



## **FIRM BROCHURE**

**FOR**

# **BCK CAPITAL MANAGEMENT, LP**

a Delaware, U.S.A limited partnership

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Part 2A of Form ADV: Firm Brochure

**March 28, 2024**

**This brochure provides information about the qualifications and business practices of BCK Capital Management, LP (“BCK Capital” or “BCK”). If you have any questions about the contents of this brochure, please contact us by telephone at (203) 989-9664 or by email to [povers@bckcapital.com](mailto:povers@bckcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about BCK Capital Management, LP is also available on the SEC’s website at <https://adviserinfo.sec.gov>.**

**Although this document may refer to BCK Capital Management, LP as “registered” or a “registered investment adviser,” registration does not imply a certain level of skill or training.**

## **ITEM 2: MATERIAL CHANGES**

This Brochure, dated March 28<sup>th</sup>, 2024, amends the Brochure dated March 27<sup>th</sup>, 2023. There are no material changes.

BCK routinely makes changes throughout its brochure in an effort to improve and clarify the description of its business practices and compliance policies and procedures or in response to evolving industry and Firm practices.

We encourage all recipients to read this brochure carefully in its entirety.

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#### ITEM 4: ADVISORY BUSINESS

BCK Capital Management, LP (“**BCK Capital**”, “**BCK**” or the “**Firm**”) is a Delaware limited partnership formed in September 2015 with its principal place of business located at 1010 Washington Boulevard, 7<sup>th</sup> Floor, Stamford, Connecticut 06901. The principal owner of BCK is Mr. Wayne Yu. Mr. Yu has overall responsibility for the day-to-day supervision and management of BCK’s business.

BCK Capital is a hedge fund manager offering investment advisory services to pooled investment vehicles, a segregated portfolio company and a separately managed account, each a (“**Client**” and collectively the “**Clients**”).

The pooled investment vehicles are primarily structured as master-feeder relationships, whereby the feeder funds invest substantially all their assets in the respective master funds (each a “**Fund**” and collectively, the “**Funds**”).

The Funds include:

- BCK Capital Master Fund, Ltd., a Cayman Islands exempted company (“**BCK Master Fund**”), BCK Capital Onshore Fund, LP, a Delaware limited partnership (“**BCK Domestic Feeder Fund**”) and BCK Capital Offshore Fund, Ltd., a Cayman Islands exempted company (“**BCK Offshore Feeder Fund**”), collectively the “**BCK Funds**”; and
- BCK Charter Oak Capital Master Fund, Ltd., a Cayman Island exempted company (“**Charter Oak Master Fund**”), BCK Charter Oak Onshore Fund, LP; a Delaware limited partnership (“**Charter Oak Domestic Feeder Fund**”) and BCK Charter Oak Offshore Fund, Ltd, a Cayman Islands exempted limited company (“**Charter Oak Offshore Feeder Fund**”), collectively the “**Charter Oak Funds**”

Lastly, BCK provides investment advisory services to a separately managed account (“**SMA**”).

The general partner of the BCK Funds is BCK Capital GP LLC, a Delaware limited liability company and affiliate of BCK Capital. The general partner of the Charter Oak Funds is BCK Charter Oak GP LLC, a Delaware limited liability company and affiliate of BCK Capital. Each is a (“**General Partner**” and collectively the “**General Partners**”).

Each respective domestic feeder fund and offshore feeder fund invests its assets through a “master feeder” fund structure in the respective master fund. The Funds are managed in accordance with their own investment objectives as set forth in the relevant governing and offering documents of the Funds (each, a “**Fund Document**” and collectively, the “**Fund Documents**”). Investment objectives are not tailored to any particular private fund investor (each, an “**Investor**”). Interests in the Funds are only offered to certain “accredited investors” as define in Rule 501 of Regulation D under the Securities Act of 1933 (“**Securities Act**”), as amended, and “qualified purchasers” as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940 (“**Advisers Act**”), as amended.

In addition, BCK serves as a sub-advisor and has trading authority only for an SMA which is managed in accordance with the investment guidelines as outlined in the sub-advisory agreement

between BCK and the investment manager of the SMA assets. An affiliate of BCK, BCK ES LLC, is a special limited partner in the SMA, and as such is required to maintain a negotiated minimum balance, at all times, as stipulated in the SMA. The sub-advisory agreement collectively with the Fund Documents will herein be referred to as the (“**Governing Documents**”).

