

Bowery

FIRM BROCHURE AND BROCHURE SUPPLEMENT

BOWERY INVESTMENT MANAGEMENT, LLC

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This brochure provides information about the qualifications and business practices of Bowery Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at 212.259.4300. The information in this brochure has not been approved or verified by the Securities and Exchange Commission or any state securities authority.

Additional information about Bowery Investment Management, LLC is available on the website maintained by the Securities and Exchange Commission at www.adviserinfo.sec.gov.

March 2014

Item 2—Material Changes

Our firm brochure and brochure supplement were prepared for the first time in June 2012 and were last revised in March 2013. This is the 2014 annual updating amendment. This amendment primarily contains clarifications to the descriptions of our policies and procedures and our types of clients. The firm brochure and brochure supplement are updated annually and when material changes occur. If at any time you would like to receive a copy of the current firm brochure and brochure supplement, please contact us by telephone at 212.259.4300.

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Item 4—Advisory Business

Bowery Investment Management, LLC (the “Investment Manager”) was organized as a limited liability company under the laws of the State of Delaware in 2012. Its office is in New York, New York. Bowery Opportunity Management, LLC and Bowery GP, LLC (each a “General

Partner") were organized as Delaware limited liability companies in 2012 and share an office with the Investment Manager. In reliance on the position expressed in the no-action letter of the Securities and Exchange Commission (the "SEC") dated January 18, 2012 addressed to the Business Law Section of the American Bar Association, these entities have not registered separately with the SEC as investment advisors. The only entities or natural persons who own twenty-five percent or more of the Investment Manager and the General Partners are entities controlled by Vladimir Jelisavcic. In this brochure, the terms "we," "our," and "us," and "Bowery" refer to the Investment Manager or a General Partner, or to all of these entities, as the context requires.

The Investment Manager provides discretionary investment portfolio services to private investment funds that Bowery offers to qualified purchasers generally (each a "Fund"). Each Fund invests in securities and other financial instruments. On the date of this brochure, the Funds are Bowery Opportunity Fund, L.P., a Delaware limited partnership, and Bowery Opportunity Fund, Ltd., a Cayman Islands entity. Investors in Bowery Opportunity Fund, L.P. are typically taxable United States persons, and investors in Bowery Opportunity Fund, Ltd. are typically tax-exempt United States persons or not United States persons. The Investment Manager tailors the investment advice given to each Fund and manages the assets of each Fund to meet the investment objective and other terms specified in the governing documents of the Fund, including its private offering memorandum (each a "POM"). The Investment Manager does not tailor investment advice to the requests of individual investors in a Fund. In addition to the Funds, the Investment Manager provides investment portfolio services to Dover Master Fund II, L.P. and Dover Offshore Fund II, Ltd., which are Cayman Islands entities. Dover Offshore Fund II, Ltd., a feeder fund, invests substantially all of its assets in Dover Master Fund II, L.P. The Dover entities are not open to new investors.

In addition to the Funds and the Dover entities, the Investment Manager provides investment portfolio services to separately managed accounts, some of which are themselves pooled investment or co-investment vehicles (each an "Account"). With the exception of interests held by Bowery affiliates, each Account is held by a single institutional investor or a group of affiliated institutional investors that sponsors the Account. Like the Funds, each Account invests in securities and other financial instruments. Unlike the Funds, the investment objective and other terms of each Account are highly tailored to the goals of the Account sponsor, and the Account sponsor may impose material restrictions on the ability of the Investment Manager to invest in particular securities or types of securities. Because the terms of the Dover entities and the Accounts may vary materially from the terms generally applicable to the Funds, the terms of the Dover entities and the Accounts are not discussed in detail in this brochure. However, when this brochure describes a practice that relates to our clients generally, then the Funds, the Dover entities, and the Accounts are all intended to be included. In this brochure, the term "investor" means an entity or a person who has invested in a Fund or the Dover entities or who owns an interest in an Account, as the context requires.

In general, the investment objectives of the Funds are to maximize the total return of a portfolio of distressed, high-yield, and special-situation equity investments, including but not

limited to corporate bonds, bank loans, bankruptcy trade claims, equity securities, listed options, and other derivatives. Distressed investments may be found among financially troubled companies, companies currently in bankruptcy, highly leveraged companies, and companies that have recently been restructured. Any specific limitations or restrictions on the particular securities or types of securities in which a Fund may invest are described in its POM. Under specific economic or market conditions in which the Investment Manager believes that the portfolio of a Fund would benefit from one or more temporary defensive positions, the Investment Manager may invest the assets of the Fund in, among other things, securities issued by the United States government (such as Treasury bills, notes, and bonds), cash, money-market mutual funds, certificates of deposit, bank time deposits, bankers' acceptances, other short-term debt interests, or a combination of these.

In the future, the Investment Manager may provide investment management services to other clients on either a discretionary or a non-discretionary basis. In addition, the Investment Manager may in the future provide sub-advisory services to other investment managers.

As of December 31, 2013, the Investment Manager managed \$263,854,186 in assets on a discretionary basis and no assets on a non-discretionary basis. This figure represents regulatory assets under management as reported in Part 1A of our Form ADV.

