

# Bow Street LLC

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of Bow Street LLC (“Bow Street” or the “Company”). If you have any questions about the contents of this brochure, please contact us at (212) 554-5700. 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 Bow Street is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration with the SEC should not be assumed to imply a certain level of skill or training.

## Item 2: Material Changes

Avi Vogel departed Bow Street in February 2016. Following Avi Vogel's departure, Howard Shainker was appointed as the Company's Chief Compliance Officer. Bow Street has moved offices to a new address that is referenced on cover page.

## Item 3: Table of Contents

Item 2: Material Changes.....	2
Item 3: Table of Contents.....	2
Item 4: Advisory Business .....	2
Item 5: Fees and Compensation .....	3
Item 6: Performance Based Fees and Side-by-Side Management .....	3
Item 7: Types of Clients.....	3
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	4
Item 9: Disciplinary Information .....	6
Item 10: Other Financial Industry Activities and Affiliations.....	6
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	6
Item 12: Brokerage Practices .....	7
Item 13: Review of Accounts .....	9
Item 14: Client Referrals and Other Compensation.....	9
Item 15: Custody .....	9
Item 16: Investment Discretion .....	9
Item 17: Voting Client Securities .....	10
Item 18: Financial Information .....	10

## Item 4: Advisory Business

Bow Street is a Delaware limited liability company that was founded in 2011 and is owned by Howard Shainker and Akiva Katz (the "Managing Partners"). Bow Street's investment objective is to achieve capital appreciation for its clients through opportunistic, global event-driven investing across the corporate capital structure.

Bow Street provides investment advisory services to four pooled investment vehicles: Bow Street Partners, LP, Bow Street Offshore Fund, Ltd., Bow Street Master Fund LP (the "Master Fund") and Bow Street Intermediate Fund LP (the "Intermediate Fund") (collectively, the "Funds"). Bow Street Partners, LP invests a substantial portion of its assets through a "master-feeder" fund structure in the Master Fund, a Cayman Islands exempted limited partnership. Bow Street Offshore Fund Ltd., a Cayman Islands exempted company, invests a substantial portion of its assets through the Intermediate Fund, a Cayman Islands exempted limited partnership, and into the Master Fund.

As of December 31, 2015, Bow Street managed approximately \$391 million in regulatory assets under management all of which is managed on a discretionary basis on behalf of the Funds.

## **Item 5: Fees and Compensation**

Bow Street receives compensation for advisory services provided to the Funds through a combination of fees based on a percentage of assets under management and performance-based amounts.

Bow Street receives a management fee up to 2.0% per annum based on the value of each investor's capital or shares account. The management fee is paid quarterly in advance based on the net-asset value of the first business day of each calendar quarter. In addition, at the end of each fiscal year, Bow Street or one of its affiliates receives up to a 20% performance fee based on the net increase of each Fund's value subject to a high water mark. Fees may be waived or reduced at the sole discretion of Bow Street, such as for eligible employees and their family members and for strategic investors who have made particularly timely, material investments in the Funds. In addition to management and performance fees, investors will bear indirectly the fees and expenses charged to the Funds. Those fees and expenses will vary, but typically will include fees associated with fund administration, prime brokerage, legal, accounting, taxes, research and trading.

Further information regarding Bow Street's fees and expenses can be found in each Fund's Confidential Offering Memorandum.

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

Bow Street or one of its affiliates receives performance based compensation based on a share of capital gains on or capital appreciation of the client's assets. Performance based compensation may create an incentive for Bow Street to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of performance compensation. In addition, the performance based compensation is based primarily on realized and unrealized gains and losses. As a result, the performance based compensation could be based on unrealized gains that clients may never realize.

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

Bow Street provides investment advisory services to its clients which are the Funds. Investment advice is provided directly to the Funds, subject to our direction and control, and not individually to the investors in such Funds.

Bow Street seeks to obtain an investor base generally comprised of institutional investors (such as endowments and foundations), fund of hedge funds, private bank clients, and high net-worth individuals.

