



Bear Creek Asset Management, LLC

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Denver, CO 80202

(303) 459-7333

**Form ADV Part 2A**

**Investment Advisor Brochure**

June 30, 2016

This brochure provides information about the qualifications and business practices of Bear Creek Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (303) 459-7333. 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 Bear Creek Asset Management, LLC (CRD #137677) also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Bear Creek Asset Management, LLC is an investment adviser registered with the SEC. Registration with the SEC does not imply any level of skill or training.

## **Item 2: Material Changes**

### Annual Update

This section of our brochure will be updated annually when material changes occur since the previous release of our brochure.

### Material Changes since the Last Update

There have been no material changes to this brochure since our last Brochure filing on December 31, 2015.

### Full Brochure Available

If you would like to receive another copy of this Brochure, please download it from the SEC website as indicated above or you may contact us by phone at (303) 459-7333.

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## Item 4: Advisory Business

Bear Creek Asset Management, LLC (“Bear Creek”) is an investment adviser with its principal place of business in Denver, Colorado. Bear Creek was formed in 2005, and is owned by Bear Creek Holding Company, LLC (“BC Holding”). BC Holding is privately owned by Joseph H.M. Roddy and Shawn O’Neal.

Bear Creek provides investment advisory services by focusing on supplying fixed income asset management to high net worth clients, trusts, foundations, other charitable organizations, corporations and other business entities. Bear Creek limits its advice to these types of investments and it does not consider this to be financial planning. Bear Creek’s focus is on achieving returns relative to the risks taken. Bear Creek also provides advisory services to several private funds, managed by Bear Creek affiliates. Bear Creek tailors its advice and recommendations to the individual needs of clients. Clients may impose restrictions on investing in certain securities.

Bear Creek does not participate in wrap fee programs.

As of June 30, 2016, Bear Creek had approximately **\$5,530,000,000** of assets under discretionary management. We do not have any non-discretionary assets under management.

## Item 5: Fees and Compensation

Bear Creek charges each client account an investment advisory fee based on the value of the client’s assets under management. The standard charge is 0.25% per year on the determined market value of the assets under management. To calculate advisory fees we generally rely on prices provided by third-party pricing services for purposes of valuing securities held in your account. We may be required to fair value a security when the market price is not readily available or we have reason to believe the third-party price is unreliable. For any fair value priced security, we follow internal policies and procedures to mitigate any conflicts of interest with respect to valuation. For fee calculation purposes, the average market value of the assets is calculated by dividing the sum of the daily ending market value of the assets by the number of days in the billing period. Fees are negotiable and are collected at the end of each quarter. The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay Bear Creek the advisory fee. Please note you may request Bear Creek to bill you directly for advisory fees.

In addition to paying Bear Creek’s fees, custodians may charge additional custodial fees to clients, transaction fees, service provider fees and other related costs and expenses, which are incurred by the client. If clients maintain investments in mutual funds, the funds usually deduct advisory fees, expenses and distribution fees from the client’s investment. For additional information see “Item 12 Brokerage Practices” of this Brochure.

Bear Creek clients may not and are not required to pay fees in advance.

Bear Creek supervised persons do not accept commissions for the sale of securities or other investment products, including asset-based sales charges or service fees from sales of mutual funds.

Bear Creek clients have the option to purchase investment products that Bear Creek recommends through other brokers or agents that are not affiliated with Bear Creek.

The Investment Advisory Agreement may be terminated by either Bear Creek or the client by submitting written notice. If Bear Creek receives notice of termination within five (5) business days of signing of the Investment Advisory Agreement, the services will be terminated without penalty (*i.e.*, no fees are due). After the initial five (5) business days, fees will be due, based on the number of days of services provided prior to receipt of such notice. Termination of services will not affect Bear Creek's or the client's liabilities or obligations arising out of transactions initiated on behalf of the client prior to termination.

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

Bear Creek does not charge Performance-Based Fees, *i.e.*, fees based on a share of capital gains or on capital appreciation of client assets. NOTE: The private funds, which Bear Creek serves as an investment adviser and are disclosed on Form ADV, share in profits based on capital gains or capital appreciation of assets. The determinations of Performance-Based Fees are disclosed in the organizational documents for each private fund. Refer therein for more detail.

