

ITEM 1: COVER PAGE

ZBS Partners, LLC

**123 E 70th Street
New York, NY 10021**

**Part 2A of Form ADV
(The “Brochure”)**

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<https://www.zbspartners.com/>**

March 18, 2024

This Brochure provides information about the qualifications and business practices of ZBS Partners, LLC (“ZBS”, the “Adviser”, “us” or “our”) If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Josh Funk (the “CCO”), at (651) 503-7768 or josh@zbspartners.com. The information contained herein has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The Adviser is registered as an investment adviser with the SEC. Registration with the SEC or any other regulatory authority does not imply a certain level of skill or training.

Additional information about the Adviser can also be found on the SEC’s website at: www.adviserinfo.sec.gov.

THIS BROCHURE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.

ITEM 2: MATERIAL CHANGES

There have been no material changes to this Brochure since the Adviser's most recent Form ADV filing on May 5, 2023.

Our current and future investors are encouraged to read this Brochure, as well as all of the governing documents applicable to their current or prospective investment, in their entirety.

To receive a current copy of this Brochure free of charge, please contact the us by telephone (651) 503-7768 or by e-mail at josh@zbspartners.com.

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ITEM 4: ADVISORY BUSINESS

ZBS Partners, LLC, a Delaware limited liability company founded in 2020 with its principal place of business in New York, New York, is an investment management company which, directly and through its affiliates and subsidiaries provides investment management and advisory services to a series of private funds (each a “Fund” or a “Client” and collectively, including any future pooled investment vehicle for which ZBS may serve as an investment adviser, the “Funds”, “Clients” or “Client Accounts”). Nicholas “Jake” Sloane and Linfu “Frank” Zhang principally own and hold controlling interests in ZBS and are the Adviser’s Co-Founders and Managing Members.

ZBS pursues equity investments primarily in the private capital markets in the U.S., focusing on buy-and-build investment platforms in highly fragmented and resilient growth industries that exhibit simple business models, benefits of scale and precedent successes. The Adviser follows the investment strategies and guidelines, however, the Adviser retains broad flexibility to invest on behalf of its Clients as specified in each Funds’ Offering Documents (as defined in Item 5 below). The Adviser does not tailor its investment advice to match the needs of any investor in a Fund (collectively, “Investors”).

As of December 31, 2023, ZBS has approximately \$727,962,353 in regulatory assets under management on a discretionary basis.

ITEM 5: FEES AND COMPENSATION

For certain Clients, ZBS generally charges management fees of up to 1.5% of Client assets annually. Management fees are payable quarterly in arrears, deducted directly from Client Accounts. Investors are generally not eligible for partial refunds in the case of early withdrawals or redemptions, but specific details are set forth in each respective Client’s limited partnership agreement, limited liability company operating agreement and/or private placement memoranda (collectively, “Offering Documents”).

ZBS’ Investors may also be charged performance-based fees. Performance-based fees are drawn from Client Accounts either in the form of an incentive fee or a profit allocation (sometimes referred to as “carry” or “carried interest”) and are generally paid either to a ZBS affiliate or subsidiary. Specific details regarding any performance-based fees are set forth in each respective Client’s Offering Documents.

Fees for advisory services are negotiable. The Adviser, in its sole discretion, may waive or modify the management fee and the performance fees for Investors that are members, employees or affiliates of the Adviser, relatives of such persons, and for certain large, strategic or other Investors.

In addition, the Adviser or its affiliates does not currently, but may in the future receive transaction fees, structuring fees, consulting fees, commitment fees, monitoring fees (including termination fees), directors’ fees (including fees derived from a position with similar status or function in respect of a limited liability company), break-up fees, success fees, advisory fees, syndication fees or similar fees, or salaries, which generally are paid for by portfolio companies. Certain of these aforementioned fees, to the extent existent, may offset future management fees paid by the Clients.

