

**Form ADV Parts 2A and B: FIRM BROCHURE**



444 West Lake Street  
Suite 4400  
Chicago, IL 60606

Contact: Sean Stephens  
(312) 477-2700 (phone)  
(312) 477-2701 (facsimile)  
[Sean.Stephens@anchorboltcapital.com](mailto:Sean.Stephens@anchorboltcapital.com)

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

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This Brochure provides information about the qualifications and business practices of Anchor Bolt Capital, LP (“Anchor Bolt”). If you have any questions about the contents of this Brochure, please contact us at (312) 477-2700 or [Sean.Stephens@anchorboltcapital.com](mailto:Sean.Stephens@anchorboltcapital.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.

Anchor Bolt is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Anchor Bolt also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

There have been no material changes since Anchor Bolt's last annual Brochure filing on March 28, 2018. Anchor Bolt routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and firm practices. In this year's filing, the following Items have been updated, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2018; and
- Item 8: updated to reflect additional risk factors and conflicts of interest.

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## Item 4 – Advisory Business

### Firm Description

Founded in November 2011, Anchor Bolt Capital, LP, a Delaware limited partnership (“Anchor Bolt”, the “Firm” or “Investment Manager”), is an investment manager with a focus on the global industrial and energy markets. Anchor Bolt serves as the Investment Manager for and provides discretionary investment advisory services to private pooled investment vehicles exempt from registration under Section 3(c)(7) of the Investment Company Act of 1940 (the “Investment Company Act”). Based in Chicago, the Firm also maintains an office in London.

Anchor Bolt’s investment strategy is based on the foundation of fundamental research coupled with a disciplined investment process. Within the industrial and energy world, the Investment Manager focuses on investments across at least 53 unique subsectors within at least four key categories: basic materials; capital equipment and consumer goods; energy; and transportation and leisure.

Anchor Bolt manages four private fund products: its flagship Anchor Bolt Fund (the “Main Fund”), comprised of an onshore fund, an offshore fund and a master fund; the Anchor Bolt Long Fund (the “Long Fund”), comprised of an onshore fund, an offshore fund and a master fund; Anchor Bolt One, a single fund structured as a fund of one; and Anchor Bolt New Mine Development Fund (the “New Mine Fund”), comprised of an onshore fund, an offshore fund and a master fund. The funds are collectively referred to herein as the “Funds” and each as a “Fund”, the onshore funds are collectively referred to as the “Onshore Funds”, the offshore funds are collectively referred to as the “Offshore Funds” and the Onshore and Offshore Funds collectively referred to as the “Feeder Funds,” unless otherwise required by the context. The Firm also manages a portion of pooled investment vehicles on behalf of other investment managers (“Third-Party Private Funds”). For more information on the Funds and Third-Party Private Funds managed by Anchor Bolt, please see the Firm’s Form ADV Part 1, Schedule D, Sections 7.B.(1) and 7.B.(2).

The investment strategy of the Main Fund is to build a long/short equity business focused on the global industrial and energy markets that seeks to generate sustained above-average, long-term, risk-adjusted results. While all of the Funds and Third-Party Private Funds share in the same general investment strategy and objectives, differences exist among the Funds. For example, the Long Fund does not take on short positions, Anchor Bolt One and both of the Third-Party Private Funds have different gross and net exposures than the Main Fund and their trading is subject to a restricted list and the New Mine Fund focuses on investing in stocks of mining companies and its trading is also subject to a restricted list.

For the Main Fund, Long Fund and New Mine Fund, each of the Onshore Funds and the Offshore Funds invest substantially all of their assets into their respective Master Funds. The purpose of the Master Funds is to achieve certain administrative efficiencies; the Master Funds have no investors

other than the Feeder Funds, their Fund's general partner ("General Partner") and certain Anchor Bolt employees.

Pursuant to the offering memoranda, private placement memoranda, investment management agreements, limited partnership documents, side letters and any other organizational documents (the "Governing Documents") of each Fund or Third-Party Private Fund, the Investment Manager is responsible for the investment of each Fund's and Third-Party Private Fund's assets, subject to the policies and control of the board of directors of each Fund, if applicable, and its General Partner.

Anchor Bolt provides discretionary investment advice to its Funds; investment advice is provided directly to the Funds and not individually to investors in such Funds. Anchor Bolt does not require, nor does it seek, approval from the Funds or the investors in the Funds with respect to its trading. While Anchor Bolt does not tailor its advisory services to the individual needs of investors in the Funds, in order to comply with certain legal and regulatory requirements there may be instances when an investor may not participate in an investment by the Fund (such as with respect to "new issues") and appropriate measures will be taken by the respective Fund to comply with such laws and regulations. The Funds have entered into side letters or similar agreements with certain investors who make substantial commitments of capital or who were early-stage investors, or for other reasons in the sole discretion of Anchor Bolt, in each case that have the effect of establishing rights under, or altering or supplementing, a Fund's Governing Documents. Such rights include "most favored nations" clauses, transparency provisions, certification provisions and non-ERISA affirmation, among others. Side letters are negotiated at the time of the relevant investor's capital commitment, and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund.

Investment advice with regard to the Third-Party Private Funds is negotiated with each such investor and memorialized in similar Governing Documents on an investor-by-investor basis.

### **Assets Under Management**

As of December 31, 2018, Anchor Bolt managed approximately \$2.863 billion in regulatory assets under management, all of which are managed on a discretionary basis.

### **Principal Owners/Ownership Structure**

Anchor Bolt is owned indirectly by Robert Polak through his interest in Anchor Bolt's general partner.

### **Item 5 – Fees and Compensation**

Anchor Bolt receives a management fee and its affiliated General Partner receives an incentive allocation as compensation for providing investment advisory services to the Funds. A Fund's management fees, incentive allocations and other compensation payable to Anchor Bolt and the General Partner are established by Anchor Bolt at the time of the establishment of the relevant

investment vehicle and are negotiated with participating investors prior to making their investment. The following is a general description of fees, compensation and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not be charged certain fees, compensation or expenses that other Funds are charged. In addition, the General Partner is permitted, in its sole discretion, to waive or reduce an investor's management fee or incentive allocation. For example, no management fee is charged with respect to the capital account of the General Partner, its principals, employees or affiliates of Anchor Bolt. Some principals or other employees of Anchor Bolt receive a portion of the management fees, incentive allocation or other compensation, if any, received by Anchor Bolt or the General Partner. Investors in the Funds also bear certain expenses, as described below. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how Anchor Bolt is compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety by such documents.

Anchor Bolt receives management fees from investors in the Main Fund, the Long Fund and Anchor Bolt One; investors in the New Mine Fund do not pay a management fee. Management fees are calculated after taking into account any expenses at the respective Fund levels, are deducted from each investor's capital account and are payable regardless of the overall success or income earned by the Funds. If an investment is redeemed at any time other than at the end of a fiscal year, any accrued expenses will be paid to the Investment Manager at such time. In addition, most Funds contain lock up and redemption provisions as further described in such Fund's Governing Documents.

For the Main Fund's general share class, in consideration for the investment management services provided to the Funds, the Feeder Funds on behalf of each Fund's investors pay to Anchor Bolt a monthly management fee of up to 0.125% (1.5% annually) of the Feeder Fund's net asset value payable in arrears as of the end of each month. The fee is prorated for partial periods equal to a percentage of the net asset value of each class of stock corresponding to an investor's capital account in the Fund. Other share classes exist for the Main Funds for which investors may qualify, which pay lower management fees than the general share class.

For the Long Fund's general share class, in consideration for the investment management services provided to the Funds, the Feeder Funds on behalf of each Fund's investors pay to Anchor Bolt a monthly management fee of up to 0.104166% (1.25% annually) of the Feeder Fund's net asset value payable in arrears as of the end of each month. Another share class exist for the Long Fund for which investors may qualify, which pays lower management fees than the general share class.

For Anchor Bolt One, in consideration for the investment management services provided to the Fund, the investor pays to Anchor Bolt a monthly management fee of 0.8333% (1.0% annually) Fund's net asset value payable in arrears as of the end of each month.

For the Third-Party Private Funds, in consideration for the investment management services provided, such investors pay to Anchor Bolt a monthly management fee of 1.0% - 2.0% per annum, depending on the client, in arrears as of the end of each month.