BCK participates in a Buyside Program (“**Buyside Program**”) arrangement whereby BCK provides a limited number of selected trade ideas to another unaffiliated buyside firm via a secure platform on a quarterly basis. It is at the sole discretion of the Buyside Program, to use or not use recommendations submitted by BCK.

BCK directs the investment program of the Clients on a discretionary basis to achieve an investment objective of maximizing risk-adjusted returns by investing primarily in equities and equity-related instruments through an event driven investment strategy, as described further in *Item 8: Method of Analysis, Investment Strategies and Risk of Loss*. BCK manages each Client’s portfolio in accordance with the investment objectives as detailed in the Governing Documents. BCK Capital conducts its own fundamental research on a wide range of companies to determine their qualification for initial and continuing investment by the Funds.

BCK Capital provides portfolio advisory and management services to the Funds based on the investment objectives of the Funds and not based on the criteria or investment objective of any individual investor in the Funds.

BCK Capital does not participate in wrap fee programs.

As of December 31, 2023, BCK Capital had approximately \$193,484,765 of regulatory assets under its management in the Funds, all of which is managed on a discretionary basis. BCK does not manage any assets on a non-discretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

Each Client’s Governing Documents set forth the specific fees and other material terms regarding an investment in the Funds or SMA. The Funds offer interests or shares (depending upon the Fund) in various share classes (Series A or Series F), the only distinctions between the Series A and Series F are that they are subject to different management fees, incentive allocations and capacity rights as further discussed in the Governing Documents.

All Investors in the BCK Funds and Charter Oak Funds generally pay a management fee to BCK depending on the Series in which they invested. Series F shares are subject to additional capacity options and charge a management fee which ranges up to 1.5% in the BCK Funds and 1.25% in the Charter Oak Funds subject to an Investor’s capital commitment. Series A shares are subject to a 2% management fee on an Investor’s capital commitment in either of the BCK Funds or Charter Oak Funds. The management fee for the Funds is assessed at the feeder fund level and is charged on a pro-rated monthly basis, in advance, based on the net assets attributable to each of the investor’s account. Investors pay the management fee on the first day of each month. Investors may request a redemption from a Fund upon 45 days’ written notice. Withdrawals from the Funds are generally

allowed on the last business day of each calendar quarter. BCK, in its sole discretion, may waive or modify the management fee or redemption terms.

The SMA is structured as a first loss platform arrangement with BCK ES, LLC as the special limited partner, and as such, does not pay management fees.

BCK receives annual incentive-based allocations from each investor in the Funds. This incentive-based compensation is tracked and payable at the BCK and or Charter Oaks Master Fund level with respect to all investors. Depending on the particular class of shares or series of interests, incentive-based allocations range from 10% to 20% calculated on a basis that includes realized and unrealized appreciation of assets, subject to a loss carryforward, with adjustments made for fees and expenses (including management fees). These incentive-based allocations are more fully described in *Item 6: Performance-Based Fees and Side-by-Side Management*.

For its participation in the Buyside Program, BCK receives an annual flat fee per contributing BCK employee pursuant to the approval of the Buyside Program.

Through the BCK Funds, each investor indirectly pays for its share of all costs and expenses, including but not limited to, legal, compliance (including expenses relating to compliance or regulatory filings, administrator, audit and accounting expenses (including third-party accounting services and accounting software), organizational expenses, investment expenses (commissions, research fees and expenses including research-related travel), Bloomberg and similar subscriptions and data services, trading related technology software costs, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, bank service fees, insurance costs (including D&O and E&O), additional Fund related pro-rata expenses as determined by BCK and allocated on a good faith basis.

Expenses for the Charter Oak Funds are similar to the BCK Funds however, the Governing Documents for Charter Oak Funds allow for an annual “Expense Cap” of .75% of the average of the net asset value of the Charter Oak Master Fund. There are certain exclusions to the calculation, such as management fees and investment financing fees. Additional information regarding fee and expense arrangements are detailed in the Governing Documents.

BCK maintains an expense allocation policy that guides expense allocation in an equitable manner. The expense allocation is reviewed by the Chief Compliance Officer on an ongoing basis.

The SMA is allocated a pro-rata share of research related expenses.

BCK has determined an expense allocation methodology to allocate certain research-related expenses to the Buyside Program.

Neither BCK nor its principals, executive officers or employees accept commissions or other compensation for the sale of shares or interests in the Funds or in connection with the purchase or sale of any securities for the Funds.