Other Costs

Clients also generally incur organizational costs, as well as all costs and expenses with respect to the actual or proposed acquisition, financing, holding, monitoring, or disposition of investments in portfolio investments, whether such investments are ultimately consummated or not, including due diligence costs, broken deal expenses, brokerage commissions, bank service fees, fees and expenses of custodians, consultants, experts, travel and entertainment expenses incurred for investment-related purposes, outside

legal counsel, consultants and accountants, financing costs (including interest expenses), costs of insurance (including liability insurance). Further, Clients generally bear the costs of accounting, valuation, administration, tax and reporting functions for the Client and any litigation. To the extent applicable, Clients may incur third-party brokerage commission and other transaction costs, as explained in further detail in the **Brokerage Practices** section below.

In all cases, details concerning applicable fees and expenses are set forth in each respective Client's Offering Documents.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in **Fees and Compensation** above, ZBS may charge performance-based fees.

Side-by-Side Management and Allocation Policy

The Adviser's receipt of performance fees is intended to align the Adviser's interests with those of the Funds and to provide the Adviser with a greater incentive to manage assets well. The nature of the performance fee, however, creates a potential conflict of interest among the Adviser, its associated persons, and its Clients. Specifically, performance-based compensation may create an incentive for ZBS to cause a Client to make investments that are riskier and more speculative than it would otherwise make. Further, because ZBS has multiple Clients, at times it may need to allocate investment opportunities of limited availability across its Client Accounts. In such situations, some accounts may offer higher management and performance-based fee potential than others. ZBS has an incentive to favor accounts for which it receives higher performance-based fees since it may receive a greater profit if the investment generates a positive return.

To ensure equitable treatment of all Clients irrespective of such fee considerations, ZBS has adopted an investment allocation policy that sets out the criteria for determining allocations, the most important of which are investment objective and strategy, existing portfolio composition and available liquidity.

ITEM 7: TYPES OF CLIENTS

As discussed in the **Advisory Business** section above, ZBS provides investment management services to private fund Clients, which in turn are offered exclusively to sophisticated investors.

Generally, the Clients do not have a stated minimum investment amount. ZBS has the discretion to waive minimum investment requirements for investment in the Clients and has done so in the past.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

ZBS provides investment management services to its Clients. The Adviser's strategy with respect to its current Clients is to pursue buy-and-build investment platforms in highly fragmented and resilient growth industries that exhibit simple business models, benefits of scale and precedent successes, where the firm believes it can achieve attractive risk-adjusted rates of return on invested capital. Current portfolio companies include businesses within the mechanical services industry (including, but not limited to, commercial and residential providers of heating, ventilation, and air conditioning services and businesses ancillary thereto such as plumbing and fire safety).

This strategy involves a number of material risks, including, but not limited to: the lack of a liquid public market for investments and therefore a restricted ability to sell positions; the severe restriction on the ability of Investors in the Funds to withdraw or redeem their capital; and the ability of ZBS and its investment

professionals to correctly identify and assess good investment opportunities, particularly given the often early stage of development of the businesses invested in, their frequent need for additional capital and the often rapidly shifting dynamics and intense competition that characterize the industries in which they operate.

Additional material risks specifically applicable to ZBS' investment strategy and securities its Funds' invest in include, but are not limited to:

Risks Associated with Portfolio Investments. Identifying and participating in attractive investment opportunities and assisting in the building of successful young/emerging enterprises is difficult. Investments in such companies may involve greater risks than generally are associated with investments in more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Start-up enterprises may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of a Client's entire investment therein. There is no assurance that the Fund's investments will be profitable and there is a substantial risk that the Fund's losses and expenses will exceed its income and gains. Any return on investment to the limited partners will depend upon successful investments made on behalf of the Fund by the manager. There often will be little or no publicly available information regarding the status and prospects of portfolio companies.

Reliance on Key Persons. The operations of any Client are dependent on ZBS, and the operations of ZBS depends in substantial part on the services of the Managing Members and other investment professionals. There can be no assurance that these Managing Members and investment professionals will continue to be associated with ZBS throughout the life of the Clients. In addition, the Managing Members, investment professionals and others within ZBS devote their time and attention to ZBS and various investments and activities, which includes the activities of the Clients and the existing investments. While the Managing Members and certain investment professionals will devote such time as they believe is reasonably required to the Clients, the composition of the team dedicated to a Client may change from time to time without notice to the Investors. Accordingly, the make-up of the Managing Members and the pool of investment professionals with responsibility for the investment strategy of the Clients may evolve over time. The loss of key personnel could have a material adverse effect on a Client's ability to realize its investment objectives.

