

Item 1

## **HAWKEYE PARTNERS, LP**

3600 North Capital of Texas Highway, Building B, Suite 200

Austin, Texas 78746

[www.hawkeyepartners.com](http://www.hawkeyepartners.com)

(512) 628-4000

### **Part 2A of Form ADV**

#### **Brochure**

**March 30, 2015**

**This brochure provides information about the qualifications and business practices of Hawkeye Partners, LP. If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer, James A. Taylor, at 512-628-4030 and/or [jtaylor@hawkeyepartners.com](mailto:jtaylor@hawkeyepartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

**Throughout this brochure, Hawkeye refers to itself as a "registered investment adviser." Please note that registration does not imply a certain level of skill or training.**

## Item 2

This is the fifth publication of Hawkeye Partners, LP's Form ADV, Part 2A and updates the brochure dated March 31, 2014. There have been no material changes to this brochure since the last publication.

## Item 3

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#### **Item 4: Advisory Business**

(A) Founded in 2004, Hawkeye Partners, LP (“Hawkeye”) is a real estate private equity firm located in Austin, Texas. Hawkeye is the sponsor of, and serves as the investment manager for, two closed-end real estate private equity funds known as Scout Fund I and Scout Fund II<sup>1</sup> (the “Funds”) and one separately managed account (the “Managed Account”) (the Funds and the Managed Account are herein collectively referred to as the “Clients”).

Hawkeye Holdings LLC (“Holdings”) is the principal owner of Hawkeye.<sup>2</sup> Claudia Faust and Scott McArtor each beneficially own more than 25% of the partnership interests in Hawkeye.

(B) Hawkeye serves as investment manager for, and is responsible for the day-to-day management of, the Clients. Hawkeye’s duties include identifying investment opportunities for the Clients and acquiring, managing and disposing of the Client’s investments. Hawkeye’s investment advice is generally limited to (i) advising the Funds on acquiring privately issued interests in limited partnerships and other investment vehicles (“New Manager Programs”) in which a Fund generally will be the sole investor (except for any co-investment in a New Manager Program made by the sponsor of such program or its affiliates) and which are sponsored by new or emerging real estate investment managers (“New Managers”), (ii) advising the Managed Account on appropriate investment opportunities, and (iii) making, overseeing and monitoring investments on behalf of the Clients.

(C) The Investment Advisers Act of 1940 (the “Advisers Act”) sets forth certain duties and responsibilities that Hawkeye has with respect to its “clients.” The Funds and the Managed Account are Hawkeye’s only clients. Accordingly, Hawkeye tailors its advisory services to the needs and goals of the Funds and the Managed Account.

Hawkeye has investment discretion to make investments on behalf of its Clients, subject to certain restrictions and limitations imposed by the investment management agreements

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<sup>1</sup> Scout Fund I consists of Scout Fund I-A, LP, a Delaware limited partnership, and Scout Fund I-B, LP, a Delaware limited partnership (and two alternative investment vehicles to Scout Fund I-B, LP). Scout Fund II consists of Scout Fund II-A, LP, a Delaware limited partnership, and Scout Fund II-B, LP, a Delaware limited partnership (and one alternative investment vehicle to Scout Fund I-B, LP).

<sup>2</sup> Hawkeye Founders LLC (“Founders”) owns an interest in, and could be deemed to be a principal owner of, Hawkeye. This interest entitles Founders to receive only the revenues that Hawkeye receives on account of its ownership of the general partner of Scout Fund I. Founders has no management rights with respect to Hawkeye. To the extent that Founders is deemed to be a principal owner of Hawkeye, Virgo Societas Partnership III (Onshore), LP (“Virgo”) may be deemed to beneficially own more than 25% of Hawkeye because of its ownership interest in Virgo-Mustang, LLC (“Mustang”) and Mustang’s ownership interest in Founders. Neither Virgo nor Mustang have any management rights with respect to Hawkeye.

entered into with each Client as well as each Client's organizational documents. Please see the response to Item 16 for more information on Hawkeye's investment discretion.

(D) Hawkeye does not participate in a wrap fee program.

(E) As of December 31, 2014, Hawkeye had regulatory assets under management of \$962,908,372. Hawkeye manages all of these assets on a discretionary basis, subject to certain investment limitations that are set forth in the investment management agreements between Hawkeye and the Clients and the organizational documents for each Client. As of March 2015, Hawkeye manages no Client assets on a non-discretionary basis.