Item 5—Fees and Compensation

Asset-Based Fees and Performance-Based Compensation

The relevant POM describes the fees and compensation that we charge a Fund. Our fees and compensation from the Funds usually consist of an asset-based management fee and performance-based compensation. Asset-based fees are calculated based on the net asset value of a Fund, prior to the accrual of the management fee and any performance-based compensation, on the last day of each calendar quarter and are payable in arrears. In general, the Investment Manager debits the management fee directly from the assets of a Fund on a quarterly basis, and performance-based compensation is allocated following the close of the fiscal year of the Fund on December 31. Bowery Opportunity Fund, L.P. pays any performance-based compensation to its General Partner, rather than the Investment Manager. The Investment Manager receives any performance-based compensation paid by Bowery Opportunity Fund, Ltd.

Performance-based compensation is based on a share of capital gains on, or on the capital appreciation of, the assets of each Fund. Whether we will be entitled to performance-based compensation with respect to a Fund in any particular year will be determined as of December 31 of that year, except with respect to investors who withdraw from the Fund as of a date other than December 31. Performance-based compensation is typically subject to a high-water mark. In other words, if an investor in a Fund were to suffer an aggregate loss of capital during a fiscal year, no performance-based compensation would be due with respect to that year until the loss of capital was first recovered.

At our discretion, we may waive all or a portion of any asset-based fee or performance-based compensation. For example, a waiver or reduction may apply for our employees and members of their immediate families.

The Funds prohibit withdrawals of investor capital during the first twelve months after the issuance of the relevant interest to the investor. Once the lock-up period has elapsed, full or partial withdrawals of investor capital in the Funds are permitted annually on written notice of at least ninety but no more than 104 days. The Funds may charge a withdrawal reduction fee when an investor is permitted to withdraw all or a portion of his investment on a date other than a standard withdrawal date.

In general, a Fund may pay an investor withdrawal proceeds in kind, including in the form of nonvoting, non-redeemable equity interests in a special-purpose vehicle that will share in future profits and losses derived from assets that are difficult to value or illiquid, or both, held by the Fund on the redemption date. In general, such a special-purpose vehicle will make periodic distributions of proceeds, net of expenses, as underlying positions are realized and will not participate in new investment opportunities. The Investment Manager or an affiliate of the Investment Manager will manage the special-purpose vehicle and will typically charge a management fee and, in the case of Bowery Opportunity Fund, Ltd., an administrative fee to defray the costs and expenses of its management activities.

Additional information about withdrawals of investor capital from a Fund and other important topics is included in the relevant POM. Investors and prospective investors in a Fund should carefully read all of the governing documents of the Fund to understand the specific terms and conditions applicable to an investment, which may differ materially from the general description contained in this brochure.

We generally have the discretion to agree with a Fund investor to waive or modify the application of any provision of the investment terms applicable to the investor in a side letter or in another manner, generally without obtaining the consent of the other investors in the Fund. The terms of a side letter may include, among other things, lock-up waivers, asset-based fee rebates, and other types of more favorable fees or liquidity terms. In addition, we may grant additional transparency or another form of additional disclosure with respect to the performance or operation of a Fund to an investor without obtaining the consent of, or granting similar rights to, other investors in the Fund. Some investors in a Fund may negotiate a most-favored-nation provision that permits them to elect to receive the benefit of any modifications or waivers of terms that another investor in the Fund negotiates in the future. We may be obligated to disclose to other investors in a Fund who have most-favored-nation status that particular terms are being offered to other investors in the Fund through side letters and, in some cases, to offer those terms to other investors in the Fund who have most-favored-nation status.

Unlike investors in the Funds, investors who own all or part of an Account may have negotiated the right to receive more specific information about the trading and other activities relating to the Account. These investors also may have greater flexibility in the frequency with which they

may add capital to the Account, or withdraw or redeem capital from the Account, and these changes in capital may require less notice to Bowery than a Fund investor would be required to give. The investors who own all or part of an Account may be able to terminate the Account at any time or from time to time. These enhanced information and liquidity rights may create advantages for Account investors that Fund investors generally do not enjoy.

Some of our clients are now or in the future may be in the process of winding down their affairs. The investments held by these clients will liquidated based on their specific terms and provisions. For example, many debt holdings will eventually mature. The Investment Manager may sell some investments prior to maturity if and when attractive opportunities arise, but there is no assurance that any such investment will be sold prior to maturity. A conflict of interest arises under these circumstances, because the Investment Manager may have an incentive not to sell an investment prior to maturity in order to continue to earn management fees on the value of the investment. We seek to mitigate conflicts of this nature by providing full disclosure of our practices and through active and ongoing review of the portfolio holdings of each client.

Trade Claim Sourcing Commissions

The Investment Manager pays customary trade claim sourcing commissions to some of its employees. In general, each client reimburses the Investment Manager for these commissions that relate to its trade claim transactions, which are in addition to the asset-based fee and performance-based compensation described above. This practice may present a potential conflict of interest and may give our employees an incentive to recommend investment products based on the potential for commission compensation, rather than on the investment objective of the client. We seek to mitigate this potential conflict of interest by providing disclosure of our practices and by requiring one of our portfolio managers to approve the purchase of a trade claim for which an employee is eligible to receive a commission.

Transaction-Based Fees and Compensation

From time to time, in connection with trade claim sourcing efforts on behalf of clients, the Investment Manager may become aware of the existence of a marketable trade claim that is not consistent with the investment objectives of our clients due to the nature, size, or other characteristic of the trade claim. In these cases, the Investment Manager may purchase the trade claim for one or more clients with an intention to resell the claim in the near term. In the alternative, the Investment Manager may identify a trade claim that (1) is too large to meet the investment criteria of any client due to position concentration, size, or liquidity considerations or (2) would cause investors to incur adverse tax consequences, such as the recognition of unrelated business taxable income or unwanted effectively connected income. In these circumstances, the Investment Manager may purchase and sell the trade claim for its own account or may arrange a direct transaction between a third-party buyer and seller in order to generate a fee for itself. The Investment Manager reduces proportionately the amounts of the management fees next payable by clients by the amounts of the fees received in direct transactions, net of any commission paid. Clients that are in the process of winding down and some Accounts do not benefit from rebates of management fees.