Each of the Main Fund, Long Fund and New Mine Fund's investors share in all of its respective Fund's expenses, as well as such Fund's pro rata share of the Master Fund's operating and other expenses (which differ across Funds), including, but not limited to: investment-related expenses (*e.g.*, brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, fees and expenses relating to investments in exchange-traded funds, expenses related to currency exchanges, research-related expenses, including, without limitation, news and quotation equipment and services (Anchor Bolt's brokerage arrangements entered into on behalf of the Funds are discussed in Item 12 of this Brochure)); legal and compliance expenses (including expenses relating to FACTA, as well as compliance or regulatory filings made with respect to a Fund's assets); costs and expenses in connection with the formation, operation and liquidation of special purpose vehicles through which a Fund may invest; legal expenses; accounting, audit and tax preparation expenses, and expenses of similar third-party non-investment professionals; organizational expenses; expenses relating to the offer and sale of the interests/shares; remuneration to members of the advisory committee and board of directors; expenses relating to obtaining insurance for the officers of the Investment Manager, the General Partner and the members of the advisory committee and board of directors; fees to the Funds' administrator; expenses related to the maintenance of the Funds' or the Master Funds' registered office; corporate licensing; extraordinary expenses and other similar expenses related to each respective Fund. (Note, any expenses attributable to investments in "new issues" will be paid pro rata only by those investors eligible to participate in such investments.)

The expenses of Anchor Bolt One and the Third-Party Private Funds are separately negotiated with such clients and memorialized in the Governing Documents entered into between Anchor Bolt and such client.

### **Expense Allocation**

In good faith and in its fair and reasonable discretion, Anchor Bolt determines on a case by case basis whether an expense should be borne by the Investment Manager or by the Funds in accordance with the Governing Documents of each Fund and with Anchor Bolt's internal policies and procedures. To the extent that the Governing Documents do not expressly provide for a method of allocation, Anchor Bolt will typically allocate common Fund expenses among multiple Funds pro rata based on gross assets under management as of the beginning of each month in which the expenses are paid.

To the extent Fund expenses are advanced by the General Partner and/or the Investment Manager on behalf of a Fund, such expenses will be promptly reimbursed. Such expenses shall generally be allocated among the capital accounts of all investors as of the end of the calendar month in which such expenses are payable; provided, however, that the General Partner, in its sole and absolute discretion, may allocate expenses to each investor's capital account over one or more months to accurately reflect the accrual of any such expenses.

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

A performance allocation represents an adviser's compensation based on a percentage of net profits of the clients it manages. Anchor Bolt generally receives a performance-based or incentive allocation from investors in its Main Fund, Anchor Bolt One, the New Mine Fund and one Third-Party Private Fund; investors in the Long Fund and one Third-Party Private Fund do not pay an incentive allocation.

This incentive allocation structure is described in detail in each Fund's and Third-Party Private Fund's Governing Documents. Anchor Bolt is permitted, in its sole and absolute discretion, to waive, reduce or calculate differently the incentive allocation with respect to certain investors, including without limitation, investors that are affiliates or employees of Anchor Bolt, members of the immediate families of such persons, trusts or other entities for their benefit. Investments in a Fund by the General Partner are not subject to an incentive allocation.

A Fund's and Third-Party Private Fund's management fees, incentive allocations and other compensation payable to Anchor Bolt and the General Partner are established by Anchor Bolt at the time of the establishment of the relevant investment vehicle and are negotiated with participating investors prior to making their investment.

Anchor Bolt maintains a capital account for each Fund broken down by classes and series of shares/interest outstanding that in turn correspond to the individual capital accounts of the underlying investors in each Fund. Accordingly, the gain or loss attributed to each investor's capital account is based upon the appreciation or depreciation in the net asset value of the corresponding series or class in which such investor owns and is allocated pro rata based on the investor's respective capital account balance. If more than one capital account of an investor is subject to an incentive allocation at the end of the respective Fund's fiscal year, the General Partner has, in its sole and absolute discretion, elected to consolidate such capital accounts into a single capital account for such investments at the end of such Fund's fiscal year.

Generally, on the last calendar day of each fiscal year (or earlier upon the withdrawal from any capital account), the General Partner of the respective Fund or Third-Party Private Fund will receive a pro rata return of the performance of such Fund or Third-Party Private Fund equal to up to 25% of the net realized and unrealized appreciation of the net asset value of an investor's capital account, depending on the particular Fund or Third-Party Private Fund and as described in more detail in each Fund's or Third-Party Private Fund's Governing Documents. The incentive allocation is determined after taking account of the management fee and other expenses debited to the corresponding Feeder Fund's capital account, if applicable.

The incentive allocations are subject to a "high watermark." The high watermark attributable to each class and series of capital account corresponds to the net asset value of such capital account immediately following the date as of which the last year-end incentive allocation was determined with respect to such capital account or if no incentive allocation has yet been determined with respect to such capital account, the net asset value of that capital account immediately following its



establishment. This means that if there is a temporary decline in an investor's capital account due to net losses, the General Partner will not be allocated the incentive allocation for such investor until these losses are recovered.

In the event that an investor redeems all or a portion of its capital account other than at the end of a fiscal year, the net capital appreciation or depreciation, as the case may be, will be determined through the date of redemption as if such date were the end of the fiscal year and will be reallocated as set forth above. Partial withdrawals will result in a pro rata portion of the incentive allocation being determined as of such date.

Once a Fund's fiscal year has ended, any performance-based compensation earned during that year is not subject to reversal. The incentive allocation to the General Partner will be based, in part, on unrealized investment gains that may never be realized in the event of adverse changes in the value of such investments and thus the allocation may be greater than if it were solely based on realized gains. The performance-based compensation received by Anchor Bolt may create a conflict between Anchor Bolt's interest in earning a profit in the short term with the long-term interest of the Funds and their investors. An incentive-based allocation arrangement may create an incentive for riskier or more speculative investments by Anchor Bolt than might be the case in the absence of such performance-based allocation arrangement because these investments may allow Anchor Bolt to collect larger incentive-based compensation; however, Anchor Bolt believes such risks are sufficiently mitigated as: (i) any such risks would be equally applicable to the General Partner's own capital account with respect to each Fund and (ii) any losses the Funds sustain will reduce such Fund's performance and thus the General Partner's incentive allocation. In addition, because the incentive allocation is calculated separately with respect to each capital account, an investor could be subject to an incentive allocation even though such investor's overall investment in a Fund has been unprofitable.

All performance fee agreements are structured in accordance with Section 205(a)(1) of the Investment Advisers Act of 1940 (the "Advisers Act") and the rules and regulations thereunder, including the exemption set forth in Rule 205-3 of the Advisers Act.

## **Item 7 – Types of Clients**

Each Fund generally limits its investors to persons who are both "accredited investors" as defined in the Securities Act of 1933 ("Securities Act") and either "qualified purchasers" or "knowledgeable employees" as defined in the Investment Company Act. Investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Minimum contributions for investment in each Fund are generally \$1 million, except for Anchor Bolt One, whose minimum commitment is generally \$50 million. Commitments of less than the specified minimum amounts are also accepted at the sole and absolute discretion of the Investment Manager and the applicable Fund's board of directors. More information about each Fund's minimum commitment amount, and available share classes of each Fund, is available in such Fund's Governing Documents.

Investors in the Funds include, by way of example, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, trust programs, foreign and sovereign wealth funds and other U.S. institutions. In addition, employees and other persons associated with Anchor Bolt are also investors in the Funds.

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

Anchor Bolt's investment objective is to build an equity business focused on the global industrial and energy markets that seeks to generate sustained above-average, long-term, risk-adjusted results. Fundamental research is the foundation of the Investment Manager's investment strategy, and a disciplined investment process is used to position the team for success. Within the industrial and energy world, the Investment Manager focuses on investments across at least 53 unique subsectors within at least four key categories: basic materials; capital equipment and consumer goods; energy; and transportation and leisure.

The Main Fund, Anchor Bolt One and the Third-Party Private Funds' investment portfolio will seek to generate long and short alpha in three specific ways: (i) relative stock picking within subsectors; (ii) subsector relative calls; and (iii) with the exception of one Third-Party Private Fund, concentrated long positions in stocks exhibiting what Anchor Bolt believes to represent significant absolute value. The Long Fund's investment portfolio will seek to generate alpha solely in concentrated long positions in stocks exhibiting what Anchor Bolt believes to represent significant absolute value. Anchor Bolt One's and the Third-Party Private Funds' investment portfolio will seek to generate alpha by investing in the same investable universe as the Main and Long Fund, however with different gross and net exposures than the Main Fund and their trading is subject to a restricted list. The New Mine Fund's investment portfolio focuses on the global materials markets and seeks to generate long and short alpha over the next three to five years by identifying companies with the opportunity to develop new mines with future production to drive earnings growth and cash flow; the New Mine Fund's trading is also subject to a restricted list.