Reliance Upon Portfolio Company Management. Although the manager may seek representation on the board of directors of portfolio companies or otherwise provide management and strategic planning assistance, the Fund may not have an active role in the day-to-day management of such companies. The success of the portfolio companies will depend in substantial part upon the skill and expertise of the portfolio company managers. The returns of the Fund will depend in large part on the performance of these unrelated individuals and could be substantially adversely affected by the unfavorable performance of a small number of such individuals.

Concentration of Investments. The Clients hold relatively few investments. Accordingly, the Clients could be subject to significant losses if it holds a large position in a particular investment that declines in value.

Conflicts of Interest. The Funds will be subject to various potential conflicts of interest. For example, affiliates of the Adviser do not currently, but may in the future, receive directors' fees or similar compensation from portfolio companies. While such fees may in the future trigger an offset of the management fee under the applicable Client agreement (pursuant to which management fees payable to the management company by the Fund may be reduced as an offset against fees received by the manager or its

members from portfolio companies), there is no assurance that the Fund will economically benefit from any particular portfolio company fees received by the manager or its members.

Equity Securities. The Clients may invest in common stock and other equity securities. Equity securities generally involve a high degree of risk and will be subordinate to the debt securities and other indebtedness of the issuers of such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. In some cases, the issuers of equity securities may be highly leveraged or subject to other risks such as limited product lines, markets or financial resources. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or that are rumored to be subject to accounting irregularities. The Clients may experience a substantial or complete loss on individual equity securities.

Risk of Absence of Exit Opportunity. Investments are subject to the risk that the relevant Fund will be unable to dispose of such investments by sale or other disposition at attractive prices or otherwise be unable to complete a realization or an “exit” strategy. The investments made by the Fund will be in securities for which there is no public market. The Fund may also be prohibited by contractual or legal requirements from selling such securities for a period of time, or the investments themselves may be of such a type as to require a substantial length of time to liquidate.

Valuation of Investments. The Fund’s investments will consist of investments in privately held companies and will be difficult to value. There will be no readily available market for most of the Fund’s investments. Valuations are generally subjective in nature and as such, the valuation of such investments may vary from similar valuations performed by independent third parties for similar types of securities or assets. The value of the Fund’s investments may also be affected by changes in accounting standards, policies or practices. Due to a wide variety of market factors and the nature of certain securities and assets to be held by the Fund, there is no guarantee that the value determined by the manager will represent the value that will be realized by the Fund on the eventual disposition of the investment or that would be realized upon an immediate disposition of the investment.

Investments Longer than Term. The Clients may make investments that, due to various reasons, may not be capable of an advantageous disposition prior to the winding up of a Client, either following the expiration of the Client’s term or otherwise or that may benefit from longer term ownership. Although ZBS and/or its affiliates expect that investments will generally be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, a Client may consider various mechanisms to benefit from such long-life assets, in addition to seeking to sell, distribute in kind or otherwise dispose of such investments (including to one or more continuation vehicles, if applicable) within the Client’s term.

Board Participation. The Clients expect to be represented on the boards of directors of certain portfolio companies or have their representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to a Client’s investment strategy and may enhance the Adviser’s and its affiliates’ ability to manage the Client’s investments, they may also have the effect of impairing the Adviser’s ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject the Adviser, its affiliates, and the Client to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Clients will indemnify the Adviser, its affiliates and their representatives from such claims. In addition, simultaneous service on the boards of potentially competing companies may be subject to governmental or regulatory scrutiny. If the Adviser or any of its affiliates are unable to serve on certain boards of directors, or as observers to the boards of certain portfolio companies, this may impair the Adviser’s and its affiliates’ ability to manage a Client’s investments.