Other Fees and Expenses

Each client has paid or is in the process of paying the expenses, if any, of its organization. Each client bears ongoing investment-related costs, including but not limited to custodial, legal, research-related, consulting, and other professional expenses. In addition, each client incurs brokerage and other transaction costs as described in item 12 of this brochure, and a reasonable portion of the cost of certain liability insurance is charged to clients. Finally, clients may incur fees and expenses payable to third-party service providers, such as audit fees, tax-preparation fees, and administration fees. As part of an overall investment strategy, the Investment Manager may invest some client assets in mutual funds and exchange-traded funds. Mutual funds and exchange-traded funds incur a separate layer of management fees and other expenses that are in addition to the management fees and performance-based compensation that Bowery charges and the other expenses that the clients incur directly.

Item 6—Performance-Based Fees and Side-by-Side Management

Bowery may earn performance-based compensation from clients. The potential to earn performance-based compensation may create an incentive for us to make investments on behalf of a client that are riskier or more speculative than would be the case in the absence of this compensation. Further, performance-based compensation may be earned based on unrealized gains that a client never actually realizes.

The performance-based compensation that Bowery may earn varies from client to client, and Bowery and its affiliates and employees may own differing percentages in various Bowery clients. The differing compensation arrangements and the differing ownership levels may give Bowery an incentive to favor some clients over others with respect to investment allocations or other trading decisions.

We seek to address these potential conflicts of interest by providing disclosure of our practices and by instituting a supervisory structure that generally requires multiple layers of review for decisions involving trade allocation. Our code of ethics specifically requires our employees to act in the best interests of our clients.

Item 7—Types of Clients

The Investment Manager furnishes investment management services to the Funds, the Dover entities, and the Accounts. The initial subscription minimum amount and the additional subscription minimum amount for each Fund are disclosed in its POM. The documents governing the Accounts specify any initial or additional contribution minimum amount. In the future, the Investment Manager may provide investment management services to other clients on either a discretionary or a non-discretionary basis.

Each United States investor in the Funds is required to meet certain suitability and net-worth qualifications, such as by qualifying as an accredited investor within the meaning of rule 501 of Regulation D under the Securities Act of 1933 or a qualified purchaser as defined in the Investment Company Act of 1940. In addition, each United States investor in a Fund is required

to satisfy the suitability requirements for a qualified client imposed by rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”), which restricts who is allowed to incur performance-based fees. Interests in the Funds are offered only to prospective investors who satisfy the applicable eligibility and suitability requirements for either private placement transactions within the United States or offshore transactions. Typically, these investors are institutions and high net-worth individuals.

Item 8—Methods of Analysis, Investment Strategies, and Risk of Loss

Investing in distressed companies is a form of event-driven investing. We base our decision to invest on the potential occurrence of an event that would enable a client to realize a return on its investment, such as (1) the confirmation of a bankruptcy plan of reorganization, (2) a liquidation that distributes cash or securities, or both, or (3) the maturity of a financial asset, like a bond or an account receivable. In an attempt to achieve the investment goals of a client, we may engage in investment strategies that include derivatives and foreign-exchange contracts. However, the types of securities and other instruments in which we invest on behalf of our clients are typically speculative and involve a substantial degree of risk. Therefore, an investor should meet all applicable suitability standards and should be able to bear the risks involved. Investors should be prepared to bear the potential loss of all capital that they have invested.

Each investment strategy that we use involves material risk factors. Material risk factors related to a distressed-debt strategy include price and market volatility, domestic or international economic and political developments, incorrect analysis, restrictions on marketability or illiquidity of securities and instruments, and lengthy delays in bankruptcy reorganizations. Material risk factors related to a special-situation equity strategy include price and market volatility, domestic or international economic and political developments, incorrect analysis, interest-rate fluctuations, and changes in exchange rates and exchange-control regulations. The POMs of the Funds discuss specific risks in detail. In addition, those investors in Accounts that have negotiated more favorable liquidity terms than are generally available to Fund investors may face a practical limitation on the enhanced liquidity terms because of restrictions on marketability or the illiquidity of the securities and instruments held in the relevant Account.

We use fundamental analysis to identify investment opportunities for clients in distressed debt and special-situation equity securities. We consider potential investments by analyzing the operations of an issuer, its long-term ability to generate cash flow, its place in its industry, and the future of the industry itself. We seek to identify issuers with a strong franchise that is not easily duplicated. Our investment research focuses on intensive analysis that measures the value of a distressed issuer and its surviving business. The research may include a liquidation analysis of the value of enterprise assets and how that value may be distributed to creditors in a bankruptcy proceeding. We may value the liabilities of an issuer based on perceived market prices in an attempt to determine the current market value of company debt.

We source new ideas through direct sector and industry research, the media, public filings, broker-dealers, and professional relationships. We also hold frequent informal investment meetings in which our analysts present new ideas and discuss developments relating to existing portfolio investments.