BCK has the discretion to waive management fees for employees and other related or affiliated persons invested in any Client. However, such employees and other related or affiliated persons are responsible for their pro-rata share of expenses.

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

As “accredited investors” under the Securities Act and “qualified clients” under the Advisers Act, investors are typically charged an incentive- allocation (the “**Incentive Allocation**”). The Incentive- Allocation for the Funds is based on a sliding scale ranging from 10-20% depending on the limited partnership series (Series A and Series F) Investors are invested in. The Incentive Allocation is subject to a loss carryforward, and includes net profits calculated on both realized and unrealized gains and losses on investments, with adjustments made for fees and expenses (including the exclusion of management fees and financing fees).

For the BCK Funds, the Incentive Allocation ranges from 10%-20% on a sliding scale, i.e., the higher the net asset value of the BCK Master Fund, the lower the Incentive Allocation percentage, but not lower than 10% for Series F interests, and 20% of Series A interests.

For the Charter Oak Funds, the Incentive Allocation ranges from 15%-20% on a sliding scale, i.e., the higher the net asset value of the Charter Oak Master Fund, the lower the Incentive Allocation percentage, but not lower than 15% for Series F interests, and 20% of Series A interests. Additional information regarding the Incentive Allocation is described in the Funds’ Governing Documents.

For the SMA, BCK ES, LLC, the special limited partner is entitled to receive a monthly specified percentage performance-based allocation of the SMA’s net gain subject to a recovery calculation of losses as specified in the SMA Governing Documents.

The Incentive Allocation is payable to the respective General Partner and its designees, as holders of certain allocation class shares of the BCK and/or Charter Oak Master Funds.

The existence of the Incentive Allocation could theoretically incentivize BCK to manage the Funds’ portfolios in a more aggressive, risky manner; however, BCK attempts to minimize this risk by ensuring that it is managing the Funds’ portfolio in accordance with the Funds’ stated investment objectives. In addition, the Incentive Allocation received by BCK is based on both realized and unrealized gains and losses. As a result, the Incentive Allocation earned could be based on unrealized gains that Investors may never realize.

BCK has adopted policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple Clients, including Clients with different fee arrangements and the allocation of investment opportunities. BCK will review investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. It is the BCK’s general policy to trade the portfolios of all Clients on a *pari passu* basis based on relative capital (subject to the use of leverage in the portfolios of certain Clients). However, allocations may be made on a basis other than pro rata for a number of reasons, including, but not limited to: a Client’s investment guidelines and restrictions; available cash; liquidity requirements; tax or legal reasons.

## ITEM 7: TYPES OF CLIENTS

BCK provides portfolio advisory and management services solely to the Funds based on their investment objectives and not based on the criteria or investment objectives of any individual investor of the Funds. Interests in the Funds may be purchased only by individuals and entities who are “**accredited investors**” as defined in Regulation D promulgated under the Securities Act of 1933 (“**1933 Act**”) and “**qualified clients**” (as defined in Rule 205-3 of the Investment Advisers Act of 1940), or “**knowledgeable employees**” as identified in the Investment Company Act of 1940 (“**1940 Act**”). These may include other private funds, public and private pension funds, financial institutions, insurance companies, high net worth individuals and family offices. Additionally, the BCK Funds and Charter Oak Funds each have a minimum investment requirement of \$2,000,000 for investors, although this minimum may be waived or reduced by the General Partner as provided in the Governing Documents of each fund.

The SMA has an institutional investor.

## ITEM 8: METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### INVESTMENT STRATEGY

BCK’s objective is to achieve positive, absolute returns that exhibit limited correlation to market indices. BCK aims to achieve this objective by investing in equity and equity-related securities on the basis of identifiable, near-term corporate events while hedging out industry, sector, and market risk as necessary.

The Fund invests in publicly traded securities of companies across the globe on the basis of identifiable catalysts. These catalysts tend to be actual or anticipated changes in a company’s circumstances, such as mergers and acquisitions, major litigations, changes in company structure (e.g., divestments, spin-offs and restructurings), or changes in the political or regulatory environment. The Fund divides its investment strategy into three portfolios:

- The Spread Risk Arbitrage portfolio comprises traditional merger arbitrage positions in which the Fund aims to profit from merger spreads collapsing as deals approach completion.
- The M&A-Related Special Situations portfolio comprises differentiated investments in merger-linked situations, including alpha shorts, post-merger situations, merger-related litigation situations, hostile situations, pre-deal situations and competitive bidding situations.
- The open-ended, Special Situations portfolio comprises investments in companies undergoing material change and is managed in a beta-adjusted, market-neutral fashion by hedging out sector, industry and market risks through the use of single equity, industry and sector (ETF) and market shorts, as well as the use of options and derivatives.