The Investment Manager is focused on the process of incorporating fundamental research insights from its investment team into an optimized Funds' investment portfolio. The Investment Manager seeks to accomplish this goal by utilizing proprietary investment infrastructure and effective team communication. With this disciplined investment process, the Investment Manager seeks a very proactive approach to portfolio management.

*The following investment strategies are relevant with respect to the Main Fund, Anchor Bolt One and the Third-Party Private Funds:*

Opportunities within subsectors are based on many considerations, including: relative management strength; future growth opportunities/allocation of capital; sustainability of cash flows; return on capital; financial and operating leverage; and valuation.

Industry relative trades seek long exposure in subsectors with improving near-term fundamentals and/or positive secular forces and short exposure in subsectors with deteriorating near-term fundamentals and/or secular headwinds. Anchor Bolt's subsector relative valuation analysis provides an objective framework for how sectors within the industrial and energy world trade relative to one another.

Concentrated absolute value long positions seek to identify the greatest risk/reward opportunities across the Funds' investable universe, focusing on names that typically exhibit greater than 2.0x upside versus downside based on the Investment Manager's bottom-up upside/downside price targets. Such stocks will generally be weighted towards companies with greater idiosyncratic growth rates that can be purchased at a reasonable price and/or companies that are trading at significant discounts to intrinsic value where Anchor Bolt has a constructive view on management's allocation of capital. (Note, this risk factor is not applicable for one of the Third-Party Private Funds).

Subsector relative opportunities and industry relative trades collectively make up a market neutral portfolio while the overlay of the long portfolio will result in a portfolio that in most cases operates net long. Portfolio construction is a dynamic and disciplined process; the Investment Manager seeks to optimize sources of alpha, while at the same time seeks to manage risk through disciplined levels of financial leverage and net exposures. (Note, this risk factor is not applicable for one of the Third-Party Private Funds).

## **Risk Factors**

An investment in a Fund or Third-Party Private Fund entails substantial risks, including, but not limited to, the possibility of a complete loss of the amount invested. Current and prospective Anchor Bolt investors should carefully consider the following factors, among others, in determining whether an investment in a Fund or Third-Party Private Fund is suitable for them. Different or new risks not addressed below may arise in the future and, therefore, the following list is not intended to be exhaustive. There are many market-related and other factors – some of which cannot be anticipated – that could result in an investor losing a major portion or all of its investment in a Fund, or prevent a Fund from generating profits. No investor should invest in the Funds unless the investor is fully able, financially and otherwise, to bear such a loss, and unless the investor has the background and experience to understand thoroughly the risks of its investment.

Unless the context requires otherwise, references below to "Funds" include the Main Fund, the Long Fund, Anchor Bolt One, the New Mine Fund and the Third-Party Private Funds. All investors should be aware of certain risk factors, which include (and are detailed more fully in each Fund's Governing Documents), but are not limited to, the following:

*No Right to Control the Fund's Operations.* Fund investors will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of a Fund. Investors must rely entirely on the General Partner, board of directors (for the Offshore Funds) and Anchor Bolt to conduct and manage the affairs of each Fund. There exists broad discretion to expand, revise or

contract each Fund's business without investor consent. The General Partner has ultimate responsibility for the management, operations and investment decisions made on behalf of the Funds, subject in the case of the Offshore Funds to discretion of the board of directors. In addition to the General Partner, the Master Funds and Anchor Bolt One are advised by an independent advisory committee. Any decision to engage in a new activity could result in the exposure of each Fund's capital to additional risks, which may be substantial.

*Non-Diversification and Sector Concentration.* Each Fund's investment portfolio is concentrated in a limited number of issuers or market sectors. Non-diversification among issuers involves an increased risk of loss to the Funds if the market value of a security or issuer should decline. If the Funds concentrate their investments in a market sector, financial, economic, business and other developments affecting issuers in that sector will have a greater effect on the Funds than if it had not concentrated its assets in that sector, and the Funds may be subject to greater risks and market fluctuations than a portfolio representing a broader range of sectors.

The Funds invest in securities of companies involved in, or supporting certain sectors (*e.g.*, capital equipment, basic materials, energy and transportation) that at times historically have exhibited amplified levels of volatility relative to the overall market. The securities of issuers in these sectors may underperform the market as a whole, and the prices of the securities of such companies can fluctuate due to a variety of risks to which these companies are subject. To the extent the Funds' investments are concentrated in issuers conducting business in these sectors, the Funds are subject to legislative or regulatory changes, adverse market conditions and/or increased competition affecting that economic sector. The prices of the securities of these companies can fluctuate due to their cyclical nature, occasional sharp price movements which may result from changes in the economy, fuel prices and labor agreements, international political events relating to countries in which such companies operate, tax and other governmental regulatory policies, and increased competition from foreign companies, many of which are partially funded by foreign governments and which may be less sensitive to short-term economic pressures.

*Limited Withdrawal/Redemption Rights.* An investment in a Fund provides limited liquidity since the interests are not freely transferable, and investors will have limited redemption/withdrawal rights. The General Partner is permitted to suspend such rights and/or the payment of proceeds where, among other reasons, in the opinion of the General Partner, the disposal of a Fund's assets, or the determination of the value of an investor's capital account, would not be reasonably practicable or would be seriously prejudicial to the non-withdrawing parties. There is currently no market for the interests in any Fund and none is expected to develop. The interests have not been registered under the Securities Act or any other securities laws, and it is not contemplated that registration of any interests in any Fund under the Securities Act or other securities laws will ever be effected. Interests are subject to strict restrictions on resale and transferability. An investment in a Fund is suitable only for sophisticated investors that do not need liquidity with respect to this investment, and investors must be prepared to bear the risk of their investment in a Fund for a substantial period of time.

*Dependence on Key Individuals.* The success of the Funds depends upon the ability of Mr. Polak and other key personnel to develop and implement investment strategies that achieve the Funds' investment objective. If Mr. Polak or other key personnel were to become unable to participate in the management of the Funds, the consequence to the Funds would be material and adverse and could lead to the premature termination of the Funds.

*Investment and Trading Risks.* Any investment in financial instruments carries certain market risks. An investment in a Fund is highly speculative and involves a high degree of risk due to the nature of such Fund's investments and the investment and trading strategies to be employed. An investment in any Fund should not in itself be considered a balanced investment program. An investor should be aware that it can lose all or part of its investment in a Fund in which it invests. Investors should be able to withstand the loss of their entire investment. All investments risk the loss of capital. No guarantee or representation is made that any Fund's investment program will be successful, and investment results can vary substantially over time. Each Fund is permitted to utilize such investment techniques as option transactions, margin transactions, short sales, limited diversification, leverage and forward contracts, practices which, in certain circumstances, can increase the adverse impact to which a Fund's portfolio may be subject. In addition, each Fund's investment in financial instruments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Funds invest their respective assets.

*Limited Diversification and Risk Management Failures.* At any given time a Fund's portfolio risks could become significantly concentrated in a limited number of issuers, types of securities, industries, sectors, companies, strategies, countries, geographic regions, asset types or other areas of risk. This limited diversity could expose the Funds to losses disproportionate to market movements in general. Even when Anchor Bolt attempts to control risks and diversify the portfolio, risks associated with different assets may be correlated in unexpected ways, with the result that the Funds face concentrated exposure to certain risks. Although Anchor Bolt attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Many risk management techniques are based on observed historical market behavior, but future market behavior may be entirely different. Any inadequacy or failure in the Firm's risk management efforts could result in material losses for the Funds.

*Short-Term Market Considerations; Turnover.* Anchor Bolt's trading decisions may be made on the basis of short-term market considerations. Therefore, the portfolio turnover rate could result in significant trading-related expenses. Other than as described herein, the Funds are not restricted in effecting transactions by any limitation with regard to its portfolio turnover rate. Each Fund's investment program emphasizes active management of its portfolio. Consequently, a Fund's portfolio turnover and brokerage commission expenses can exceed those of other investment entities of comparable size.

*Highly Volatile Markets.* The prices of financial instruments in which the Funds invest can be highly volatile. Price movements of forward and other derivative contracts in which a Fund's assets can be invested are influenced by, among other things: interest rates; changing supply and demand

relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and national and international political and economic events and policies. The Funds are subject to the risk of failure of any of the exchanges on which their respective positions trade or of their custodians.

