

# Bijou Capital Management LP

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This Brochure provides information about the qualifications and business practices of Bijou Capital Management LP (“Bijou Capital” or “Adviser”). If you have any questions about the contents of this Brochure, please contact Bijou Capital at 303.253.7230 or [tj@bijoucap.com](mailto:tj@bijoucap.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.

Bijou Capital Management LP is a SEC registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser should provide you with information you use to determine if you hire or retain an Adviser.

Pursuant to SEC rules, Bijou Capital will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of Bijou Capital’s fiscal year. Bijou Capital may further provide other ongoing disclosure information about material changes as necessary.

Bijou Capital will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, Bijou Capital's Brochure may be requested by contacting Troy Johns at 303.253.7230 or [tj@bijoucap.com](mailto:tj@bijoucap.com).

Additional information about Bijou Capital is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Bijou Capital who are registered, or are required to be registered, as investment adviser representatives of Bijou Capital.

## **Item 2 – Material Changes**

This Brochure dated March 23, 2012 has been prepared according to the SEC's requirements and rules "Amendments to Form ADV" published on July 28, 2010. Bijou's most recent update to Part 2 of Form ADV was made on May 10, 2011. Bijou Capital's business activities, ownership and executive team have not changed materially since the time of that update.

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#### **Item 4 – Advisory Business**

Bijou Capital is a Delaware limited partnership, and was organized in 2010. Ryan Zorn is the principal owner of Bijou Capital and the Managing Member Bijou Capital's General Partner, Bijou Capital Management GP LLC. Bijou Capital currently provides investment management services on a separate account basis, and the day-to-day management responsibilities reside with the management team and other employees of Bijou Capital.

Bijou Capital utilizes a long/short investment strategy that focuses on publicly traded energy-related equities.

As of February 29, 2012, Bijou Capital's Gross Regulatory Assets Under Management (RAUM) is \$154,600,000.

In the future Bijou Capital may decide to establish and act as an investment adviser for pooled investment vehicles which would most likely be formed as limited partnerships (if based in the United States) or offshore corporations. These vehicles would most likely utilize an investment strategy similar to the current investment strategy Bijou Capital employs for its separate account clients. Additionally, these pooled investment vehicles would only be available to clients who are "accredited investors" under the Securities Act of 1933, as amended and "qualified purchasers" under the Investment Advisers Act of 1940, as amended (the Advisers Act). These pooled investment vehicles would not be made available to the general public and they would not be registered companies under the Investment Company Act of 1940.

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

The management fee received by Bijou Capital is equivalent to the estimated expected operating cost incurred by Bijou Capital to manage the separate account structure. Management fees will be paid in arrears to Bijou Capital on a monthly basis and it is expected that the management fees on an annualized basis will not exceed 2% of assets under management.

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

Bijou Capital currently offers a preferred performance fee arrangement pertaining to its separate account structure, and all clients must be “qualified purchasers” under the Advisers Act. The performance fee earned by Bijou Capital is calculated as a percentage of net income on a sliding scale that ranges between 15% - 25% subject to a high-water mark, and dependent on the actual percentage of management fees paid to Bijou Capital (see Item 5 above).

This preferred performance fee arrangement has been prepared in accordance to Section 205(a)(1) of the Advisers Act, and in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3 of the Advisers Act. In measuring Bijou Capital's client assets for the calculation of performance-based fees, Bijou Capital includes realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for Bijou Capital to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

## **Item 7 – Types of Clients**

All clients of Bijou Capital must be “accredited investors” under the Securities Act of 1933, as amended and “qualified purchasers” under the Investment Advisers Act of 1940, as amended. Bijou Capital currently provides asset management services through its separate account structure for institutional investors. In the future if Bijou Capital decides to take-on additional clients, Bijou Capital will disclose any pertinent requirements for opening and maintaining an account.

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

The methods of analysis that Bijou Capital utilizes oftentimes vary with each security position within a particular investment strategy; however, in each case the methods of analysis are based on considerable fundamental research and data to determine the expected values, risks and timing associated with the investment position.