The Fund pursues an opportunistic approach to identifying and pursuing investment opportunities across the three portfolios, long or short. The team supplements fundamental research on publicly traded companies by identifying extraordinary events or circumstances that may affect industries or companies and may unlock or destroy shareholder value. Such events or circumstances typically



arise from economic, regulatory, political or market-driven paradigm shifts, as well as corporate actions and corporate litigations. The goal of BCK Capital's research process is to identify companies that may be affected by possible extraordinary catalysts and to isolate those catalysts. In the Special Situations portfolio, the team focuses on identifying both factors that may affect the stock independently of an identified catalyst, and factors that may affect the stock but are influenced either directly or indirectly by an identified catalyst. In the Spread Risk Arbitrage and M&A-Related Special Situations portfolios, catalysts are readily identifiable due to the pendency of a merger or takeover, or other corporate actions related to a merger such as minority squeeze-outs and domination agreements. In takeover situations, the team focuses on the process by which the takeover may be completed or may fail and seeks to isolate those risk factors and reduce them to investable events.

Across the three portfolios, BCK seeks to take advantage of its team's cross-functional skillset, and actively seeks out situations that are underfollowed, misunderstood, or complicated, in the team's effort to generate uncorrelated returns.

Leverage is employed by the BCK Funds. The Charter Oak Funds will maintain gross exposures that will typically range from 300% to 550%, and net exposures that will typically range from 100% to 300%. Excluding the cash components of all merger-linked positions, such as all cash merger arbitrage investments and the cash component of mixed cash and stock merger arbitrage investments (as these exposures generally have much less correlation to the markets), the adjusted market net exposure will typically range from -20% to 20%.

## **RISK FACTORS**

Investing involves a substantial degree of risk for the investor and is suitable only for persons having substantial financial resources who understand the long-term nature, the consequences, and the risks associated with the investment strategy utilized by BCK Capital. Some of those risks are summarized below. Prospective investors should carefully consider all the risks, which are described in detail in the Governing Documents for each Client distributed to all potential investors in advance of their decision whether to invest. Prospective investors are also advised to consult their own legal, tax, and financial advisers about these risks and generally about an investing with BCK Capital.

Investing with BCK Capital is deemed to be a highly speculative investment and should not be intended as a complete investment program. Only sophisticated persons who are able to bear the economic risk of the loss of their entire investment and who have a limited need for liquidity in their investment. The following risks should be carefully evaluated before making an investment. The list of risks below does not purport to be an exhaustive list of the risks.

## **Nature of Investments**

BCK has broad discretion in making investments on behalf of Clients. Investments will generally consist of equity securities, equity-related instruments and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that BCK will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return

on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of investment activities and the value of its investments. In addition, the value of the Clients' portfolios may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that BCK's investment objective on behalf of the Clients will be achieved.

### **Risks of Event-Driven Investing**

BCK engages in event-driven investing. Event-driven investing requires BCK to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies, a meaningful change in management or the sale of a division or other significant assets by a company may not be valued as highly by the market as BCK had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors.

### **Special Situations**

BCK may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing workouts, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Clients' of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Clients' may be required to sell their investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Clients' may invest, there is a potential risk of loss by the Clients' of their entire investment in such companies.

### **Arbitrage Transaction Risks**

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Examples of arbitrage strategies include event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, statistical arbitrage, debt spread arbitrage and index arbitrage. BCK may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Clients' are employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads", which can also be identified, reduced or eliminated by other market participants.

### **Availability of Investment Strategies**

The success of the Clients' investment activities depends on BCK's ability to identify undervalued and overvalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Clients involves a high degree of uncertainty. No assurance can be given that BCK will be able to locate suitable investment opportunities in which to deploy all of the Clients' assets or to exploit discrepancies in the securities and derivatives markets. A reduction in money market liquidity, liquidity of other markets generally, corporate activity generally, or the pricing inefficiency of the markets in which the Clients' seeks to invest, as well as other market factors, will reduce the scope for the Clients' investment strategies.