*General Strategy Risk; Investment Opportunities.* Certain Funds' investment activities depend on Anchor Bolt's ability to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that have the potential to affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Funds involves a high degree of uncertainty. No assurance can be given that Anchor Bolt will be able to locate suitable investment opportunities in which to deploy all of the Fund's assets or to exploit discrepancies in the securities and derivatives markets.

*Undervalued/Overvalued Instruments.* Part of the Main Fund's, Anchor Bolt One's, the New Mine Fund's and Third-Party Private Funds' investment strategy is to identify and invest in undervalued and overvalued securities, commodities, interest rates, currencies and other such instruments ("mis-valued instruments"). There can be no assurance that such opportunities will be successfully identified or recognized. While purchases of undervalued instruments and short sales of overvalued instruments offer opportunities for capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. For the avoidance of doubt, as it pertains to the Long Fund, this risk only applies to the Long Fund's potential purchases of undervalued securities, commodities, interest rates, currencies, and other such instruments. Returns generated from the Funds' investments may not adequately compensate for the business and financial risks assumed. Instruments that Anchor Bolt believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe Anchor Bolt anticipates. As a result, the Funds may lose all or substantially all of an investment in any particular instance. In addition, the Funds may be required to maintain positions in such instruments for a substantial period of time before realizing their anticipated value. During this period, a significant or material portion of the Fund's capital may already be allocated, thus possibly preventing the Funds from investing in other opportunities. The Funds are permitted to finance any such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period. In addition, there is no minimum credit standard that is a prerequisite to the Funds' investment in any instrument, and some obligations in which the Funds invest will be less than investment grade.

*Securities of Smaller Companies and Issuers.* The Funds will likely invest in securities originated by smaller companies and issuers. Small companies may offer greater opportunities for capital appreciation than larger companies, but investments in such companies may involve certain special risks. Securities issued by small companies or issuers may be collateralized, however, making an actual foreclosure on and subsequent sale of these assets lengthy and inefficient. Small companies often have limited product lines, markets, or financial resources and may be dependent on a limited management group. While the markets in securities of such companies have grown rapidly in recent years, such securities generally trade less frequently and in smaller volume than more widely held securities. The values of these securities may fluctuate more sharply than those of other securities, and the Funds can

experience some difficulty in establishing or closing out positions in these securities at prevailing market prices. There might be less publicly available information about the issuers of these securities or less market interest in such securities than in the case of larger companies and it could take a longer period of time for the prices of such securities to reflect the full value of their issuers' underlying earnings potential or assets.

*Long / Short Strategies.* For the Main Fund, Anchor Bolt One, the New Mine Fund and the Third-Party Private Funds, the use of certain “long / short” strategies in no respect should be taken to imply that such Funds' investments in such strategies are without risk. Substantial losses can be recognized on “hedge” or “arbitrage” positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every long/short strategy involves exposure to some second-order risk of the market.

*Long-Term Investments.* The Funds pursue investment opportunities that seek to maximize asset value or create market opportunities on a long-term basis. In pursuing such long-term strategies, the Funds might forego value in the short-term or temporary investments in order to be able to avail the Funds of additional and/or longer-term opportunities in the future. Consequently, the Funds may not capture maximum available value in the short-term, which would be disadvantageous, for example, for investors who withdraw all or a portion of their capital accounts before such long-term value is realized by such Fund.

*Option Transactions.* The Funds are permitted to buy or sell (write) both call options and put options, including exchange-traded and/or over-the-counter transactions, and when they write options, they may do so on a “covered” or an “uncovered” basis. The use of options involves a high degree of embedded leverage, which can involve greater market risk, especially when not used to hedge the underlying security.

*Futures Contracts.* The Main Fund, Anchor Bolt One, the New Mine Fund and the Third-Party Private Funds are permitted to trade in futures contracts (and options on futures). Futures contracts are exchange-traded contracts that provide for the future delivery of various commodities, currencies or financial instruments at a specified time and place. Contractual obligations, depending on whether one is a buyer or a seller, can be satisfied either by taking or making physical delivery of the applicable commodity, or as often happens in financial futures, by cash settlement. Futures obligations can also be satisfied by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the designated delivery date. Most financial futures contracts are settled in this manner.

Exchanges on which futures are traded generally have the right to suspend or limit trading in the commodities that they list. Such a suspension or limitation could render it impossible for such Funds to liquidate their positions and thereby expose the Funds to losses. In addition, there is no guarantee that exchange and other secondary markets will always remain liquid enough for the Investment Manager to close out existing futures positions.

Futures positions and commodity trading may be illiquid because futures exchanges can limit fluctuations in futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day, no trades are permitted to be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Main Fund, Anchor Bolt One, the New Mine Fund and Third-Party Private Funds from promptly liquidating positions in futures or commodity options. To the extent such positions are unhedged, such occurrences could subject such Funds to losses.

*Debt Securities.* The Funds may have exposure to debt securities; such debt securities may be rated lower than “investment grade”, may be unrated, and/or the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that would undermine the issuer’s ability to make timely payment of interest and principal. Such instruments are regarded as speculative with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for these instruments, have an adverse impact on the value of such instruments and increase the incidence of default for such instruments.

*High Yield Securities.* The Funds may have holdings in “higher yielding” (including non-investment grade) debt securities. Such securities are generally not exchange traded and, as a result, these financial instruments trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. In addition, the Funds may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. High yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer’s inability to meet timely interest and principal payments. High yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer’s assets. High yield securities may also not be protected by financial covenants or limitations on additional indebtedness.

The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are lower-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could severely disrupt the market for such securities and have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could



adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

*Investing in Distressed Securities.* The Funds have the ability to invest, directly or indirectly, in “below investment grade” securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Investments of this type may involve significant financial and business risks that can result in substantial, or at times total, losses. Among the risks inherent in investments in troubled entities is the fact that it frequently is difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court’s power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies’ securities are often considered speculative. In addition, there is no minimum credit standard that is a prerequisite to a Fund’s investment in any instrument, and a significant portion of the obligations and securities in which a Fund invests may be less than investment grade. Any one or all of the issuers of the securities in which a Fund can invest may be unsuccessful or not show any returns for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. In any reorganization or liquidation proceeding relating to a company in which a Fund invests, the Fund may lose its entire investment, be required to accept cash or securities with a value less than the Fund’s original investment and/or be required to accept payment over an extended period of time. Under such circumstances, it is possible that the returns generated from the Fund’s investments will not compensate the investors adequately for the risks assumed. In certain transactions, the Fund may not be “hedged” against market fluctuations, or, in liquidation situations, not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

*Short Selling.* The Main Fund, Anchor Bolt One, the New Mine Fund and the Third-Party Private Funds engage in short sales of securities. The Long Fund does not engage in short sales of securities. Short selling involves selling securities that are not owned by the short seller, and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short sales expose the Main Fund, Anchor Bolt One, the New Mine Fund and the Third-Party Private Funds to the risk of loss in an amount greater than the initial investment, and the losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Main Fund, Anchor Bolt One, the New Mine Fund and the Third-Party Private Funds in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, the Main Fund, Anchor Bolt One, the New Mine Fund or the Third-Party Private Funds may be compelled to replace borrowed securities previously sold short with purchases on the open market at a disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying

security could theoretically increase without limit, thus increasing the cost to the Main Fund, Anchor Bolt One, the New Mine Fund and/or the Third-Party Private Funds of buying those securities to cover the short position. There can be no assurance that the Main Fund, Anchor Bolt One, the New Mine Fund or the Third-Party Private Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Main Fund, Anchor Bolt One, the New Mine Fund and/or the Third-Party Private Funds can be “bought in” (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

*Securities of Non-U.S. Companies.* The Funds may have exposure to securities of non-U.S. issuers, including American Depositary Receipts (“ADRs”), which are U.S. dollar-denominated equity and debt securities of foreign issuers. Non-U.S. securities involve certain factors not typically associated with investing in United States securities, including, without limitation, risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the United States dollar and the various non-U.S. currencies in which a Fund’s portfolio securities will be denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the United States and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation (in addition, some foreign securities exchanges are “principals exchanges” in which performance is the responsibility only of the individual exchange member and not of an exchange clearinghouse); (iii) certain economic and political risks, including potential exchange control regulations and potential restrictions on non-U.S. investment and repatriation of capital and (iv) the application of tax laws applicable outside the United States (*e.g.*, the imposition of withholding taxes on interest payments, income taxes, and excise taxes) or confiscatory taxation might also affect the Fund’s investments.

Investments in non-U.S. securities can be affected by political, social and economic uncertainty affecting a country or region. The legal and regulatory environment can also be different between countries, particularly as to bankruptcy and reorganization. There may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the United States. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets. These risks are generally greater for companies in emerging markets.