Liquidity Pressure from Midsized or Regional Banks. As a result of increasing interest rates, reserves held by banks and other financial institutions in bonds and other debt securities could face a significant decline in value relative to deposits and liabilities which, coupled with general economic headwinds resulting from a changing interest rate environment, creates liquidity pressures at such institutions. This pressure may be greater for midsized or regional banks that have less diversified customer bases or whose customer bases are concentrated in certain industries, as evidenced by the bank runs on the Silicon Valley Bank Financial Group (“SVB”) and on Signature Bank (“Signature”) causing them to be placed into receivership. Because of the nature of the Fund’s portfolio companies, there is a risk that they will have exposure to midsized or regional banks that face liquidity pressure. As a result of this environment, certain sectors of the credit markets could experience significant declines in liquidity, and it is possible that the Fund will not be able to manage this risk effectively. It is yet to be determined how the bank runs on SVB and Signature will fully impact other financial instruments and broader economy, as well as the overall performance of the Fund and one or more of its investments.

Financing Arrangements; Availability of Credit. The use of leverage may be a significant portion of ZBS’ strategies, and a Client may depend on the availability of credit under certain circumstances in order to finance its portfolio. There can be no assurance that a Client will be able to maintain adequate financing arrangements under all market circumstances, nor that the level of available financing will, in general, be able to support sufficient merger activity for a Client to have a realistic opportunity to achieve its objectives.

ITEM 9: DISCIPLINARY INFORMATION

The Adviser has no legal or disciplinary events to disclose.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

ZBS is not registered, and does not have an application to register, as a broker-dealer, a registered representative of a broker-dealer, a Futures Commission Merchant (“FCM”), a Commodity Pool Operator (“CPO”), or a Commodity Trading Advisor (“CTA”).

The managing member of certain of the Funds, ZBS Mechanical, LLC, was formerly an exempt reporting adviser with the SEC and has since delegated its investment authority to the Adviser.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

ZBS maintains a code of ethics (the “Code”) which includes policies regarding the trading of securities in personal brokerage or similar accounts by its principals and employees. The code does not restrict ZBS principals, members and employees from maintaining or trading in such accounts but establishes that any activity that either abuses confidential knowledge about Client Accounts or attempts to profit at their expense is considered an abuse of the foundation of trust upon which ZBS’s business is built and is strictly prohibited. All ZBS employees are required to submit initial and annual reports on all covered securities holdings transactions in accounts controlled either directly or indirectly, as well as quarterly transaction reports. Submitted reports are reviewed by the CCO, or his delegate. Employee trading is monitored in order to reasonably detect and prevent violations. Violations of the code of ethics policy are punishable by sanctions including fines and termination of employment.

A copy of ZBS’s Code is available by contacting the CCO at the number or address listed on the cover of this Brochure.

Conflicts of interest may occur when ZBS, or its related persons, including the manager of the Funds, invest in the same securities, trade in the same securities at or about the same time, or have a material financial interest in the same securities that ZBS recommends to its Funds. For example, ZBS and its related persons may invest their personal funds in the Funds, and, therefore, such persons may hold an indirect interest in the same securities as other Investors in the Funds. In addition, certain employees of ZBS may own securities in their personal capacities that are also recommended by ZBS to its Funds. ZBS has established procedures within the Code and a personal trading policy, intended to limit conflicts of interest in cases where ZBS, a related person or any employee, buys, sells or otherwise has an interest in, securities recommended by ZBS to its Funds, when applicable.

ITEM 12: BROKERAGE PRACTICES

Although not currently applicable given the Funds' investment strategy, to the extent the Funds engage in investments involving broker-dealers in the future, ZBS has discretion over the selection of brokers used for securities transactions in its Funds' accounts, and its selection of brokers will take into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order, aggregation, and/or difficulty of execution; the financial strength, integrity and stability of the broker; ZBS' risk in positioning a block of securities; the quality, comprehensiveness and frequency of available brokerage and research products and other services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the other selection criteria.

Currently, ZBS has no formal soft dollar arrangements in place.