When we believe it appropriate relative to the risk involved, we may invest on behalf of clients in more than one segment of the capital structure of an issuer while we monitor and assess the range of scenarios in which the issuer may emerge from bankruptcy, may pursue a liquidation, or may complete a balance-sheet restructuring. From time to time, conflicts may arise because our portfolio decisions regarding a client may either harm or benefit other clients, Bowery, or its affiliates. For example, when we believe it to be in the best interests of one or more clients, we may pursue or enforce rights available to creditors with respect to an issuer in which these clients hold debt; those activities may have an adverse effect on the equity holdings of other clients. We seek to make decisions with respect to each client that reflect the best interest of the client without regard to the impact of the decision on other clients or our own interests. As a result, activities on our own behalf or on behalf of one client may negatively impact the prices, availability, liquidity, and terms of the investments of other clients, and transactions for one client may be effected at prices or terms that are less favorable than would otherwise have been the case. We have the absolute discretion to determine how best to deal with conflicts that may arise relating to investments in different parts of the capital structure of an issuer. In resolving any related conflicts, however, we will strive to serve the best interests of all affected clients. We consult our chief compliance officer when an actual or potential conflict of interest is identified.

We generally use one or more prime brokers to conduct any short selling, including arranging, confirming, and documenting the availability of the borrowed security. If a prime broker is not used in a short sale, then the employee who places our trade is responsible for ensuring that we have arranged for and documented the borrowing of the security sold short. Before we use a broker-dealer to sell a hard-to-borrow security short, our chief compliance officer reviews and approves the procedures of the broker-dealer for obtaining and confirming borrowings of the security sold short.

Item 9—Disciplinary Information

This item is not applicable.

Item 10—Other Financial Industry Activities and Affiliations

The Investment Manager and the General Partners are under the common control of Vladimir Jelisavcic.

The Investment Manager provides investment portfolio management services to its clients. In the future, the Investment Manager may provide investment management services to additional clients on a discretionary basis or a non-discretionary basis. Our employees are not

able to devote all of their efforts to any single client. On occasion, the interests of one client may conflict with those of another.

Investment funds managed by Goldman Sachs Asset Management International, an affiliate of The Goldman Sachs Group, Inc. ("Goldman Sachs"), hold a passive, non-controlling, minority revenue-sharing interest in the sole member of the Investment Manager. None of these investment funds, or Goldman Sachs, or any of their affiliates has any rights to influence the management or policies of Bowery or any of its affiliates, and none has any right to vote any of its interest in the Investment Manager or its affiliates. Each of these investment funds, Goldman Sachs, and their affiliates disclaims control of Bowery and its affiliates. These investment funds have been granted consent rights with respect to the ability of the Investment Manager to undertake limited significant activities outside the ordinary course of business in the future. The activities to which the consent rights pertain do not include investment portfolio management activities.

Our chief compliance officer is an attorney who practices through a professional services corporation. She serves as chief compliance officer for several other investment advisors and one broker-dealer, none of which engages Bowery to perform services or performs services for Bowery. In her capacity as chief compliance officer for the broker-dealer, she is a registered representative of the broker-dealer but does not engage in trading activities. She is also licensed in the State of New York as a real estate broker. We do not believe that these arrangements create any material conflicts of interest.

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

We owe a fiduciary duty to our clients. As a result, we have instituted a code of ethics applicable to all access persons within the meaning of the rules under the Advisers Act. All employees of the Investment Manager are treated as access persons for purposes of our code of ethics and its personal-trading requirements, and the family members who share a household with an employee and entities controlled by an employee are also required to adhere to the personal-trading requirements. We require our employees to avoid activities, interests, and relationships that appear to run contrary to the best interests of our clients. At all times, our employees are instructed (1) to place client interests ahead of our own and their own interests, (2) to obtain preclearance of specified personal securities transactions, (3) to report personal securities transactions at least quarterly, (4) to provide a detailed summary of investments that they beneficially own upon commencement of employment and quarterly thereafter, (5) to abide by our insider-trading policy, (6) to avoid taking advantage of their position of employment, such as by accepting gifts from people who wish to conduct business with us, other than in accordance with our gift policy, and (7) at all times to be in full compliance with the federal securities laws, including but not limited to the Advisers Act. Upon request, we will furnish to any current or prospective client or investor a copy of our code of ethics.

Subject to the restrictions and approval requirements described here, our code of ethics permits an employee to trade in individual equity securities and corporate bonds in accounts that we do not manage. Specifically, if an employee owns securities that we are restricted from trading by the federal securities laws or our own policies and procedures (such as when we are in possession of material nonpublic information), the employee is prohibited from selling or otherwise transferring his investment and from purchasing an additional investment of any kind in the issuer. Our chief compliance officer may, depending on the facts and circumstances, grant a limited exception to these restrictions if consistent with requirements under the federal securities laws.

If an employee owns a security reportable under our code of ethics of an issuer that Bowery is analyzing or considering for potential investment or in which one or more clients holds a position, the employee may not sell or otherwise transfer the security or purchase additional or other securities of the issuer until Bowery is no longer analyzing the issuer or considering it for potential investment or a client no longer holds a position. Exceptions for sales or transfers may be granted if the issuer does not appear on the restricted list. Enforcement of this policy will be accomplished through the preclearance procedure contained in our code of ethics.

Notwithstanding this restriction but subject to the preclearance and reporting policies set forth in our code of ethics, we permit an employee to invest in municipal bonds, exchange-traded funds, hedge funds, master limited partnerships traded on exchanges or organized as funds and other similar pass-through investments, and foreign-government securities denominated in foreign currencies. We also permit an employee to engage a third party to manage a personal brokerage account, so long as the employee has no direct or indirect influence or control over the management of the account. Opening such a brokerage account requires the approval of the chief compliance officer, who will review the account documents and will obtain a written confirmation from the third-party manager that no direct or indirect influence or control will be exercised.