The Funds might incur higher expenses with respect to investments made outside the United States compared to investing in U.S. securities because of the costs incurred in connection with conversions between various currencies and the fact that brokerage commissions outside the United States may be higher than commissions in the United States. Non-U.S. markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States.

*Investments in Emerging Markets.* The Funds can invest in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of the Fund's financial instruments with non-U.S. brokers and securities depositories.

*Long Fund, New Mine Fund, Anchor Bolt One and Third Party Private Funds Trading Independently.* The Long Fund, the New Mine Fund, Anchor Bolt One and the Third-Party Private Funds have a different mandate than the Main Fund. Specifically, while all of the Funds trade in the same universe of securities: the Long Fund is not permitted to trade in short positions; Anchor Bolt One and the Third-Party Private Funds are subject to different net and gross exposures and their trading is subject to a restricted list; and the New Mine Fund focuses on investing in stocks of mining companies and its trading is also subject to a restricted list. Accordingly, trading in the Long Fund, Anchor Bolt One, the New Mine Fund and the Third-Party Private Funds may be executed independently and not *pari passu* with the Main Fund and the Third-Party Private Funds.

*Master-Feeder Structure.* The use of a master-feeder structure can create a conflict of interest in that different tax considerations for the Onshore and the Offshore Funds may cause the Master Funds to structure or dispose of an investment in a manner that is more advantageous to one Feeder Fund. Anchor Bolt One is not structured as a master-feeder fund.

*Precious Metals.* The New Mine Fund invests in the securities of precious metal-related issuers. The New Mine Fund is therefore susceptible to specific political and economic risks affecting precious metal-related issuers, including changes in U.S. or foreign tax, currency or mining laws, increased environmental costs associated with mining such metals, international monetary and political policies, economic conditions within an individual country, trade imbalances and trade or currency restrictions between countries. The price of precious metals is likely to affect the market prices of securities of companies mining or processing such precious metals, and accordingly, the value of the New Mine Fund's investments in such securities may also be affected. Investments in precious metal-related issuers as a group have not performed as well as the stock market in general during periods when the

U.S. dollar is strong, inflation is low and general economic conditions are stable. In addition, returns on investments in precious metal-related issuers have traditionally been more volatile than investments in broader equity or debt markets.

*Cybersecurity Risk.* The Funds, the General Partner and the Investment Manager and/or one or more of their respective affiliates and service providers, including the Investment Manager, may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity (“cyber incidents”) refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, cyber incidents can result from deliberate attacks (“cyber-attacks”) or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (*e.g.*, through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (*i.e.*, efforts to make network services unavailable to intended users). The issuers of securities and/or counterparties to other financial instruments in which the Funds invest may also be prone to cyber incidents.

Cyber incidents can cause disruption and impact business operations, potentially resulting in financial losses, interference with the ability to calculate a Fund’s net asset value, impediments to trading, the inability of investors to make a capital contribution to or withdraw from a Fund, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

While Anchor Bolt has established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, Anchor Bolt cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Funds and/or the issuers in which the Funds invests.

## **Conflicts of Interest**

*Other Investment Activities; Lack of Exclusivity.* The General Partner, the Investment Manager, and their respective members, partners, officers and employees will devote as much of their time to the activities of each Fund as the General Partner deems necessary and appropriate. By the terms of the Governing Documents, the General Partner, the Investment Manager and their respective affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with each of the Funds and/or involve substantial time and resources of the General Partner, the Investment Manager and their respective affiliates. These activities could be viewed as

creating a conflict of interest in that the time and effort of the General Partner, the Investment Manager and their respective members, partners, officers and employees will not be devoted exclusively to the business of the Funds but will be allocated between the business of the Funds and other business activities of the General Partner, the Investment Manager, and their respective affiliates.

The General Partner, the Investment Manager and their respective affiliates are permitted to give advice or take action with respect to other accounts which may differ from the advice given or the timing or nature of any action taken with respect to investments of a Fund due to a variety of differences, such as regulatory and tax issues and differences in investment programs. As a result, even though one or more of the Funds and other accounts may have similar investment objectives and pursue similar investment strategies, they can have substantially different portfolios and investment returns. Conflicts of interest can also arise when the General Partner, the Investment Manager or their respective affiliates make decisions on behalf of a Fund with respect to matters where the interests of the General Partner, the Investment Manager and their respective affiliates or one or more other accounts differs from the interests of the Funds.

*Allocations of Expenses.* Common expenses frequently will be incurred on behalf of the Funds. The Investment Manager seeks to allocate those common expenses among the Funds in a manner that is fair and reasonable over time. However, expense allocation decisions will involve potential conflicts of interest (*e.g.*, an investment adviser might have an interest in favoring an account that pays it an incentive fee versus one that does not). Under its current expense allocation policies, the Investment Manager generally expects to allocate expenses among the Funds pro rata based on the Investment Manager's general allocation methodology for expenses. The Investment Manager may also use other methods to allocate particular expenses among the Funds if it deems another method more appropriate based on relative use of the product or service, the relative benefits derived by the accounts, or other relevant factors. Nonetheless, investors should note the relative expense amounts the Investment Manager allocates in connection with a particular product or service may not be exactly proportional to the relative benefits derived by those accounts from that product or service in any particular instance. These expense allocations will often depend on inherently subjective determinations and, accordingly, expense allocations made by the Investment Manager in good faith will be final and binding on the Funds.

*Allocations of Trades and Investment Opportunities.* The Investment Manager allocates investment opportunities to each Fund fairly, to the extent practical and in accordance with the Governing Documents of each Fund. The Investment Manager will have no obligation to purchase or sell financial instruments or provide an investment opportunity to a Fund because the Investment Manager purchases or sells the same financial instrument for, enters into a transaction, or provides an opportunity to a Fund if, in its reasonable opinion, such financial instrument, investment opportunity or transaction does not appear to be suitable, practical or desirable for a Fund. As mentioned above, while the Funds share the same general investment objectives and trade in the same investable universe of securities, the Long Fund is not permitted to trade in short positions, Anchor Bolt One and the Third-Party Private Funds are subject to different net and gross and net exposures and their trading

is subject to a restricted list and the New Mine Fund only invests in stocks of mining companies, subject to a restricted list. Such differences may dictate different trade allocations.

*Side Letter Agreements.* Each Fund and the General Partner have entered into side letter or similar agreements with one or more investors, which have the effect of establishing rights under, altering or supplementing, the terms of the applicable governing documents. Each Fund or the General Partner or its affiliates have the discretion to enter into side letter agreements or other similar agreements, referred to as “side letters”, with one or more investors which provide such investor(s) with additional and/or different rights (including, without limitation, with respect to: access to information; management fees and performance allocations; minimum investment amounts; and liquidity terms) other than those described herein. As a result of such side letters, certain investors receive additional benefits (including, but not limited to: reduced fee/allocation obligations; the ability to make withdrawals on shorter notice; and/or expanded informational rights), which other investors will not receive. As a result, should a Fund experience a decline in performance over a period of time, an investor who is party to a side letter agreement that permits lesser notice and/or different redemption times may be able to withdraw capital prior to other investors. Although certain investors may invest in a Fund with different material terms, the Funds and the General Partner or its affiliates generally will only offer such terms if they believe other investors in such Fund will not be materially disadvantaged. The General Partner is not required to notify any or all of the other investors of any side letters or any of the rights and/or terms or provisions thereof, nor will the General Partner be required to offer such additional and/or different rights and/or terms to any or all of the other investors in such Fund. The Funds or the General Partner or their affiliates are permitted to enter into such side letters with any party as the General Partner may determine in its sole and absolute discretion at any time. The other investors will have no recourse against any Fund, the General Partner and/or any of their affiliates in the event that certain participants receive additional and/or different rights and/or terms as a result of such side letters.

*Order Aggregation and Average Pricing.* When Anchor Bolt deems the purchase and sale of securities to be in the best interest of the Funds, it may, but is not obligated to, open “average price” accounts with brokers in which purchase and sale orders placed during a trading day on behalf of the Funds or affiliates of the General Partner or the Investment Manager are combined. Securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis. When an aggregated order is filled through multiple trades at different prices on the same day, each participating account will receive the average price, with transaction costs generally allocated pro rata based on the size of each account’s participation in the order (or allocation in the event of a partial fill) as determined by Anchor Bolt. In the event of a partial fill, allocations may be modified on a basis that Anchor Bolt deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Investment Manager. As a result, certain trades in the same financial instrument for one account (including an account in which the Investment Manager and their personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another account, and orders placed later may not be filled entirely or at all, based upon

the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved. In general, when managing Fund capital directly, Anchor Bolt will endeavor to make all investment allocations in a manner that it considers to be the most equitable to all managed entities and clients.