The Clients' may be adversely affected by unforeseen events involving such matters as changes in interest rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

### **Equity-Related Instruments in General**

BCK intends to use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

### **Short Sales**

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on each of the Clients' portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There is a risk that the Clients' would have to return the securities it borrows, in connection with a short sale, to the securities lender on short notice. If a request for the return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Clients' may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

### **Non-U.S. Securities**

Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability,

expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### **Currency Risks**

The investments of the Clients' that are denominated in non-U.S. currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. From time to time, BCK may try to hedge these risks by investing in currencies and options thereon, forward currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented or, if implemented, will be effective. The Clients' may also invest in currencies for speculative purposes.

### **Use of Leverage**

The Clients' may utilize leverage which could result in the Clients' controlling more assets than the Clients' have equity. Leverage increases the Clients' returns if the Clients' earns greater returns on investments purchased with borrowed funds than the Clients' cost of borrowing such funds. However, the use of leverage exposes the Clients' to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Clients' not borrowed to make the investments; (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Clients' cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Clients' assets, the Clients' might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, BCK may find it difficult or impossible to obtain leverage for the Clients'. In such event, the Clients' could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in BCK being forced to unwind the Clients' positions quickly and at prices below what BCK deems to be fair value for such positions.

### **Options**

The purchase or sale of an option (including an over-the-counter option) involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity, or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium

payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

### **Derivatives**

To the extent that the Clients' invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, the Clients' may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Clients', and hence the Clients' should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical, or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

### **Convergence Risk**

The Clients' may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricing's underlying the Clients' trading positions were to fail to converge toward, or were to diverge further from, BCK's expectations, the Clients' may incur a loss.

### **Lack of Diversification**

The Clients' portfolios may not be as diversified among a wide range of types of securities, countries, or industry sectors as other investment vehicles. Accordingly, the investment portfolio of the Clients' may be subject to more rapid change in value than would be the case if the Clients' were required to maintain a wider diversification among types of securities and other instruments.

### **Counterparty Risk**

To the extent that the Clients' invests in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Clients' takes the risk of nonperformance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

## **Hedging Transactions**

The Clients' may utilize a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts for both risk management and general investment and speculation purposes. With respect to the Funds' risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Clients' may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Clients' than if it did not engage in any such hedging transactions. Moreover, the Clients' will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). In addition, the Clients' may choose not to enter into hedging transactions with respect to some or all of its positions.

## **Interest Rate Risk**

The Clients' portfolio may be subject to interest rate risk. Generally, the value of debt securities will change inversely with changes in interest rates. As interest rates rise, the market value of debt securities tends to decrease. Conversely, as interest rates fall, the market value of debt securities tends to increase. This risk will be greater for long-term securities than for that of short-term securities.

## **Economic Conditions**

Changes in economic conditions, including, for example, interest rates, inflation rates, currency and exchange rates, industry conditions, competition, technological developments, trade relationships, supply-chain disruptions, economic sanctions, geo-political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the investment performance of Clients. Economic, political, and financial conditions, or industry or economic trends and developments, may, from time to time, and for varying periods of time, cause volatility, illiquidity, or other potentially adverse effects in the financial markets. Economic or political turmoil, a deterioration of diplomatic relations or a natural or man-made disaster in a region or country where BCK Client assets are invested may result in adverse consequences to such clients' portfolios. None of these conditions is or will be within the control of BCK, and no assurances can be given that BCK will anticipate these developments.

As of the beginning of 2023, there is an especially high degree of economic uncertainty given elevated inflation, a rapid increase in interest rates by Central Banks, and a high level of geopolitical uncertainty in Europe and Asia. The likelihood of a recession, and the magnitude of any such recession, is highly uncertain and would have significant implications across asset classes, particularly if a recession occurs and is of significant magnitude or duration. In addition, due to the recent bank failures, there is a risk of loss of deposits in excess of \$250,000, risks surrounding liquidity concentration, systemic risk regarding the failure of other banks, and increased compliance costs associated with diversifying deposits among multiple banks.

## **Operational Risk**

Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing and settlement and accounting systems. BCK maintains controls that include systems and procedures to record and reconcile transactions and positions and obtains necessary documentation for trading activities.

## **Cybersecurity Risk**

The Clients' and their service providers, including the General Partners and BCK, may be subject to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other activities, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting the Funds' or its service providers may adversely impact the Clients'. For instance, cyber-attacks may interfere with the processing or execution of Clients' transactions, cause the release of confidential information, including private information about Limited Partners, subject the Clients', the General Partner and BCK to regulatory fines or financial losses, or cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which the Clients' may invest. These risks could result in material adverse consequences for such issuers and may cause the Clients' investments in such issuers to lose value.