Our policy is to prohibit principal transactions. Consequently, none of Bowery or its affiliates or employees may engage in a principal transaction with a client. We have no proprietary trading accounts. However, prior to the settlement of any principal transaction in the future, our chief compliance officer is responsible for obtaining the informed written consent to the transaction by an independent representative of any affected client. The chief compliance officer will retain documentation of any such consent. A transaction in which two clients trade in the same security in opposite directions may be permitted, but only if the transaction were executed using separate counterparties or using the same counterparty on two different days.

From time to time, we may receive material nonpublic information about an issuer in connection with our activities on behalf of clients, such as bank-level information with respect to a company. The possession of this information may prevent us from trading in the securities of the issuer. This trading restriction is necessary to comply with the federal securities laws but may disadvantage clients.

Item 12—Brokerage Practices

We seek to obtain best execution in making decisions regarding brokerage allocation for clients, taking into account factors such as: the ability of the broker-dealer to effect prompt and reliable executions at favorable prices (including any applicable brokerage commission); the operational efficiency with which transactions are effected, taking into account the size of the order and the difficulty of execution; the level of anonymity provided; the frequency of any errors committed by the broker-dealer; the access of the broker-dealer to liquidity and investment opportunities; the financial strength, integrity, and stability of the broker-dealer; the quality, comprehensiveness, and frequency of available research services that we consider to be of value; and the competitiveness of commission rates in comparison with other broker-dealers that satisfy our other selection criteria. We are permitted to pay higher execution prices for the purchase of securities from, and to accept lower execution prices for the sale of securities to, broker-dealers that provide us with investment and research information. In addition, since commission rates in the United States are negotiable, our decision to select a broker-dealer on the basis of considerations beyond applicable commission rates may at times result in transaction costs that are higher than would otherwise be obtained. Although we generally seek competitive commission rates and commission-rate equivalents, clients will not necessarily pay the lowest commission rate or equivalent. Nevertheless, we will have formed a belief that the execution prices or commissions paid are reasonable in relation to the overall brokerage and research products and services that we receive. The chief compliance officer and the head trader conduct a formal review of best execution every six months.

We may occasionally participate in opportunities or source investments, including trade claims, from or through investors, entities that are related to investors, or unaffiliated counterparties with which we have ongoing business relationships that are unrelated to buying and selling financial instruments. These transactions may give the appearance of a conflict of interest. Our chief compliance officer reviews potential conflicts of interest that we identify in an effort to ensure that the investment sources are capable of providing the best price and overall execution given the prevailing facts and circumstances.

Soft Dollars

An investment manager receives soft-dollar benefits when it receives research (or other products or services other than execution services) from a broker-dealer or a third party in connection with client securities transactions. We do not currently maintain any formal soft-dollar credit-generating arrangements or commission-sharing arrangements. However, some broker-dealers provide us with proprietary and third-party research and access to brokerage products and services like trading desks, investor conferences, and broker-sponsored management team dinners. The costs associated with these items may be imputed or bundled in the commission rates that we pay to broker-dealers.

Section 28(e) of the Securities Exchange Act of 1934 provides that a person who exercises investment discretion with respect to an account is not deemed to have acted unlawfully or to have breached a fiduciary duty solely by reason of having caused the account to pay a broker-

dealer more than the lowest available commission if the person determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services that the broker-dealer provides. If in the future we enter into any formal soft-dollar or commission-sharing arrangements, we intend to acquire only brokerage and research products and services that fall within the safe harbor afforded by section 28(e).

In receiving research, trading-desk access, and other brokerage products or services, we benefit because we do not have to produce or pay for the products or services. Consequently, we may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than the interests of clients in receiving most favorable execution. In some circumstances, we may cause clients to pay commissions, markups, or markdowns that are higher than those charged by other broker-dealers in return for the products and services that we receive. We do business only with broker-dealers whose prices and commissions we have determined to be reasonable in relation to the overall brokerage and research products and services provided.

We do not direct brokerage to particular broker-dealers solely due to the receipt of particular research and other products and services. Rather, we evaluate all of the previously described factors in determining where to execute transactions. We do not have an obligation to direct a specific amount of commissions or transactions to any particular broker-dealer.

We use the research, trading-desk access, and other benefits received from broker-dealers to benefit or serve all clients. We do not seek to allocate these benefits proportionately to clients based on their general level of trading activity, the commissions that particular client transactions generate, or the overall amount of commissions that particular clients generate.

Co-Investment

From time to time, Bowery offers some investors and prospective investors the opportunity to invest in a particular investment or series of investments in which one or more of the Funds invest, when the Funds are fully invested but additional capacity in the investment or series of investments remains. Bowery reserves the right to determine which investors or prospective investors will be offered co-investment opportunities and to establish the factors that will cause any particular investment or series of investments to be considered a co-investment opportunity. The policies applicable to any particular co-investment may vary from policies applicable to other co-investments, at times materially. Co-investments may create a conflict of interest between the Funds and the co-investing investors. We seek to mitigate this potential conflict of interest by providing disclosure of its existence and by maintaining written policies and procedures that set forth the manner in which the Funds and the co-investing investors will sell any investments or series of investments in which co-investment has occurred.

Directed Brokerage

Some Account investors limit our discretion over the counterparties to be used with respect to a particular Account by requiring Bowery to use only those counterparties that have been approved in advance by the Account investors. This practice is often called directed brokerage.