Key components of Bijou Capital’s investment strategy include capital preservation and fundamental analysis. Additionally, Bijou Capital strives to run a balanced long/short portfolio that allows individual long and short positions to contribute to the absolute returns of the portfolio as opposed to a paired trade strategy where a short position serves primarily as a hedge against a loss in the long position with which it is paired.

Bijou Capital believes that the key to attempting to reduce risk of loss in the portfolio is through on-going monitoring of net exposure levels between industry sub-sectors, limiting the maximum net long/short exposure, limiting the number of individual positions in the portfolio and limiting individual position sizes.

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that Bijou Capital will be able to choose, and/or realize any particular investment that will be able to generate returns for the investors. In addition, there can be no assurance that any investor will receive any distribution from his or her investment. Investing with Bijou Capital involves a risk of loss that investors should be prepared to bear. Investors with Bijou Capital are requested to refer to the separate account governing documents for complete information on investment strategies employed by Bijou Capital, and the corresponding risks associated with such investment strategies.

### **Item 9 – Disciplinary Information**

Bijou Capital is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Bijou Capital or the integrity of Bijou Capital's management. Bijou Capital and its principals have not had any disciplinary events.

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

None of Bijou Capital's employees are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, neither Bijou Capital nor any of its employees are affiliated with any broker-dealer, bank or other financial services firm, or registered as a broker-dealer or a registered representative of a broker-dealer.

### **Item 11 – Code of Ethics**

Bijou Capital has adopted a Code of Ethics (the "Code") for its employees. The Code addresses potential conflicts of interest and sets forth its expectations for the business conduct, including restrictions and reporting requirements of personal securities transactions. All employees of Bijou Capital must comply with the Code and all employees are required to certify annually that they (1) have received, read and understand the Code; (2) recognize they are subject to the Code; and (3) have complied with the requirements set forth in the Code.

The Code restricts certain personal securities transactions and imposes pre-clearance and reporting requirements for certain personal securities trading transactions. The Code states that all employees of Bijou Capital may not individually trade, for their personal accounts, over which they have discretion, publically traded single-name securities that are held in, or are potential candidate holdings of client portfolios. Bijou Capital's Chief Compliance Officer (CCO) will maintain a restricted list of publically traded single-name securities that are held in, or are potential candidate holdings for client portfolios. The restricted list shall be reviewed and updated at least quarterly by the CCO, and will be made immediately available to all employees of the Company. Employees of Bijou Capital may hold positions of non-single name securities (such as, but not limited to, exchange-traded funds, exchange-traded notes, futures, mutual funds and other index-like products) in their personal accounts that could be consistent or counter to the past, present or future holdings of the client portfolios. Additionally, no employee of the Company may acquire any security in an Initial Public Offering (IPO), as all employees of the Company are considered

“Restricted Investors”, and no employee may directly or indirectly acquire beneficial ownership in a limited offering without the prior written approval of the CCO or President.

The Code also contains other provisions including, (1) a duty of confidentiality to both Bijou Capital and its clients; (2) the requirement to obtain approval from the CCO before serving as an employee, officer, director or consultant with any other private or public company, charitable organization or non-profit organization; and (3) a prohibition against insider trading or acting on material non-public information.

The CCO and the President of Bijou Capital are responsible for overseeing compliance with the Code, including reviewing the required reports and determining whether violations of the Code have occurred.

## **Item 12 – Brokerage Practices**

Bijou Capital has the discretion to select which broker dealers it uses in executing clients’ securities trades. Bijou Capital will seek to obtain the best execution for equity securities transactions at favorable securities prices and at competitive commission rates through broker dealers who, in its opinion, are financially responsible and meet other requirements that are deemed to be of importance for best execution.

