Portfolio Funds; (vi) current market conditions; and (vii) account liquidity, account requirements for liquidity and timing of cash flows. It is the Adviser's policy to allocate investment opportunities to eligible client accounts based on the amount of cash available for investment at the current time and expected in the future, whether the client has tax-exempt or taxable status, client liquidity requirements, ERISA limitations and recent Portfolio Fund returns. These factors may lead the Adviser to allocate securities to client accounts in varying amounts.

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**Item 17. Voting Client Securities**

The Adviser does not have authority to vote securities in Portfolio Funds.

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**Item 18. Financial Information**

This Item is not applicable.

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**Appendix. Material Changes**

Material changes made to the brochure since the Adviser's last annual update relate to our management of a registered investment company as noted in Item 4.Advisory Business, Item 5.Fees and Compensation, Item 6.Performance-Based Fees and Side-by-Side Management, Item 7.Types of Clients and, Item 13.Review of Accounts.