### **Item 5: Fees and Compensation**

(A) Hawkeye is exempt from disclosing the information requested by this Item 5A, which relates to how Hawkeye is compensated for its services, because its brochure is delivered only to "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940.

(B) Each quarter, Hawkeye's accounting team, on behalf of each Fund, calculates the fees that each Fund is required to pay Hawkeye for its advisory services for the following quarter. The fee is then paid by each Fund to Hawkeye at the beginning of each quarter. Each quarter, Hawkeye's accounting team, on behalf of the Managed Account, calculates the fee that the Managed Account is required to pay Hawkeye for its advisory services from the previous quarter. That fee is then paid by the Managed Account to Hawkeye on the last day of each quarter. The fees paid by the Funds and by the Managed Account are "Investment Management Fees."

(C) Clients are responsible for all costs and expenses incurred by Hawkeye (both as the Clients' investment manager and on behalf of the general partner of the Funds and managing member of the Managed Account) in performing its duties on behalf of each Client. However, Clients do not reimburse Hawkeye for its overhead except to the extent permitted under the organization documents of each Client. The general partner of each Fund and the managing member of the Managed Account are (directly and indirectly) wholly owned subsidiaries of Hawkeye.

(D) As discussed in Part B of this Item 5, each Fund pays the Investment Management Fee in advance each quarter and the Managed Account pays its Investment Management Fee for the prior quarter in arrears. If the general partner of either Fund or the managing member of the Managed Account is removed by the investors in the Fund (the "Limited Partners") or the investor in the Managed Account, Hawkeye will no longer be entitled to the Investment Management Fee payable by the applicable Client from the effective date of the removal. A Client will be liable for all fees incurred prior to the removal and will be able to obtain a refund

for a pro-rated portion of the Investment Management Fee for the quarter in which the removal occurred.

(E) Neither Hawkeye nor any of its supervised persons accepts compensation for the sale of securities owned by a Client. In other words, none of Hawkeye's compensation (nor any of its supervised persons' compensation) is tied to commissions generated by the sale of securities owned by a Client.

#### **Item 6: Performance-Based Fees and Side-By-Side Management**

Hawkeye, through its ownership of the general partner of each Fund and the managing member of the Managed Account, owns a carried interest profit participation in each Client. Hawkeye may be deemed to charge performance-based fees because of its ownership of this interest. However, all of the investors who own interests in the Clients are "qualified clients" who may be charged a performance-based fee because each has at least \$1,000,000 invested in a Client. Please see Item 5 for a discussion of Hawkeye's fee structure. Hawkeye does not charge any other fees except as described in Items 5 and 6.

#### **Item 7: Types of Clients**

Hawkeye provides investment advice to pooled investment vehicles sponsored by Hawkeye and to a managed account. It currently does not provide investment advice to the investors in any Client or any other parties. Accordingly, the Funds and the Managed Account are Hawkeye's only clients.

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

(A) Hawkeye relies on a wide range of data when formulating its investment strategy for each Client. Hawkeye uses third-party real estate market research and forecasts of major economic trends, as well as its own proprietary database of real estate-related information and its individual industry contacts and relationships, to deliver investment advice to its Clients. All investors should be aware that investing in real estate through securities such as limited partnership interests and limited liability company interests is inherently risky and that there is always a threat of losing money on the investment.

(B) The investments made by the Clients involve a high degree of risk and should only be undertaken by investors capable of evaluating and bearing such risk. There can be no assurance that the Client's investment objectives will be achieved or that there will be any return of the Client's invested capital or the capital invested by the investors in a Client. As further detailed in Item 8C, investments in the Clients are intended for investors who can accept the risks associated with investing primarily in illiquid investments.

(C) The investment strategies of the Funds are novel in the real estate industry and the investments made by the New Managers through the New Manager Programs may incorporate unique and emerging strategies. Further, there are some unique risks associated with the securities that Hawkeye recommends to the Funds because the Funds generally invest in privately placed interests in limited partnerships or other investment vehicles. These risks include: (i) each New Manager Program makes investments in real estate and real estate related assets, which assets may be illiquid and subject to market fluctuations, (ii) each New Manager Program depends upon the New Manager to execute the program, so the program may be at risk if the New Manager has economic or operational problems, (iii) there is no public market for the Funds' investments and it is highly unlikely that one will develop, and (iv) the partnership interests in New Manager Programs owned by the Funds are subject to significant restrictions on transfer. Further, an investor in a Fund will have no right to withdraw from the Fund or require that its interests be redeemed or repurchased.