Receipt of research services from brokers may sometimes be a factor in selecting a broker whom Bijou Capital believes will provide quality execution of transactions at competitive commission rates. The research services considered include a wide variety of reports, charts, publications and proprietary data on such matters as economic and political strategy, credit analysis, stock market conditions and projections. Attendance at conferences sponsored by brokers and meetings with management teams of issuers and with other analysts and specialists may also be considered when selecting a broker. Research for a particular client may be used for other clients of Bijou Capital and its affiliates.

## **Item 13 – Review of Accounts**

The President of Bijou Capital (as the Portfolio Manager), with assistance from an employee Analysts, are responsible for the day-to-day management of all investment portfolios, including securities analysis, fundamental research, and buy and sell recommendations. The President and Analysts monitor the portfolio on an on-going



basis, and undertake transactions as they deem appropriate for the portfolio's investment activities to adhere to the investment guidelines.

Performance results and valuation figures are reviewed by Bijou Capital on each business day, and the monthly performance information and valuation figures are formally communicated to clients on a monthly basis. Bijou Capital also prepares a written analysis of each portfolio on a quarterly basis for its clients, and the quarterly reports include items such as, representative portfolio listings, performance statistics (including any unusual specific performance), a discussion of the market environment for the most recent quarter, and a brief outlook for the portfolio (including any material changes in the composition of the portfolio).

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

Bijou Capital is currently not accepting any new clients, thus client referral programs are not being considered or offered at this time.

Bijou Capital does not provide investment advice or other advisory services to anyone other than the clients' of Bijou Capital.

#### **Item 15 – Custody**

All assets managed by Bijou Capital are held by a qualified custodian, and Bijou Capital does not have physical or any type of implied custody over client assets. Clients have full control over the custody of their assets.

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

Subject to the investment objectives, policies and restrictions of each client account, as set forth in such account agreements, Bijou Capital has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each client account, including the selection of, and commissions paid to, broker-dealers.

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

Pursuant to Rule 206(4)-6 under the Advisers Act, Bijou Capital has adopted and implemented written proxy voting policies and procedures reasonable designed to ensure that proxies are voted in the best interests of its clients. Bijou Capital's proxy voting policy states that the Adviser will (1) disclose its proxy voting policies and procedures to clients; (2) furnish clients with a copy of the proxy voting policies and procedures upon the client's requests; (3) inform clients how they can obtain information on how their securities were voted; and (4) retain all pertinent records.

Upon a client's written request, the client may also elect to exercise the right to vote a specific proxy, so long as the written notice is received by Bijou Capital before it votes the proxy.

Bijou Capital's policies are designed to ensure that proxies are voted in the best interest of clients, including circumstances in which material conflicts of interest exist. Generally, Bijou Capital will follow the recommendations of management for election of directors and in routine matters such as the appointment of independent auditors, allocation of income, and the declaration of stock dividends. However, Bijou Capital will review all proxies on a case-by-case basis.

Bijou Capital understands that conflicts of interest may arise because of business or personal relationships it maintains with certain parties, and these parties may have an interest in the outcome of a specific vote. Bijou Capital and its employees may also have a potential business or personal relationship with other proponents of proxy proposals, participants in proxy contests, corporate directors or candidates for directorships. If at any time, the responsible voting parties become aware of any type of potential conflict of interest relating to a particular proxy proposal, they will promptly report such a conflict to the CCO and the President. These conflicts will then be carefully evaluated by the CCO, President and outside counsel, as appropriate. If a material conflict exists, Bijou Capital will take the necessary steps to ensure that its voting decision is based on the best interests of the client and is not a product of the conflict. Bijou Capital, at its discretion may, (A) seek the advice of the applicable advisory board in voting such security (if any); (B) disclose the conflict of interest to the client and defer to the client's voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with Bijou Capital's outside counsel), which would serve the best interest of the client. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the

general facts underlying both conflicts may be similar (or identical). In some instances, Bijou Capital may determine that it is in the client's best interest for Bijou Capital to "abstain" from voting or not to vote at all, and will do so accordingly.

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

Bijou Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Adviser's clients, and has not been the subject of a bankruptcy proceeding.