*Investments by General Partner and/or Investment Manager Personnel.* Personnel of the General Partner, the Investment Manager and their affiliates may choose to personally invest in a Fund and these personnel often invest on different terms than other investors in a Fund with respect to, among other things: voting rights; fees; allocations; and other terms.

*Trade Errors.* The Funds will be responsible for any losses resulting from trading errors and similar human errors, absent willful misconduct, bad faith, gross negligence or reckless disregard in the performance of the obligations and duties of the General Partner, the Investment Manager, their affiliates, or any of their legal representatives. The General Partner and/or the Investment Manager generally will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. Given the large volume of transactions executed by the Investment Manager or its affiliates on behalf of the Funds, investors should assume that trading errors (and similar errors) will occur and that the Funds will receive the gain from any such errors, or be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the General Partner, the Investment Manager, their affiliates, or any of their legal representatives.

*Industry Relationships.* As with many other private funds, as part of Anchor Bolt's business, Anchor Bolt and its employees have developed relationships with third parties which have the potential to raise conflicts of interest. Such third parties include broker-dealers, sell-side analysts, buy-side analysts, lenders, consultants, expert network professionals, professional advisors (such as attorneys and accountants) and former employees and members of Anchor Bolt. Certain of these third parties will, on occasion: (i) introduce investment opportunities to Anchor Bolt; (ii) arrange for, or facilitate the financing of, current and potential portfolio securities; (iii) provide industry information or security-specific information; or (iv) provide consulting, legal or advisory services to Anchor Bolt or the Funds. Such third parties also provide goods or services to or have business, personal, political, financial or other relationships with the principals. In addition, such third parties are sometimes investors in one or more Funds or provide other significant business or investment services to Anchor Bolt or the Funds. These relationships have the potential to influence Anchor Bolt in deciding whether to select or recommend any such third party to perform services for the Funds. The cost of any services provided by such third parties will generally be borne directly or indirectly by the Funds.

*Intangible Benefits.* Anchor Bolt and its employees receive certain intangible and/or other benefits or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers.

## **Item 9 – Disciplinary Information**

Like other registered investment advisers, Anchor Bolt is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of Anchor Bolt or the integrity of Anchor Bolt's management. No events have occurred at Anchor Bolt that are applicable to this Item.

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

Anchor Bolt is not actively engaged in a business other than giving investment advice to the Funds. Neither Anchor Bolt nor any of its management persons is registered or has an application pending to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity trading adviser or associated person of the foregoing. The Firm currently relies on an exemption from registration as a commodity pool operator ("CPO") with the United States Commodity Futures Trading Commission pursuant to Rule 4.13(a)(3) of the U.S. Commodity Exchange Act.

Anchor Bolt has no arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory business, the Funds or its investors.

Anchor Bolt has and will continue to develop relationships with professionals who provide services it does not provide, including: legal; accounting; banking; investment banking; tax preparation; insurance brokerage; and other personal services. Some of these service providers provide services to the Funds or may be investors in the Funds, either personally or through their company.

As mentioned above in Item 4, Anchor Bolt is affiliated with Anchor Bolt GP, LLC, the Funds' General Partner. The General Partner is deemed registered with the SEC under the Advisers Act pursuant to Anchor Bolt's registration.

From time to time, Anchor Bolt receives training, information, promotional material, meals, event tickets, other entertainment or gifts from service providers and others with whom it does business or to whom it makes referrals. At no time will Anchor Bolt accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider. Similarly, the personnel of the Investment Manager and/or its affiliates may speak at conferences and programs for potential investors interested in investing in private funds that are sponsored by the Funds' brokers. Through such capital introduction events, prospective investors have the opportunity to meet with Anchor Bolt. Neither Anchor Bolt nor any Fund compensates the brokers for organizing such events or for investments ultimately made by prospective investors attending such events.



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

### **Code of Ethics**

As fiduciaries, Anchor Bolt and its supervised persons have certain legal obligations to put clients' interest ahead of their own. Anchor Bolt has adopted a written code of ethics based on principles of openness, honesty, integrity and trust. At least once a year, each Anchor Bolt supervised person is required to acknowledge this code and agree to be bound by it. The code includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

Supervised persons of Anchor Bolt who violate the code of ethics will be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Supervised persons are also required to promptly report any violations of the code of ethics of which they become aware.

Anchor Bolt will provide a copy of its code of ethics to any existing or prospective investor upon request to its Chief Compliance Officer, Sean Stephens, at (312) 477-2700.

### **Participation or Interest in Client Transactions**

Anchor Bolt and certain employees and affiliates of Anchor Bolt invest in and alongside the Funds, either through the General Partner or as direct investors in the Funds. A Fund or the General Partner, as applicable, will generally exempt such persons from all or a portion of the management fee or incentive allocation.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account, knowingly buys from or sells any security to any advisory client. This also applies to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser). The SEC also views cross trades between Funds to be principal transactions if the adviser (and/or its affiliates, owners, or controlling persons) own, in the aggregate, 25% or more of either Fund. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions can arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which is not applicable to Anchor Bolt. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the asset) for effecting the transaction and therefore is not considered to be conducting an agency cross transaction under Section 206(3) of the Advisers Act.

The Investment Manager and its affiliates on occasion affect securities trades (including outright purchases and sales) between Funds or other clients of Anchor Bolt. Any such transactions conducted

between the Funds or Anchor Bolt's other clients will be made at the then market rate for similar transactions between unrelated parties and only where an independent pricing mechanism (such as the last sales price on the exchange where the security is principally traded) is available. Transactions between the Funds and other clients of the Investment Manager or its affiliates are affected for no consideration other than cash payment against prompt delivery of the relevant security or other instrument and are affected at current market prices.

### **Personal Trading**

In rare cases, Anchor Bolt's business may provide Anchor Bolt and its employees with access to material nonpublic ("insider") information. The code of ethics includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

Anchor Bolt's supervised persons are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding publicly traded securities or communicating material non-public information about such securities to others. The Firm maintains a restricted list regarding issuers about which it has material non-public information. Additionally, supervised persons are not permitted to make personal equity securities transactions in companies within the universe of companies that Anchor Bolt has included in its coverage universe, except to sell securities already held in their personal securities portfolios prior to their employment with Anchor Bolt. Furthermore, employees are only permitted to trade in certain equity securities with pre-approval and under certain conditions. Supervised persons are required to submit to Anchor Bolt's Chief Compliance Officer annual and quarterly reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest.

Notwithstanding and subject to the foregoing internal compliance policies and approval procedures, members, partners, officers and employees of the General Partner and the Investment Manager engage, from time to time, in personal trading of securities and other instruments that are not in the Fund's investable universe.

### **Item 12 – Brokerage Practices**

Anchor Bolt is authorized to determine the broker or dealer to be used for each securities transaction for its Funds. Transactions for the Funds are allocated to broker-dealers on the basis of best execution available in light of the overall quality of brokerage, prime brokerage, financing and other services provided. In selecting brokers or dealers to execute transactions, Anchor Bolt need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. If Anchor Bolt determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker, the Funds may ultimately pay commissions to such broker in an amount greater than the amount another broker might charge.

In negotiating commission rates, Anchor Bolt takes into account the financial stability and reputation of the broker, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other services provided by such broker, even though the Funds may or may not in any particular instance be the direct or indirect beneficiary of the research or other services provided. Accordingly, a Fund may, at times, be deemed to be paying for research and other products and services with “soft” or commission dollars.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a “safe harbor” that permits an investment manager to use commissions (or “soft dollar” arrangements) to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. The Investment Manager will limit the use of “soft dollars” to obtain services which constitute research and brokerage within the meaning of Section 28(e). Research and brokerage services within Section 28(e) may include, but are not limited to: research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; analyses concerning specific securities, companies or sectors; and data services (including services providing market data, company financial data and economic data); services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (*i.e.*, connectivity services between an investment manager and a broker-dealer); and trading software operated by a broker-dealer to route orders.

In some instances, Anchor Bolt may receive a product or service that may be used only partially for functions within Section 28(e) (*e.g.*, an order management system, trade analytical software or proxy services). In such instances, the Investment Manager will make a good faith effort to determine the relative proportion of the product or service used to assist Anchor Bolt in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Investment Manager in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Anchor Bolt from its own resources.