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

Bear Creek generally provides investment advice to high net worth individuals, trusts, foundations, other charitable organizations, corporations and other business entities. Bear Creek also provides advisory services to several private funds, managed by Bear Creek affiliates. The advisory services provided to the private funds are fully disclosed in the organizational documents for each private fund. Refer to the organizational documents and Form ADV Part I for more information.

Bear Creek does not provide investment supervisory services, manage advisor accounts, or hold itself out as providing financial planning or similarly termed services. Bear Creek imposes a minimum dollar value of assets and other conditions for starting or maintaining an account. We may waive account minimums and other conditions at our sole discretion.

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

Bear Creek uses strictly fundamental analysis. The main sources of information used includes financial newspapers and magazines, research materials prepared by others, corporate rating services,

annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases. Long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), and margin transactions are the investment strategies utilized by Bear Creek to implement investment advice to its clients.

Bear Creek offers advice on securities traded over the counter, foreign issuers, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, United States government securities, options contracts on securities, and interests in partnerships.

Investing in any security involves risk that clients must be prepared to bear. Our past performance is not a guarantee of future results and certain market and economic risks exist that may adversely affect an account's performance. Short-term purchases and frequent trading may result in increased brokerage fees, trading costs, and taxes. Margin transactions involve an increased risk of losing more than the amount of assets contained in the account, and therefore, clients may be required to deposit additional funds or sell additional securities to pay for losses incurred in margin transactions.

All accounts are subject to the following risks (this list is not all inclusive as other risks can impact your account):

- *Interest Rate Risk* – The value of fixed income securities rise or fall based on the underlying interest rate environment. As interest rates rise, bond prices fall and vice versa.
- *Credit Risk* – The majority of fixed income instruments are dependent on the underlying credit of the issuer. There is a risk of loss of principal or other loss as a result of the borrower's failure to repay a loan or otherwise meet a contractual obligation.
- *Inflation Risk* – If inflation increases, or the market anticipates an inflation increase, most fixed income instruments will sustain a loss. If we enter a period of inflation, the value of fixed income securities could decrease.
- *Managed Portfolio Risk* – The manager's investment strategies or selection of specific securities may be unsuccessful and could result in portfolio losses.
- *Industry / Concentration Risk* – The portfolio's investments could be concentrated within one industry or one group of industries. Investments focused in a particular industry are subject to greater risk and face more risk by market volatility than less concentrated investments.

## **Item 9: Disciplinary Information**

Investment advisers are required to disclose legal or disciplinary events material to a client's evaluation. Neither Bear Creek nor any of its supervised persons has been involved in any activities resulting in any legal, financial or disciplinary events.

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

Bear Creek engages solely in the business of providing investment advice to its clients. However, Bear Creek is affiliated with a broker-dealer, Bear Creek Securities, LLC (“BC Securities”). Further, several of the registered representatives of Bear Creek serve as registered representatives of BC Securities. BC Securities and Bear Creek are owned by BC Holding. Bear Creek may recommend that its clients purchase certain securities where BC Securities may serve as adviser, placement agent, or remarketing agent to the issuer. Furthermore, BC Securities may act as a placement agent for some of the securities sold to our private funds. BC Securities usually earns a fee (a markup, commission or commitment/placement fee) for such services that is paid by the issuer. Conflicts of interest exist for Bear Creek in recommending these investments because the issuer-paid fees ultimately benefit BC Holding. As a result, Bear Creek may be more inclined to recommend to clients the purchase of these securities rather than other securities that do not involve the payment of such fees. However, these arrangements are fully disclosed to the client prior to any such purchases.

Bear Creek is affiliated with general partners of private funds, as Bear Creek and the general partners of private funds are owned by BC Holding. The general partners include: BCGP-2012, LLC, Bear Creek Administrator TCH X, LLC, Bear Creek Management, LLC, Bear Creek Resources Management, LLC and Bear Creek Administrator II, LLC. Conflicts of interest exist as the general partners of the private funds are affiliated entities of Bear Creek and Bear Creek serves as the sole and primary adviser to the private funds. The relationship between Bear Creek and the private funds, including fees received by Bear Creek, are fully disclosed in the organizational documents of each private fund. BC Holding Company and other affiliates of Bear Creek may provide short-term financing to the private funds in the form of loans (which may include advancement of organizational or operational expenses on behalf of the private funds). The loans are reimbursed to BC Holding from the private fund’s cash flow. This arrangement presents a conflict of interest as the short-term financing can be provided by other sources and could provide financial benefit to certain employees and officers of Bear Creek. To mitigate the conflict of interest around short-term financing, BC Holding will not charge interest or any other fees in providing the short-term financing to the private funds and all arrangements will be disclosed to the private fund investors. The relationship and purpose of each general partner are fully disclosed in the organizational documents for each private fund. Refer to the organizational documents and Form ADV Part I for more information.