The investment strategy for the Managed Account includes (i) investing in value added real estate by participating in investments generated by the New Managers of the Funds, and (ii) potentially co-investing in investments made by the New Manager Programs that have been allocated capital by Scout Fund II.

As a result, the risks associated with investments made by the Managed Account include: (i) the investments may be illiquid and subject to market fluctuations, and (ii) the Managed Account will make these investments through investment vehicles created by New Managers and therefore the interests owned by the Managed Account in these investments may be subject to restrictions on transfer.

Investors in a Client also bear the risks of real estate investments generally, including but not limited to adverse changes in economic conditions, general interest rate fluctuations, adverse local market conditions, the financial conditions of tenants, occupancy rates, changes in availability of debt financing, real estate tax rates and other operating expenses, zoning laws and other governmental rules, changes in the relative popularity of property types and locations, risks due to dependence on cash flow, risks and operating problems arising out of the presence of certain construction materials and a variety of other factors beyond the control of Hawkeye or any New Manager through which an investment by a Client is made.

#### **Item 9: Disciplinary Information**

Neither Hawkeye nor any of its management persons have any pending or threatened legal or disciplinary (including proceedings before the SEC) events that are material to a Client's evaluation of Hawkeye's advisory business or the integrity of its management.

#### **Item 10: Other Financial Industry Activities and Affiliations**

(A) None of Hawkeye, its management persons or any affiliate of Hawkeye is a registered broker-dealer or a registered representative of a broker-dealer, nor do any of these parties currently have an application to register as such pending.

(B) None of Hawkeye, its management persons or any affiliate of Hawkeye is a registered futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person with the foregoing entities, nor do any of these parties currently have an application to register as any such entity pending.

(C) Hawkeye and its management persons do not have relationships with any of the related persons that create a material conflict of interest.

(D) Hawkeye does not recommend or select other investment advisers for its Clients.

**Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading**

(A) Hawkeye has adopted and implemented a Code of Business Conduct and Ethics and an Employee Compliance Manual pursuant to Rule 204A-1 promulgated by the SEC under the Advisers Act. The Code of Business Conduct and Ethics and the Employee Compliance Manual each aim to address the potential conflicts of interest faced by Hawkeye and its employees and sets forth policies reasonably designed to prevent violations of the Advisers Act. All employees of Hawkeye have acknowledged that they have read and understood these policies. Hawkeye will provide a copy of each document to any Client or prospective client upon request.

(B) Certain of the indirect owners of Hawkeye have formed an investment vehicle that has co-invested in Scout Fund I as a limited partner. Hawkeye has a wholly-owned subsidiary that has agreed to co-invest in the Managed Account. Hawkeye has formed an investment vehicle that has committed to invest in Scout Fund II as a limited partner, the owners of which will be certain indirect owners of Hawkeye and third parties. Each of these entities is a “Co-Investment Vehicle.” Because these Co-Investment Vehicles own an interest in a Client, Hawkeye may be deemed to recommend securities to its Clients in which it has a material financial interest. However, Hawkeye does not foresee the potential for a conflict of interest with the Clients or the investors in the Clients on account of its financial interest in the Co-Investment Vehicles because Hawkeye’s interests are aligned with the interests of the Clients and investors in the Clients. In an attempt to guard against the possibility of other potential conflicts of interest related to Client transactions, Hawkeye’s Code of Business Conduct and Ethics contains a “pre-clearance” requirement provision by which employees must obtain prior written approval from Hawkeye’s principals and Chief Compliance Officer before they are allowed to purchase any securities of any Client or New Manager or co-invest with a Client in any investment.

(C) See Section B of this Item 11.

(D) Except as otherwise described in Section B of this Item 11, Hawkeye and its related persons do not buy or sell securities for any Client's account, or recommend securities to a Client, at or about the same time that Hawkeye or any of its related persons buys or sells the same securities for their own account. See Section B of this Item 11 for a more detailed description.

#### **Item 12: Brokerage Practices**

(A) Hawkeye does not use a broker-dealer in effecting securities transactions for its Client's accounts.

(B) Hawkeye does not aggregate the purchase or sale of securities for Client accounts and does not have the opportunity to do so.