## **Regulatory/Legislative Developments Risk**

Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could adversely affect the value associated with such investment transactions or underlying securities.

Future legal, tax and regulatory changes could occur that may adversely affect business and require additional reporting for registered investment advisors. The SEC, other regulators and self-regulatory organizations and exchanges have taken various extraordinary actions in connection with market events and may take additional actions. Registered investment advisors may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators.

## **Exposure to Material, Non-Public Information**

From time to time, BCK employees receive material, non-public information with respect to an issuer of publicly traded securities resulting from professional and/or personal channels. In such circumstances, Clients may be prohibited, by law, and policies and procedures for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

## **Brokerage and Custodial Risk**

There are risks involved in dealing with the custodians or prime brokers who settle trades for the Clients. The Clients maintains custody accounts with its prime brokers and primary custodians, Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated and Cantor Fitzgerald (the “**Prime Brokers**”). Assets for the SMA are held in custody with J.P. Morgan Securities, LLC. Although the General Partner monitors the Prime Brokers and believes that they are appropriate custodians, there is no guarantee that the Prime Brokers, or any other custodian that the Clients may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of the Clients’ assets, the Clients would not incur losses due to their assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Clients and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Clients. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Clients as a result of the bankruptcy or insolvency of any such sub-custodian. The Clients may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Clients. Under certain circumstances, including certain transactions where the Clients’ assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Brokers, or where the Clients’ assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Clients and the Clients could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transactional and custodial risk with dealings in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Funds’ to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Clients may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical, or time problems associated with enforcing the Clients’ rights to its assets in the case of a bankruptcy or insolvency of any such party. Deposits maintained at an FDIC-insured bank are insured up to \$250,000 per depositor, per insured bank, for each account ownership category, in the event of a bank failure. Any deposits over \$250,000 in cash per account at a single bank may be unrecoverable in the event the bank fails. Diversifying banking relationships could serve to mitigate the potential loss of assets and available liquidity.

## **Epidemic Outbreak**

An epidemic outbreak, such as COVID-19, and reactions to such an outbreak caused uncertainty in markets and businesses, including BCK’s business, and could adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at



external locations, and extensive medical absences. BCK has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect the BCK's business, its business counterparties and/or the markets can be determined and addressed in advance.

**THIS LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN CONNECTION WITH THE ADVISER'S INVESTMENT OR THE MANAGEMENT OF THE FUNDS OR SEPARATELY MANAGED CLIENT ACCOUNT. IN ADDITION, PROSPECTIVE INVESTORS SHOULD BE AWARE THAT, AS THE MARKET DEVELOPS AND CHANGES OVER TIME, INVESTMENTS OF BEHALF OF CLIENTS MAY BE SUBJECT TO ADDITIONAL AND DIFFERENT RISKS. INVESTORS INVESTING IN PRIVATE FUNDS SHOULD ALSO CAREFULLY REVIEW THE RISKS DISCLOSURES AND OFFERING DOCUMENTS ASSOCIATED WITH SUCH INVESTMENTS.**

#### **ITEM 9: DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to any Clients or prospective Client's evaluation of BCKs' advisory business or the integrity of its management.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither BCK, nor its principals or any executive officer is registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer or a futures commission merchant, and a commodity pool operator, a commodity trading advisor, or an associated person of any of the foregoing entities.

BCK has filed a claim of exemption from registration as a commodity pool operator, with the US Commodity Futures Trading Commission ("CFTC") in connection with Private Investment Funds whose participants are accredited investors, as defined in Regulation D.

BCK serves as investment manager to the BCK Funds, Charter Oak Funds, and serves as a sub-advisor to an SMA. An affiliate of BCK, BCK Capital GP LLC, serves as General Partner of BCK Capital Onshore Fund, LP. An affiliate of BCK, BCK Charter Oak GP, LLC serves as General Partner of Charter Oak Onshore Fund, LP. The General Partners are also entitled to receive an incentive allocation from the BCK Capital Master Fund, Ltd and BCK Charter Oak Capital Master Fund, Ltd. BCK, BCK Capital GP LLC, and BCK Charter Oak GP, LLC are controlled by the same persons and are therefore related entities. Additionally, the BCK Funds, and Charter Oak Funds may themselves be considered related entities of BCK. Other than as described in other sections of this brochure, neither BCK, nor its principals or any executive officer has any relationship or arrangement with a related person that is material to its advisory business or its clients or could create a material conflict of interest with Clients.