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

Bear Creek participates in client transactions either itself or through related persons as a principal that buys securities for itself from clients or sells securities it owns to clients, as a broker or agent (through affiliate BC Securities) that effects securities transactions for compensation from clients, as an

entity that recommends to clients that they buy or sell securities or investment products in which it has some financial interest, and an entity that buys or sells for itself securities that are also recommended to clients. Bear Creek or related persons may only buy or sell securities for their own account to or from a client with prior written permission of the client. In situations when Bear Creek or related persons buy or sell securities for their own account to or from a client Bear Creek will disclose to the client the following:

- adviser's potential conflicts of interest;
- capacity in which the adviser is acting;
- quoted price for the transaction;
- cost of the security to the adviser, if sold to a client;
- price at which the security could be resold, if purchased from a client;
- best price at which the transaction could be effected, if more advantageous to the client than the actual transaction price; and
- proposed or final commission charges.

From time to time, Bear Creek or related persons may buy or sell securities with Bear Creek's clients at the same time and price as its clients as well as sell securities for other than investment reasons that are also held by its clients. In the cases of sales for other than investment reasons, Bear Creek or related persons owe a fiduciary duty to Bear Creek's clients and are obligated to obey all securities laws and regulations.

Bear Creek is affiliated with general partners of private funds, as Bear Creek and the general partners of private funds are owned by BC Holding. Further, Bear Creek serves as the sole and primary adviser to its private fund clients. Bear Creek clients are solicited to invest in the private funds. The general partners share in profits based on capital gains or capital appreciation of assets and therefore has a material financial interest. The determinations and calculations of performance-based fees and other fees to the general partner or Bear Creek are disclosed in the organizational documents for each private fund. Refer therein for more detail.

Underscoring this, Bear Creek has implemented and enforces a Code of Ethics, in accordance with SEC Rule 204A-1, under the terms of which Bear Creek-related persons are required to provide Bear Creek, upon hiring, quarterly, year end and more often if necessary, information as to their reportable holdings and transactions. Further, Bear Creek's Code of Ethics emphasizes the following:

- Standards of business conduct that Bear Creek requires of its supervised persons reflecting the investment adviser's fiduciary obligations;
- Provisions requiring the Bear Creek's supervised persons to comply with applicable federal securities laws;
- Provisions requiring supervised persons to report any violations of Bear Creek's Code of Ethics promptly to the Chief Compliance Officer; and Provisions requiring Bear Creek to provide each of its supervised persons with a copy of Bear Creek's Code of Ethics and any amendments, and requiring its supervised persons to provide the investment adviser with a written acknowledgement of their receipt of the code of ethics and any amendments.

A copy of Bear Creek's Code of Ethics is available to any client or prospective client on request.

## **Item 12: Brokerage Practices**

Bear Creek does not receive research or other soft dollar benefits.

Bear Creek does not receive client referrals from third party broker-dealers.

Bear Creek has authority to determine, without obtaining specific client consent the broker or dealer to be used, and the commission rates paid. The factors used in determining broker selection include execution and experience. Bear Creek will sometimes use the services of BC Securities, an affiliated entity. Bear Creek will disclose to the customer if BC Securities is used and any applicable compensation paid to BC Securities.

Bear Creek may receive some economic benefit from providers of brokerage and related services in the form of a reduction in the cost of clearing transactions and a reduction in the cost of custodial services. In the normal course of business, the only fee charged to any client by Bear Creek is the advisory fee described above. In those instances where individual securities transactions are directed, or where BC Securities acts as a placement agent for securities sold to our private funds, BC Securities may charge clients a commission or receive other forms of compensation. This creates a conflict of interest. Bear Creek has a fiduciary duty to its clients and puts its clients' interests first. Securities purchased through BC Securities are kept separate and are not included in assets under management for purposes of calculating the quarterly advisory fee.