The counterparties to which Bowery is limited may include the broker-dealers through which transactions may be effected and the counterparties from which and to which investments are bought and sold. When a client directs brokerage, Bowery may be unable to achieve the most favorable execution for investment transactions. Consequently, directed brokerage may cost a client more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions as a result of less favorable net prices and higher commissions, mark-ups, mark-downs, and other transaction costs. No Account investors limit the counterparties from which Bowery may purchase trade claims, although Bowery may be restricted from purchasing trade claims for some Accounts.

Referrals

In selecting or recommending a broker-dealer to execute transactions, we do not consider whether we will receive client or investor referrals from the broker-dealer or another third party. Nevertheless, we may have an incentive to select or recommend a broker-dealer based on our interest in receiving referrals, rather than on the interests of clients in receiving most favorable execution.

Trade Allocation and Aggregation

We require all trades to be allocated in a manner that treats each client fairly. One of our portfolio managers is responsible for determining trade allocations. When possible, trades are executed as a block on behalf of those clients for which we deem an investment to be suitable based on investment objectives and other relevant factors that are described below. We endeavor to aggregate trades for investments that traditionally allow for trade aggregation. If aggregated trades are not filled at a uniform price, we endeavor to allocate the trades so that each participating client receives the average effective execution price. There may be times when a trade is allocated to a single client to the exclusion of other clients. For example, trades may not be aggregated due to significant cash flows into or out of particular clients that necessitate trading only for those particular clients. Specifically, this result may occur when we raise cash to fund withdrawals or redemptions or when we rebalance positions after subscriptions or for other reasons relevant to a particular client.

One of our portfolio managers issues verbal trade-allocation instructions to our head trader before each trade. In doing so, he may indicate that our regular allocation procedure should be applied for one or more specific clients. Our regular allocation procedure is to allocate purchases, sales, short sales, and purchases to cover short sales *pro rata* among the clients for which the transaction is appropriate based on the approximate relative net asset values or account sizes of the participating clients at the beginning of the month in which the transaction occurs, unless the portfolio manager specifically identifies one or more clients to which a trade should be more heavily or solely allocated due to cash flows, available cash balances, or the inability to sever a financial instrument. When a financial instrument cannot be severed, Bowery typically has been able to identify similar or substantially similar instruments of the appropriate size for all clients for which the investment would be suitable. If no suitable instrument were immediately available, Bowery would continue to seek actively to identify a

suitable instrument until one had been identified. The regular allocation procedures are designed to prevent any client from being systematically disadvantaged.

Partial Fills

From time to time, we may be unable to complete an order in a single day. In the case of a partial fill, we allocate securities or proceeds *pro rata* among the participating clients according to the original order allocation.

De Minimis Reallocations

We reserve the right to reallocate securities to avoid a *de minimis* allocation. One of our portfolio managers or our head trader will determine what constitutes a *de minimis* allocation after giving consideration to the size of the allocation relative to the net asset value or account size of the relevant client. The person who makes the determination will notify the chief compliance officer promptly after a reallocation occurs.

Cross Trades

Infrequently but from time to time, we may use cross trades. A cross trade occurs when we purchase and sell a particular investment between or among clients. We use cross trades only when we believe that the practice will benefit each participating client. We review the terms of each cross transaction, including the fairness and reasonableness of the consideration paid or received by each client. No client that is considered to be a benefit plan investor under the Employee Retirement Income Security Act of 1974 may engage in a cross trade. In addition, we do not engage in cross trades with respect to securities in which our trading is restricted, such as when we are in possession of potential material nonpublic information, unless an exception is available under the federal securities laws. We do not receive additional compensation when we cross trades for clients.

Cross trades involve the potential conflict of interest that we would have an incentive to favor one client over others. For example, we may have an incentive to favor a client that generates more revenue for us based on its fee structure. As another example, Bowery may favor a particular client if Bowery or its affiliates or employees have a material ownership interest in the client. Cross trades involve the potential conflict that we may move an investment that has performed poorly, or that we expect to perform poorly in the near future, to a particular client if we are unable to find a willing counterparty in the open market. We attempt to mitigate conflicts of this nature by providing full disclosure of our practices and through procedures requiring documentation and approval by one of the portfolio managers.

Charity Days

From time to time, some broker-dealers that execute client transactions for Bowery may hold a so-called charity day, meaning a particular day on which all commissions generated are donated to a charity chosen by the broker-dealer. On charity days, therefore, client commissions are not directly used to pay for research or execution. Bowery may participate in charity days in the discretion of the head trader. Bowery does not direct transactions to a broker-dealer specifically due to a charity day, and all transactions effected through a broker-dealer on a

charity day will be consistent with the overall duty of Bowery to seek to achieve best execution for client transactions.