Although Anchor Bolt will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of “mixed use” products or services create a potential conflict of interest between the Investment Manager and its clients.

In connection with the direct trading activities in certain Funds, Anchor Bolt has entered into client commission arrangements (“CCAs”) with certain brokers and may enter into additional CCAs with other brokers in the future. Under the CCAs, a portion of the commissions charged by the brokers

is allocated to an account (each, a “CCA Account”) that is available to pay for eligible third-party research selected by Anchor Bolt. Since commission rates in the United States are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates at times results in higher transaction costs than would otherwise be obtainable. The availability of these non-monetary benefits could influence Anchor Bolt to select one broker rather than another to perform services for the Funds.

As mentioned in Item 10 above, from time to time, the personnel of the Investment Manager and/or its affiliates may speak at conferences and programs for potential investors interested in investing in private funds which are sponsored by the Funds’ brokers. Through such capital introduction events, prospective investors have the opportunity to meet with Anchor Bolt. Neither Anchor Bolt nor the Funds compensate the brokers for organizing such events or for investments ultimately made by prospective investors attending such events. Such events and other services (including, without limitation, capital introduction and business consulting services and technology) provided by a prime broker to the Funds or the Investment Manager may be a factor in deciding whether to use such prime broker in connection with brokerage, financing and other activities of the Funds.

Anchor Bolt may place transactions with a broker or dealer that (i) provides it (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Funds or other products advised by Anchor Bolt (or an affiliate), if otherwise consistent with seeking best execution, provided the Investment Manager is not selecting the broker-dealer solely in recognition of the opportunity to participate in such capital introduction events or the referral of investors. The selection of a broker (including the prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances, and provide other services may be influenced by, among other things, the provision by the broker of the following: capital introduction; marketing assistance; consulting with respect to technology, operations and equipment; commitment of capital; access to company management; and access to deal flow. Neither the General Partner nor any Fund separately compensates any broker for any of these other services.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services.

Each Fund’s securities transactions generate brokerage commissions and other compensation, all of which the respective Fund, not the Investment Manager, will be obligated to pay. The Investment Manager has complete discretion in deciding what brokers and dealers each Fund will use and in negotiating the rates of compensation a Fund will pay. In addition to using brokers as “agents” and paying commissions, each Fund may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

More information about Anchor Bolt's prime brokers and custodians can be found in its ADV Part 1, Schedule D, Section 7.B.(1). The Funds are not committed to continue the relationships with their prime brokers for any minimum period of time, and Anchor Bolt, in its sole and absolute discretion, may select other or additional brokers to act as prime broker(s) to the Funds.

### **Item 13 – Review of Accounts**

Mr. Polak and Anchor Bolt's investment professionals review the portfolios of each Fund daily. In addition, Sean Stephens, Chief Compliance Officer, reviews records of trades placed for the Funds on a regular basis. The Funds' accounts are also reviewed on a regular basis by a third party administrator to price the portfolio based on independent third party pricing sources or methodologies approved by Anchor Bolt. The third party administrator also ensures that Anchor Bolt's records are in agreement with those of its custodians.

Investors in the Funds typically receive the following written reports: (i) annually, within 120 days after the end of the fiscal year, an audited financial report prepared in accordance with United States generally accepted accounting principles ("GAAP") by an independent certified public accounting firm; (ii) unaudited monthly statements regarding estimates of net asset value corresponding to each investor's investment; (iii) a monthly performance summary; (iv) annual tax information necessary for completion of the tax return (K-1); and (v) a quarterly newsletter prepared by Anchor Bolt's Chief Investment Officer, Mr. Polak. All reports are sent to investors in writing and are delivered electronically.

In the course of conducting due diligence or otherwise, investors periodically request information pertaining to their investments. Anchor Bolt responds to these requests, and in answering these requests provides information that is not generally made available to other investors who have not requested such information. While Anchor Bolt does not have an obligation to update any such information provided, the Firm endeavors to provide the information requested in the most current form available. In addition, upon request, certain investors receive additional information and reporting that other investors do not receive.

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

Anchor Bolt does not receive any monetary compensation or any other economic benefit from a non-client for Anchor Bolt's provision of investment advisory services to a client. Similarly, Anchor Bolt does not use third-party marketers to assist in its fundraising efforts. The Firm does, however, have an internal Director of Marketing.

As mentioned above in Items 10 and 12, from time to time, the personnel of the Investment Manager and/or its affiliates may speak at conferences and programs for potential investors interested in investing in private funds which are sponsored by the Funds' brokers. Through such capital introduction events, prospective investors have the opportunity to meet with Anchor Bolt. Neither

Anchor Bolt nor the Funds compensate the brokers for organizing such events or for investments ultimately made by prospective investors attending such events.

### **Item 15 – Custody**

While Anchor Bolt places all Fund assets (excluding the Third-Party Private Funds, for which Anchor Bolt does not have custody) in custody with prime brokers and other executing broker-dealers and does not maintain physical custody over any investors' funds or securities, it is considered to have custody over these assets because of its affiliation with each Fund's General Partner and the ability of each General Partner to deduct fees from investor accounts. The Firm has elected to undergo an annual GAAP financial statement audit for each of its Fund vehicles over which it has custody by an independent public accounting firm registered with and subject to inspection by the Public Company Accounting Oversight Board, copies of which are (or will be, for newly formed Funds) delivered to underlying Fund investors within 120 days of year-end, thus satisfying the requirements of Advisers Act Rule 206(4)-2 (the "Custody Rule").

Anchor Bolt does not accept physical possession of client money or securities; called capital is directly sent or wired to the relevant Fund qualified custodial account. The Firm receives monthly statements from its prime brokers and custodians on behalf of the Funds. For a list of Anchor Bolt's qualified custodians, please see ADV Part 1, Schedule D, Section 7.B.(1).

As mentioned above, Anchor Bolt does not maintain custody over the Third-Party Private Funds.

### **Item 16 – Investment Discretion**

Anchor Bolt and its General Partner have discretionary authority based on the Governing Documents with each Fund and Third-Party Private Fund to buy and sell securities on behalf of the Funds and Third-Party Private Funds and to determine the amount of such securities to be bought and sold. Investment advice is provided directly to the Funds and Third-Party Private Funds, subject to the relevant Governing Documents and the discretion and control of the General Partner, and not to investors in the Funds and Third-Party Private Funds individually. The terms upon which Anchor Bolt serves as the Investment Manager of a Fund or Third-Party Private Fund are established at the time each Fund or Third-Party Private Fund is established, are generally set out in the Governing Documents entered into by Anchor Bolt with respect to the relevant Fund or Third-Party Private Fund and are disclosed in the offering documents or account agreement for such Fund or Third-Party Private Fund. Anchor Bolt's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

To become an investor in a Fund, an investor must execute a subscription agreement with the Fund. An investor in a Fund can seek to impose limitations on Anchor Bolt's authority through a side letter agreement and Anchor Bolt can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon an investor's account must be presented to Anchor Bolt

in writing and agreed to by Anchor Bolt and such investor. No investor to date has limited Anchor Bolt's discretion to provide investment advice, nor has any investor limited Anchor Bolt's ability to invest in specific company sectors. However, Anchor Bolt One and the Third-Party Private Funds are limited to different gross and net exposures and to investing outside of a restricted list of specific securities; the Long Fund is not permitted to trade in short positions; and the New Mine Fund focuses solely on investing in stocks of mining companies and its trading is also subject to a restricted list.

### **Item 17 – Voting Client Securities**

By virtue of the investment management agreements with the Funds, Anchor Bolt has the authority to vote client proxy statements on behalf of such Funds. Anchor Bolt has adopted a proxy voting policy pursuant to Advisers Act Rule 206(4)-6 to describe how it votes its clients' proxies. Anchor Bolt votes proxies consistent with the best interests of its investors and in accordance with the Funds' stated objectives, primarily maximizing portfolio values.

Pursuant to its proxy voting policy, Anchor Bolt will generally vote in accordance with management's recommendations, unless Anchor Bolt determines that voting in such a manner is in conflict with the best interests of its investors. In these cases, Anchor Bolt will evaluate and vote the proxies on a case-by-case basis. If it is determined that the conflict of interest is not material, Anchor Bolt is permitted to vote the proxy notwithstanding the existence of the conflict. If it is determined that the conflict of interest is material, Anchor Bolt will resolve the conflict in one of several possible ways, such as by engaging a third party to recommend a vote with respect to the proxy or seeking the advice of an independent third party. In general, investors cannot request that Anchor Bolt vote in a particular way on any specific proposal. Anchor Bolt does not vote proxies on behalf of the Third-Party Private Funds.