Neither BCK, nor its principals or any executive officer has any relationship or arrangement with a related person that is material to its advisory business or investors or could create a material conflict of interest with investors.

BCK and its principals are required to devote only so much of their time to the affairs of the Clients as they reasonably believe is necessary in good faith. Such persons are not prohibited from engaging in any other existing or future business or in other investment activities, but these persons owe the Clients' investors an affirmative duty of utmost good faith, undivided loyalty, full and fair disclosure of all material facts, and an affirmative obligation to employ reasonable care to avoid misleading them.

BCK's Code of Ethics also addresses potential conflicts of interest in cases where BCK employees serve as directors of companies whose securities BCK or BCK's supervised persons may purchase or sell on behalf of the Funds.

Neither BCK, nor its principal, recommends or selects other investment advisers for the Clients.

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

BCK Capital recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its Investors; (ii) its long-term business interests are best served by adherence to the principle that the interests of Investors come first; and (iii) it has a fiduciary duty to its Investors to act for their benefit. All BCK Capital personnel must put the interests of the Funds and its Investors before their own personal interests and must act honestly and fairly in all respects in dealings with Investors. All BCK Capital personnel must also comply with federal securities laws.

Accordingly, BCK Capital has adopted a written code of ethics ("Code of Ethics" or "Code") designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act, which requires that investment advisers adopt a Code of Ethics setting forth standards of business conduct and compliance with federal securities laws by all employees. BCK's Code of Ethics has three primary objectives, namely, to ensure that BCK's employees: (1) place the interests of advisory clients first; (2) avoid taking inappropriate advantage of their position in the firm; and (3) that they prevent insider trading by protecting material non-public information.

BCK's employees must also avoid any personal interest outside of BCK Capital which could be placed ahead of their fiduciary obligation to BCK Capital and to BCKs' advisory clients. Conflicts may exist even when there is an appearance of a conflict and no wrongdoing. The opportunity to act improperly may be enough to create the appearance of a conflict. BCK Capital recognizes and respects an employee's right of privacy concerning personal affairs but requires full and timely disclosure of any situation which could result in a conflict of interest or even the appearance of a conflict. Whether or not a conflict exists will be determined by the Chief Compliance Officer.

All employees of BCK Capital, are bound by a personal trading policy as part of the Code. Specifically, this policy sets forth standards of ethical and business conduct expected of BCK Capital's personnel and addresses conflicts that may arise from personal trading by BCK personnel. The Code accordingly includes provisions designed to ensure compliance with the

securities laws and to address conflicts of interest that are appropriate, practical, and relevant to the operations of BCK.

BCK Capital will provide a copy of its Code of Ethics upon request.

## **ITEM 12: BROKERAGE PRACTICES**

BCK Capital has discretionary authority to determine the broker or dealer to be used for each securities transaction for the Clients. In selecting brokers or dealers to execute transactions, BCK need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not BCK Capital's practice to negotiate "execution only" commission rates, thus the Clients may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

BCK is authorized to determine the broker or dealer to be used for each securities transaction for the Fund. In selecting brokers or dealers to execute transactions, BCK need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not BCK's practice to negotiate "execution only" commission rates, thus the Clients may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. **BCK currently does not use "soft dollars" to obtain research and brokerage services which constitute research and brokerage within the meaning of Section 28(e), however may consider such soft dollar arrangements in the future.** Research 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; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, 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 other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the U.S. Securities and Exchange Commission or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

In selecting brokers and negotiating commission rates, BCK will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. BCK may place transactions with a broker or dealer that (i) provides BCK (or an

affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Fund or other products advised by BCK (or an affiliate), if otherwise consistent with seeking best execution; provided BCK is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

When appropriate, BCK may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

The Clients will maintain an account with the Prime Brokers, through which BCK may execute trades, borrow securities, and maintain custody of its securities.

#### Trade Errors

Although there exists no standard definition of what constitutes trading errors, examples of trade errors include the following:

- Purchasing securities not legally permitted for the Clients, or not within a Clients' investment guidelines; and
- Purchasing or selling the wrong quantity of securities, or unintended securities for the Clients.

BCK Capital has established trade processes and procedures designed to reduce the likelihood of errors and, in its sole discretion, will determine what constitutes a trade error.