Brokerage for Client Referrals

To the extent applicable, ZBS has the discretion to direct some Client Account brokerage business to brokers who refer Investors to its Funds. Because such referrals, if any, are likely to benefit ZBS but will provide an insignificant (if any) benefit to the Client, ZBS will have a conflict of interest with its Clients when allocating Client Account brokerage business to a broker who has made such referrals. To prevent Client Account brokerage commissions from being used to pay referral fees, ZBS will not allocate Client Account brokerage business to a referring broker unless it has been determined in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Client Account.

Transactions Across Clients

ZBS, in its discretion, may deem it to be in the best interests of its Funds to reallocate or "cross" securities transactions between Funds. ZBS maintains policies and procedures intended to limit the potential conflicts of interest inherent in these transactions. Cross transactions will only be effected if they are deemed to be in the best interests of the particular clients involved and will be conducted in compliance with such policies and procedures and applicable law.

ITEM 13: REVIEW OF ACCOUNTS

Client accounts are reviewed by the Adviser's managing members on either a daily, monthly or quarterly basis, depending on activity in the account and the frequency of Client reporting. Investors in each Client will receive written reports as described in that Client's relevant Offering Documents.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

This Item does not apply, as ZBS receives no economic benefit from non-Clients for providing investment advice or other advisory services to Clients, and does not compensate any person for Client referrals.

In addition, supervised persons of the Adviser currently, and may in the future, provide certain services to private entities, which may include service on the board of directors or other committees of portfolio companies or other entities, or being engaged as an independent contractor. Fees or other economic benefits may be received in connection with such services, which may be paid directly or indirectly to a Client or retained by the supervised person or the Adviser.

ITEM 15: CUSTODY

ZBS will comply with the requirements of the Rule 206(4)-2 of the Investment Advisers Act of 1940 (“Custody Rule”) with regards to custody of assets of the Clients. The Custody Rule imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). An investment adviser is deemed to have custody if it or its affiliate serves as a managing member to a client of ZBS. ZBS is considered to have custody of Client assets as a result of fee payments or the service of its affiliates as managing member to the Clients. Actual custody of Client assets, however, is at a qualified custodian. ZBS will provide audited financial statements to the Clients, prepared in accordance with US GAAP, to all investors in its Clients within 120 days after such Fund’s fiscal year end. The Adviser urges its investors in the Clients to carefully review all statements and reports they receive and whenever possible to compare the same or similar information on different reports. The Adviser also urges its Clients, including investors in the Clients, to compare any reports received from the Adviser with reports received from third-party administrators, auditors, and/or custodians. Management personnel will be available to assist in reviewing and understanding any such reports.

ITEM 16: INVESTMENT DISCRETION

As an investment adviser, ZBS generally has discretionary authority over Client Accounts to determine securities bought and sold, among other things. Such authority is established through the subscription documents and/or investment management agreements. The specific terms of the scope of such investment discretion are detailed in the relevant Fund’s Offering Documents.

ITEM 17: VOTING CLIENT SECURITIES

Owing to the nature of its Clients’ investments, the Adviser generally does not vote Client securities.

To the extent the Adviser is delegated proxy voting authority on behalf of its Clients, ZBS has adopted a proxy voting policy pursuant to SEC rule 206(4)-6 that is guided by its fiduciary responsibilities and commits its principals and employees to vote in a manner which is believed to do the most to maximize shareholder value and to never prioritize unrelated objectives. If a material conflict of interest between the Adviser and the Funds exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Funds or take some other appropriate action. Proxy votes are reviewed by the CCO or his delegate for adherence to this policy, and a copy of both the policy and proxy voting record is available by contacting the CCO at the number or address listed on the cover of this Brochure.

ITEM 18: FINANCIAL INFORMATION

ZBS does not require or solicit prepayment of more than \$1,200 in fees per Client, six or more months in advance. ZBS has no financial condition to disclose that is reasonably likely to impair its ability to meet contractual commitments to its Clients. Additionally, ZBS has not been the subject of a bankruptcy petition during the past ten years.