#### **Item 13: Review of Accounts**

(A) Hawkeye manages and oversees the investments of its Clients on a daily basis.

The investments made by the Funds consist of interests in limited partnerships or other investment vehicles (i.e., the New Manager Programs) that will directly or indirectly invest in real estate assets. An investment made by the Managed Account may consist of (i) interests in investment vehicles created by the New Managers that directly invest in real estate, and (ii) vehicles created by the New Manager Programs to which Scout Fund II allocates capital where the Managed Account is co-investing with those programs.

Hawkeye is involved in overseeing the real estate investments made by the Clients (all of which will be indirectly through the New Managers and New Manager Programs). Hawkeye also appoints a non-voting representative to each New Manager Program's investment committee and has discretion to approve any real estate investment made by a New Manager or New Manager Program on behalf of the Managed Account.

Overall market trends and Client assets are reviewed at least quarterly in conjunction with the reporting requirements of each Client. Hawkeye also reviews these issues from time to time in light of major market events as they unfold. These reviews are conducted by Hawkeye's Managing Partners, Senior Managing Directors, Managing Directors, Directors, Senior Vice Presidents and Associates.

(B) Please see Item 13A.

(C) Although Hawkeye technically does not provide its Clients with a report regarding the Client's assets, Hawkeye (acting both as investment manager and on behalf of the general partner/managing member of the Clients) provides each investor in each Client with unaudited financial statements and quarterly reports for the Fund or Managed Account in which they invest



within seventy-five (75) days of the end of each quarter. These reports also include (i) a quarterly summary of financial information about real estate investments owned by the Client (either directly or through the New Managers) and (ii) a summary of any significant decisions about these real estate investments. The report sent after the fourth quarter also contains additional details of the financial condition of the Client and provides such other information as is necessary in the judgment of Hawkeye to provide the investors in each Client with information about the results of the Clients' investments.

Within one hundred twenty (120) days of the end of the fourth quarter in each fiscal year, investors in each Client also receive audited financial statements of such Client. A nationally recognized accounting firm conducts these audits. Investors in each Client receive these quarterly and annual reports via email or hardcopy (upon request). Hawkeye conducts frequent (at least quarterly) conference calls during which all investors in a Fund may participate. Hawkeye also conducts quarterly conference calls with the investor in the Managed Account. Hawkeye conducts an annual meeting of the investors in each Fund and Hawkeye meets with the investor in the Managed Account whenever requested by such investor.

#### **Item 14: Client Referrals and Other Compensation**

(A) No one other than the Funds or the Managed Account provides an economic benefit to Hawkeye for providing investment advice or other advisory services to the Funds and the Managed Account.

(B) Neither Hawkeye nor its supervised persons compensate any person for client referrals.

#### **Item 15: Custody**

Qualified custodians do not send account statements to Hawkeye's Clients. The only statements that Clients receive are from Hawkeye, either in its capacity as the investment manager for each Client or acting on behalf of a Fund's general partner or the Managed Account's managing member.

#### **Item 16: Investment Discretion**

Hawkeye has discretionary authority to manage the investments made by Clients, subject to certain limitations set forth in the investment management agreement between Hawkeye and each Client as well as each Client's organizational documents. These limitations may include limits on the amount of capital allocated to investments located outside of the United States and limits on investment concentration.

#### **Item 17: Voting Client Securities**

(A) Hawkeye does not have the authority or ability to vote Client-owned securities because all securities that its Clients own are privately placed interests in limited partnerships, limited liability companies and other investment vehicles. However, as described in Item 16, Hawkeye, as investment manager for its Clients and as sole owner of each Fund's general partner and of the Managed Account's managing member, has discretion to make investment decisions and take all actions on behalf of Clients, subject to certain limitations. The general partner of each Fund and the managing member of the Managed Account are subject to standards of care and conduct imposed by the organizational documents for such Client as well as by applicable law.

(B) Please see Item 17A.

**Item 18: Financial Information**

(A) This Item is not applicable to Hawkeye because its Clients are not required to pay fees six months or more in advance.

(B) There are no currently existing financial conditions that are reasonably likely to impair Hawkeye's ability to meet its contractual commitments to its Clients.

(C) Hawkeye has never been subject to a bankruptcy petition.

**Item 19: Requirements for State-Registered Advisers**

This Item is not applicable to Hawkeye because it is not registered (and is not registering) with any state securities authority.