Passive Minority Interest

As described in item 10 of this brochure, investment funds managed by Goldman Sachs Asset Management International, an affiliate of Goldman Sachs, hold a passive, non-controlling, minority revenue-sharing interest in the sole member of the Investment Manager. Goldman Sachs is a global, full-service investment bank, broker-dealer, and financial services organization. To the extent permitted by the Advisers Act and other applicable statutes and regulations, we have caused and expect in the future to cause one or more clients to enter into investment instruments or other investment transactions in which an affiliate of Goldman Sachs acts on a principal or agency basis or otherwise provides services pursuant to which the Goldman Sachs affiliate is compensated, including as an executing or clearing broker, a prime broker, a dealer, a futures commission merchant, a derivatives counterparty, an agent, an administrator, a lender, or otherwise. These activities include instances in which clients may pay fees relating to short-sale transactions, including stock-borrowing fees. In addition, some clients may pay Goldman Sachs affiliates interest on debit balances in accounts held with Goldman Sachs affiliates. The Goldman Sachs affiliates are expected to retain any compensation, commissions, fees, and profits in connection with these transactions. For example, a Goldman Sachs affiliate may serve and receive compensation or profit as a broker-dealer in an equity or debt securities transaction or in its capacity as a futures commission merchant, a derivatives counterparty, an administrator, or another back-office or middle-office service provider. In addition, we may cause a client account to trade investment instruments (1) with broker-dealers that are not Goldman Sachs affiliates but for which a Goldman Sachs affiliate may act as a market maker, (2) in which the trade is executed on the floor of a securities exchange or is matched without our knowledge with an order from Goldman Sachs or its clients, and (3) in connection with which a Goldman Sachs affiliate receives compensation as a result of its role as a lead underwriter, a manager, a lender, an agent, or an administrator to a syndicate. To the extent permitted by the Advisers Act and other applicable statutes and regulations, the Investment Manager may cause one or more clients to invest in investment instruments issued, sponsored, or underwritten by a Goldman Sachs affiliate or entities under the control of Goldman Sachs or its affiliates. Entering into transactions with Goldman Sachs or its affiliates in which Goldman Sachs and its affiliates directly or indirectly financially benefit, or that result in other potential commercial advantages to Goldman Sachs or its affiliates, may give rise to conflicts of interest with respect to our exercise of investment discretion and brokerage discretion. We attempt to mitigate conflicts of this nature by providing full disclosure of our practices and through procedures requiring documentation and approval by one of the portfolio managers.

Resolution of Trade Errors

Trade errors involve the purchase or sale of the wrong securities, the purchase or sale of securities in the wrong amount, the purchase or sale of securities not authorized by the investment objectives of a client, or our failure to follow specific client directives. Our chief financial officer or his designee, in consultation with the chief compliance officer, investigates

and resolves any trade error involving our employees as soon as practicable, taking into account the facts surrounding the transaction, including the liquidity of the security involved. For example, if we have purchased less than the appropriate quantity of a security, we will place another order as soon as reasonably practicable at the price at which the security was first purchased. If we have purchased more than the intended quantity of a security for a client, and the security is suitable for other clients, we may allocate a portion to the other clients at the original trade-date price. The chief compliance officer reviews any such transactions from a compliance perspective. In addition, we may sell the overbought portion in the market. If an error results in a loss to a client, we reimburse the client. If the error results in a gain, the client retains the gain. In some circumstances, we may net gains and losses that correct multiple legs of a single transaction. We then reimburse the client for any net loss, and the client retains any net gain.

Item 13—Review of Accounts

One of our portfolio managers makes all discretionary investment decisions. The decision maker is responsible for the ongoing monitoring and analysis of each investment and for managing client investment portfolios for characteristics like exposure to specific investments and for overall sector, geographic, and asset-class diversification. Our investment personnel review domestic and international events on a daily basis to evaluate how the events may impact client investment portfolios.

The third-party administrator for the Funds furnishes each investor in a Fund with a monthly statement of the performance and net asset value of his interest in the Fund. The director of marketing and investor relations provides Fund investors with Form K-1 tax statements, as required. The administrator provides Fund investors with annual audited financial statements prepared in accordance with accounting principles generally accepted in the United States. In addition, upon request, Bowery will provide Fund and Account investors with performance estimates and reports, performance-attribution reports, and transparency reports.

The Account investors receive the reports specified in their respective investment management agreements. Because some Accounts in existence on the date of this brochure use third-party administrators that differ from the third-party administrator used by the Funds and other Accounts, the form and substance of the reports received by the investors in any particular Account may vary from the form and substance of the reports received by investors in the Funds or in other Accounts.

Item 14—Client Referrals and Other Compensation

The broker-dealers with which Bowery or its clients have entered into prime brokerage arrangements may occasionally provide us with introductions to prospective clients and investors. Prime brokers provide capital introduction services to introduce hedge-fund managers to prospective clients and investors, typically through individual meetings or in a conference format that includes other unaffiliated investment managers. Although prime

brokers customarily do not charge a fee for capital-introduction services, our receiving these services raises a potential conflict of interest. For example, we may have an incentive to use the services of a specific prime broker because of its ability to raise capital for us. In addition, we benefit from arrangements in which clients and investors are referred to us because our management fees are generally based upon a percentage of assets managed, and our performance-based compensation is generally based upon a percentage of net profits on assets under management. In other words, increasing the value of the assets that Bowery manages means higher management-fee income and potentially higher performance-based compensation to Bowery.

A conflict of interest is also presented because prime brokers generally increase their revenues when we raise capital. A prime broker or its affiliate generally receives fees and commissions when we use its services as a qualified custodian, from securities transactions, and from lending securities to the clients as part of an investment strategy like short selling. However, the availability to Bowery of these products and services does not require Bowery to commit any specific amount of business, such as assets under custody or trading commissions, to the prime broker.

Item 15—Custody

Rule 206(4)-2 under the Advisers Act imposes obligations on us relating to the custody of client funds and securities. The Investment Manager generally has full access to and authority over the investment accounts of the Funds but may have more limited access to the investment accounts of the Accounts. Investors in the Funds and the Accounts in existence on the date of this brochure do not receive statements from investment account custodians. Instead, each Fund and each Account in existence on the date of this brochure is subject to an annual audit, and the respective third-party administrator responsible for the Fund or the Account distributes its audited financial statements to investors. Audited financial statements for each Fund are prepared in accordance with accounting principles generally accepted in the United States and are distributed within 120 days following the end of the fiscal year of the Fund or as soon thereafter as is reasonably practicable. The engagement of the auditors and supervision of the audit process for each Account is handled by the Account investors; Bowery itself is not responsible for the delivery of audited financial statements to any Account investors. The Account investors handle the audit process and delivery of the audited financial statements because Bowery holds only a limited power of attorney to effect investment transactions.