BCK Capitals' general policy is to seek to identify and correct any trade errors promptly and in a way that mitigates any losses. Trade errors in the Clients' account will be borne by the Clients unless an error is the result of bad faith, gross negligence, or willful misconduct by BCK. Lost opportunity is not a reimbursable loss. BCK will not be responsible for any indirect, consequential, or punitive damages for purposes of this policy.

It is BCK Capital's policy that all trade errors are identified and evaluated. The purpose of the trade error policy is to provide guidance on identifying, correcting, and documenting errors when committed by BCK in a manner that is fair and equitable to the Clients.

#### Aggregating Orders

When appropriate, BCK may, but is not required to, aggregate Client orders to achieve more efficient execution or to provide for equitable treatment among Clients. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

### **ITEM 13: REVIEW OF ACCOUNTS**

The Clients' portfolios are reviewed on an ongoing basis by BCK Capital for conformity with the investment objectives and guidelines.

Each Investor receives reports in accordance with the terms of the applicable Fund's offering documents. The SMA also receives reports in accordance with the sub-advisory agreement.

Investors of the Funds and SMA generally receive the following regular reports: (i) after the end of each fiscal year of the Funds, annual audited financial statements (including a balance sheet, income statement and statement of changes in net assets) for the recently completed fiscal year; (ii) a monthly letter reviewing the investment performance; and (iii) annual tax information necessary for the completion of investor's US federal, state and local income tax returns, if applicable.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Pursuant to Rule 206(4)-1 of the Advisers Act (the "**Marketing Rule**"), BCK maintains an agreement with a third-party placement agent whereby BCK pays the placement agent a portion of the management fee it receives with respect to solicited investors.

#### **ITEM 15: CUSTODY**

Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**") imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities of a Fund.

We are deemed to have custody of Fund assets because we (or our affiliate) serve as general partner or managing member of each of the Funds.

BCK Capital currently utilizes Goldman Sachs & Co., Morgan Stanley & Co., and Cantor Fitzgerald as the qualified custodians for the Funds' assets. BCK Capital may change the custodian(s) at any time. BCK Capital has the authority to wire cash and/or pay expenses from the Funds and would be deemed to have custody of the Funds' assets under the Advisers Act. The Funds are subject to an annual audit by an independent auditor subject to public company accounting oversight board ("**PCAOB**") oversight, and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles, issued with an unqualified opinion, and distributed within 120 days of the Funds' fiscal year end.

BCK only has trading authority on behalf of the SMA and has no authority to wire cash and/or pay expenses, and does not have custody of the SMA.

#### **ITEM 16: INVESTMENT DISCRETION**

BCK provides investment advisory services to Clients on a discretionary basis and therefore has the authority to determine the securities to be bought or sold, the amount of securities to be bought or sold, the broker-dealers to be used and the commission rates to be paid by Clients, unless otherwise instructed by such Client.

BCK has entered into agreements, or “side letters,” with certain existing Investors whereby such Investor may be subject to terms and conditions that are more advantageous than those set forth in the Governing Documents. For example, such terms and conditions may provide for special rights to make future investments in the Fund; a waiver or rebate in fees to be paid by the investor and/or other terms; rights to receive reports on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions); and such other rights, standards, waivers or modifications as may be negotiated by BCK and such investor. The modifications are solely at the discretion of BCK and may, among other things, be based on the size of the Investor’s investment in the account, an agreement by an Investor to maintain such investment in the account for a specific period of time, or other similar commitment by an Investor.

#### **ITEM 17: VOTING CLIENT SECURITIES**

BCK Capital has adopted Proxy Voting and Procedures (“**Procedures**”) that are designed to ensure that in cases where BCK Capital votes proxies with respect to securities held on behalf of Clients, such proxies are voted in the Clients’ best interests, in the judgment of BCK Capital to the extent reasonably practicable. BCK evaluates the proxy proposals to determine if voting will be in the best interest of the Client, however, BCK generally does not vote on general company matters (i.e., ratifying auditors, etc.). The Procedures also require that BCK Capital identify and address conflicts of interest between BCK Capital, its related persons and its Clients. If a material conflict of interest is identified, BCK Capital will determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of its Clients or whether taking some other action may be more appropriate.

BCK’S proxy voting policy is available upon request.

#### **ITEM 18: FINANCIAL INFORMATION**

BCK Capital (i) does not require or solicit prepayment of fees by clients six or more months in advance and is therefore not required to include a balance sheet for its most recent fiscal year, (ii) is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and (iii) has not been the subject of a bankruptcy petition at any time during the past ten years.