Investors can obtain a copy of Anchor Bolt's complete proxy voting policy upon request, free of charge, from Anchor Bolt's Chief Compliance Officer, Sean Stephens, at (312) 477-2700. Investors can also obtain information from Anchor Bolt, free of charge, about how Anchor Bolt voted any previous proxies.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item 18 to provide certain financial information or disclosures about their financial condition. Anchor Bolt does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance, and thus is not required to provide a copy of a balance sheet for the most recent fiscal year. Additionally, Anchor Bolt has no financial condition that impairs its ability to meet contractual commitments to investors and has not been the subject of a bankruptcy petition.

## Brochure Supplement

### Form ADV Part 2B: BROCHURE SUPPLEMENT

#### ANCHOR BOLT CAPITAL, LP

444 West Lake Street  
Suite 4400  
Chicago, IL 60606

Contact: Sean Stephens  
(312) 477-2700 (phone)  
(312) 477-2701 (facsimile)  
Sean.Stephens@anchorboltcapital.com

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

**March 29, 2019**

This Brochure Supplement provides information about Anchor Bolt Capital, LP (“Anchor Bolt”) that supplements the Anchor Bolt Brochure. Please contact Sean Stephens, Chief Compliance Officer, at (312) 477-2700 if you did not receive Anchor Bolt’s Brochure or if you have any questions about the contents of this supplement.

Capitalized terms used but not defined in this Brochure Supplement have the meanings ascribed to them in the Brochure.

Additional information about Anchor Bolt is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



**Robert L. Polak**

Year of Birth: 1973

Chief Executive Officer and Chief Investment Officer

444 West Lake Street

Suite 4400

Chicago, IL 60606

(312) 477-2700

**Item 2 – Educational Background and Business Experience**

Mr. Polak is the Founder of Anchor Bolt and has served as the Chief Investment Officer since its formation November 2011. Prior to founding Anchor Bolt, Mr. Polak was a portfolio manager at Citadel Investment Group where he ran the Global Industrials Equity business from February 2005 to April 2010. Prior to his role at Citadel, Mr. Polak worked as a buy-side analyst at Copper Arch Capital in New York from 2001 to 2004 and at NWQ Investment Management in Los Angeles from 1997 to 1999, where he primarily followed industrial and energy-related companies. Mr. Polak began his career in investment banking in 1995 at Salomon Brothers.

Mr. Polak received a Bachelor of Arts in Economics from University of California, Los Angeles and holds a Master of Business Administration from Columbia Business School.

**Item 3 – Disciplinary Information**

There are no disciplinary events material to an investor's evaluation of Mr. Polak.

**Item 4 – Other Business Activities**

Mr. Polak is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

**Item 5 – Additional Compensation**

Mr. Polak does not receive an economic benefit for providing advisory services, other than the compensation received by Anchor Bolt.

**Item 6 – Supervision**

Mr. Polak is supervised for compliance matters by Anchor Bolt's Chief Financial and Compliance Officer, Sean Stephens, (312) 477-2700.

**Sean J. Stephens**

Year of Birth: 1977

Chief Financial Officer and Chief Compliance Officer

444 West Lake Street

Suite 4400

Chicago, IL 60606

(312) 477-2700

**Item 2 – Educational Background and Business Experience**

Since its formation in November 2011, Mr. Stephens has been the Chief Financial Officer and Chief Compliance Officer of Anchor Bolt. Mr. Stephens was previously the chief financial officer at Aragon Global Management, LLC from 2006 until 2011, during which time he oversaw all non-investment related responsibilities. Prior to Aragon, from 2005 to 2006, Mr. Stephens worked as a senior financial analyst for PepsiCo Chicago where he reported to the chief financial officer. Mr. Stephens began his career in 2000 in the Investment Management Division of Morgan Stanley & Co.

Mr. Stephens holds a Bachelor of Science in Finance from Rutgers University and a Masters of Business Administration from the University of Chicago Booth School of Business. Mr. Stephens is a Certified Public Accountant (“CPA”). In order to become a CPA in the United States, the candidate must sit for and pass the Uniform Certified Public Accountant Examination established by the American Institute of Certified Public Accountants (AICPA). Eligibility to sit for the Uniform CPA Exam is determined by individual State Boards of Accountancy and typically includes a minimum number of qualifying credit hours in accounting and business administration plus one additional year of study. Specific licensing and certification requirements beyond the uniform CPA examination are set by each state’s laws and may vary from state to state. Typical state requirements include an experience component, an ethics component and a continuing professional education component, which must be fulfilled to maintain the CPA license.

**Item 3 – Disciplinary Information**

There are no disciplinary events material to an investor’s evaluation of Mr. Stephens.

**Item 4 – Other Business Activities**

Mr. Stephens is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

**Item 5 – Additional Compensation**

Mr. Stephens does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by Anchor Bolt.

## **Item 6 – Supervision**

Mr. Stephens is supervised by Anchor Bolt's Founder and Chief Investment Officer, Robert Polak, (312) 477-2700.

**Robert Schwab**

Year of Birth: 1984

Director of Marketing and Head of Investor Relations

444 West Lake Street

Suite 4400

Chicago, IL 60606

(312) 477-2700

**Item 2 – Educational Background and Business Experience**

Mr. Schwab became the Director of Marketing and Head of Investor Relations of Anchor Bolt in 2019. Prior to joining Anchor Bolt, Mr. Schwab worked at Och-Ziff Capital Management where he was a member of investor relations and marketing team from 2013 to 2017. Previously, Mr. Schwab worked as an associate at Hatteras Funds from 2011 until 2013. Mr. Schwab also worked at Goldman Sachs & Co. and Putnam Investments.

Mr. Schwab received a Bachelor of Arts in Political Science from College of the Holy Cross.

Mr. Schwab is a Chartered Alternative Investment Analyst (CAIA). The CAIA designation, recognized globally, is administered by the Chartered Alternative Investment Analyst Association and requires a comprehensive understanding of core and advanced concepts regarding alternative investments, structures and ethical obligations. To qualify for the CAIA designation, finance professionals must pass a self-directed, comprehensive course of study on risk-return attributes of institutional quality alternative assets and complete both the Level I and Level II CAIA examinations. The CAIA examinations are administered in a computerized format at proctored test centers around the world. To qualify for membership, individuals are required to have met prerequisites of at least one year of professional experience and a U.S. bachelor's degree or its equivalent, or four years of professional experience. Professional experience includes full-time employment in a professional capacity within the regulatory, banking, financial, or related fields. Once a qualified candidate completes the CAIA program, he or she may apply for CAIA membership and the right to use the CAIA designation, providing an opportunity to access ongoing educational opportunities.

**Item 3 – Disciplinary Information**

There are no disciplinary events material to an investor's evaluation of Mr. Schwab.

**Item 4 – Other Business Activities**

Mr. Schwab is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

#### **Item 5 – Additional Compensation**

Mr. Schwab does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by Anchor Bolt.

#### **Item 6 – Supervision**

Mr. Schwab is supervised for compliance matters by Anchor Bolt's Chief Financial and Compliance Officer, Sean Stephens, (312) 477-2700.

**Paritosh Batra**

Year of Birth: 1983  
Director of Research  
444 West Lake Street  
Suite 4400  
Chicago, IL 60606  
(312) 477-2700

**Item 2 – Educational Background and Business Experience**

Mr. Batra joined Anchor Bolt in 2012 and was promoted to Director of Research in 2017. Prior to joining Anchor Bolt, Mr. Batra was an analyst at SAC Capital in New York responsible for the Capital Goods and Transportation Sectors. Prior to SAC, Mr. Batra worked with Mr. Polak at Citadel Investment Group for five years and helped to manage the Capital Goods Portfolio. Mr. Batra has also held roles at Morgan Stanley and Alderman & Company.

Mr. Batra holds a BA in Finance and Accounting from NYU Stern School of Business where he graduated Magna Cum Laude. He was a member of Beta Gamma Sigma and the Stern Scholars Program as well as the recipient of the Honor Key and the Stern Hall of Fame.

**Item 3 – Disciplinary Information**

There are no disciplinary events material to an investor's evaluation of Mr. Batra.

**Item 4 – Other Business Activities**

Mr. Batra is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

**Item 5 – Additional Compensation**

Mr. Batra does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by Anchor Bolt.

**Item 6 – Supervision**

Mr. Batra is supervised for compliance matters by Anchor Bolt's Chief Financial and Compliance Officer, Sean Stephens, (312) 477-2700.