Item 16—Investment Discretion

When acting for the Funds, the Investment Manager buys and sells securities and other financial instruments on a discretionary basis in a manner consistent with the investment objective, guidelines, and restrictions of each Fund as set forth in its POM. The Investment Manager is authorized to determine, in accordance with these objectives, guidelines, and restrictions, but without obtaining the consent of any Fund investor, (1) which securities or other financial instruments to buy or sell, (2) the total amount of securities or other financial

instruments to buy or sell, (3) the executing broker-dealer for any transaction, and (4) the commission rates or commission equivalents charged for transactions. Fund investors may not limit the discretionary authority of the Investment Manager as summarized in the four points directly above. The investment discretion of the Investment Manager with respect to each Account and any limitations on this discretion are described in the documents governing the Account.

In addition to any formal investment objective, guidelines, or restrictions contained in the governing documents of a particular client, Bowery maintains informal risk management guidelines that may vary from time to time. These guidelines may address the number of core positions, a maximum sector exposure, a maximum illiquid-asset exposure, a maximum short exposure, and geographic diversification.

Item 17—Voting Client Securities

In accordance with section 206(4)-6 of the Advisers Act, we have implemented written policies and procedures governing proxy voting. Our policy requires us to vote proxies in the best interests of clients. We are permitted to abstain from proxy votes or to cast no vote if voting would be costly or impractical or if we otherwise deem voting unnecessary or unwarranted in our commercially reasonable discretion. For example, if a proxy statement were written in a language other than English, obtaining a reliable translation might be uneconomic based on the relative value of the security in client portfolios.

We are responsible for voting proxies and do not accept direction from investors. Our analysts are responsible for voting client proxies in accordance with our specific proxy policies. We use reasonable efforts to prepare documentation supporting the rationale for our votes, but only if we do not vote in line with management or if we abstain from voting or cast no vote. Otherwise, one of our analysts will have reviewed the proxy-voting matter and agrees with management. When clients are organized in a master-feeder structure, proxy voting typically occurs at the master-fund level.

A designee of the chief financial officer maintains (1) a record of each abstention, decision not to vote, or vote cast and (2) as reasonably available, any documentation or explanation that supports the rationale for each abstention, decision not to vote, or vote cast. Our chief compliance officer maintains a record of each request by a current or prospective client or investor for proxy-voting records and our response.

The chief compliance officer is notified of, and maintains a log of, any conflict of interest that arises in proxy voting. Possible conflicts of interest include situations in which a third party attempts to influence our vote on a material issue or one or more clients, investors, or Bowery employees hold material personal stakes in an issuer or serve as executive officers or directors of the issuer. In consultation with the chief compliance officer, one of our portfolio managers approves the voting of all proxies that raise conflicts of interest.

Current and prospective clients and investors may contact Bowery by telephone at the number on the cover page of this brochure to obtain a copy of our proxy-voting policy and information with respect to how we have voted securities.

Class Action Litigation

If we receive class-action documents on behalf of a client, we will determine whether we believe that it is in the best interest of the client to participate in, actively to opt out of, or to take no action with respect to the litigation. One of the portfolio managers will determine the action to be taken. If we opt out of a class-action settlement, we will maintain documentation of any written cost-benefit analysis that supports our decision.

Activist Activities

Bowery may invest clients in types of assets that potentially enable Bowery to play an activist role in the management of the issuer. Our active management of these assets may include, but is not limited to, participation in endorsements, ad-hoc committees, and bankruptcy hearings. These activities do not have proxy-voting notices associated with them and thus fall outside of the specific rules adopted by the SEC. However, as a fiduciary, we seek to manage our activist activities in the best interests of our clients.

Item 18—Financial Information

This item is not applicable.

Brochure Supplement for Vladimir Jelisavcic

Educational Background and Business Experience

Vladimir Jelisavcic has been a portfolio manager of the Investment Manager since its inception. From 1999 to 2012, he served as a principal of Longacre Fund Management, LLC, an investment manager formerly registered with the SEC, where he managed several private investment funds. From 1993 to 1998, Mr. Jelisavcic was an associate, rising to a vice president, in the high-yield department of Bear, Stearns & Co., Inc., where he traded distressed bank loans and private notes and identified and analyzed investment opportunities in distressed securities. In 1991, Mr. Jelisavcic worked as a law clerk for the SEC in Los Angeles. From 1987 to 1990, he worked in the tax department of Deloitte & Touche. Mr. Jelisavcic was a certified public accountant and has authored articles on trade claims and creditor rights published in the *Journal of Corporation Law*. He earned a juris doctor (professional law degree) *cum laude* from the University of Iowa College of Law in 1993 and a bachelor's degree in accounting from New York University in 1987. Mr. Jelisavcic was born in 1965.

Disciplinary Information

This item is not applicable.

Other Business Activities

This item is not applicable.

Additional Compensation

This item is not applicable.

Supervision

Mr. Jelisavcic's activities are subject to the requirements of the Bowery compliance manual, which is administered by our chief compliance officer, Kathryn Beller, who may be reached at 845.270.9025.