Bear Creek may aggregate multiple orders of the same security. This is commonly known as "block trading". Typically, Bear Creek will decide to block trade when doing so will reduce the costs of the transaction for clients. Each client participating in the block trade receives the same price per share, which is the average price per share, and pays a proportionate share of the transaction costs. Accounts owned by Bear Creek or Bear Creek-related persons may participate in block trading with client accounts; however, they will not be given preferential treatment.

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

All client accounts are regularly reviewed and monitored by the Principals of Bear Creek. Accounts are reviewed quarterly at a minimum and are typically reviewed more frequently on an as needed basis. An account will be reviewed more frequently if factors such as financial needs, investment objectives or the economic environment change. Performance, risk factors and future strategies are discussed. All clients are given access via the internet to all activities in their accounts on a daily basis. Clients are provided with transaction confirmations and monthly (at least quarterly) account statements directly from their custodian. In addition, Bear Creek provides more comprehensive statements on a monthly basis. Individual reviews with clients are held as determined necessary by the client or Bear Creek.

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

Bear Creek has one solicitor relationship that is fully disclosed to the clients affected.

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

All client account assets are held by a qualified custodian. Bear Creek does not have custody of client assets except to the extent clients may authorize Bear Creek to debit fees directly from clients' accounts. In that case, the client must provide written authorization permitting the custodian, Pershing, to debit Bear Creek fees from the client's account. Clients should carefully review account statements received directly from the qualified custodian and compare the account statement you receive from your qualified custodian to the statements provided by Bear Creek.

NOTE: We have determined that we have custody over client funds or securities within the private funds disclosed on Form ADV Part I Item 7 Private Fund Reporting. Bear Creek serves as an investment adviser to the private funds. The general partners to the private funds and Bear Creek are 100% owned by BC Holding. As an investor in the private funds you will receive a quarterly account statement from the qualified custodian, unless the private fund is subject to an audit. Investors should carefully review account statements received directly from the qualified custodian and compare the account statement you receive from your qualified custodian to the statements provided by Bear Creek. As we have custody of client funds or securities, Bear Creek will perform the following on all private funds:

- 1) Engage a qualified custodian to maintain all funds and securities.
- 2) Notify all clients when we open or close an account with a qualified custodian on our client's behalf or in the name of the private fund.
- 3) Obtain a reasonable basis, after due inquiry, that the qualified custodian sends an account statement, at least quarterly, to each of our clients; AND
- 4) Engage an independent public accountant to verify the client funds and securities at least once during each calendar year; OR
- 5) Engage an independent public accountant to perform an annual audit of the private fund.

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

Bear Creek has authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of securities to be bought or sold, the broker or dealer to be used, and the commission rates paid. Bear Creek's authority to invest is limited by the client's investment policy. You may change/amend your investment policy or limitations placed on Bear Creek at any time. All changes/amendments shall be submitted to Bear Creek in writing. The factors used in determining broker

selection include execution and experience. Bear Creek will sometimes use the services of BC Securities, an affiliated entity. Bear Creek will disclose to the customer if BC Securities is used and any applicable compensation paid to BC Securities.

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

If a client chooses to have Bear Creek vote proxies, Bear Creek will do so in the client's best interest, without regard to Bear Creek's interests. We have adopted proxy policies and procedures with respect to securities owned by you for which we have specifically delegated voting authority and discretion, in accordance with our fiduciary duties and Securities and Exchange Commission Rule 206(4)-6 under the Investment Advisers Act of 1940, which are reasonably designed to ensure proxies are voted in the best interests of clients. Clients may contact Bear Creek for a complete copy of our proxy voting policies and procedures.

Clients may contact Bear Creek in writing to direct how to vote proxies. Clients may obtain information on how their proxies were voted by making a written request.

## **Item 18: Financial Information**

Bear Creek is not required to provide further financial information because Bear Creek: (i) does not solicit pre-payment of more than \$1,200 in fees per client, six months in advance and (ii) has not been the subject of a bankruptcy petition at any time during the past ten years. Bear Creek does not have any financial condition that is likely to impair Bear Creek's ability to meet its contractual commitments to its clients.