Bow Street has established a minimum dollar amount to invest in each of the Funds. Bow Street's minimum account size and any initial and additional subscription minimums are disclosed in the applicable offering documents for such Fund. At its discretion, Bow Street may waive or alter the minimum investment amount.

Bow Street may from time to time enter into agreements (collectively, "Side Letters") with one or more investors of a Fund which provide such investor with additional and/or different rights (including, without limitation, with respect to management fees, the performance

allocations, withdrawals, access to information, minimum investment amounts and liquidity terms).

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

Bow Street's "event-driven" investment strategy is based on the Company's rigorous fundamental research process that seeks to identify and capitalize on global dislocations and catalysts across the corporate capital structure, in both fixed income and equity opportunities, and structured credit. Such dislocations and catalysts may result from events and announcements from the issuer, issuer's cash flows, changes in regulations affecting the market or issuer directly, market reaction, poor industry conditions or macro-economic events.

Upon the identification of an event, Bow Street evaluates the potential investment by analyzing the event dynamics and the issuer and industry fundamentals. Bow Street will then seek to capitalize on compelling opportunity sets that provide a strong risk/reward on an individual investment basis and in relation to the portfolio.

Typical investments may include long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, convertible securities, currency, commodity, foreign exchange deliverable and non-deliverable forward contracts, spot foreign exchange, swaps, options (purchased or written), futures contracts, debt and equity indices, other forward contracts and other derivative instruments, partnership interests and other securities or financial instruments including those of investment companies, asset and mortgage backed securities, consumer and commercial loans and receivables, high yield investments and related synthetic instruments and credit-linked notes.

Some of the relevant risks associated with this strategy include, but are not limited to, the following:

*Event-Driven Strategy:* The Funds may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In special situation investing, there exists the risk that the contemplated transaction will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security with a value less than the original purchase price.

Similarly, in liquidations, bankruptcies, recapitalizations and other forms of corporate reorganization, there exists the risk that the reorganization either will be delayed or will result in a distribution of cash or a new security with a value less than the Funds' original purchase price.

*Distressed Securities:* The Funds may invest in "distressed" securities, claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded.

These investments may be in default and involve a substantial degree of risk. A Fund may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the original investment. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. The market for distressed securities and instruments is generally thinner and less active than other markets, which can adversely affect the prices at which distressed securities can be sold.

*Equity and Equity-Related Investments:* The Funds generally target stocks of companies with market capitalizations ranging from \$1 billion to \$5 billion, but may invest in smaller companies. Smaller-capitalization stocks may involve higher risks in some respects than do investments in stocks of larger companies. The prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, such stocks may be thinly traded and may be more illiquid than that of larger capitalization stocks.

Bow Street may also utilize 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.

*Derivatives:* The Funds may invest in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities. The Funds may utilize leverage when investing in such assets and may take a credit risk with regard to parties with whom it trades and may also bear 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 Funds, and hence the Funds should not be exposed to a credit risk with regard to such parties.

*Fixed-Income Securities:* The Funds may invest in U.S. and non-U.S. issuers of fixed income securities. The value of fixed-income securities in which the Funds invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Valuations of certain fixed-income instruments may fluctuate in response to changes in issuer risk, counterparty credit risk or broader changes to the economic environment that may affect future cash flows.

*Non-U.S. Securities:* The Funds may invest in non-U.S. securities. Securities of non-U.S. governments and companies may involve risks and opportunities not typically associated with investing in securities of the U.S. Government or U.S. 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.

*Short Sales:* A Fund may sell securities short from time to time as part of its investment strategy. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Funds' 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 can be no assurance that securities necessary to cover a short position will be available for purchase.

*Leverage:* From time to time, the Funds may utilize leverage; however, in such cases the Funds do not anticipate using a significant amount of leverage. The use of leverage may expose the Funds to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Funds not borrowed to make the investments; (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions at a less favorable price or may result in the loss of the entire investment; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Funds' cost of leverage related to such investments.

Additional information regarding the risks relevant to Bow Street's investment strategy can be found in each Fund's Confidential Offering Memorandum.

## **Item 9: Disciplinary Information**

This item is inapplicable.

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

Bow Street, Bow Street GP, LLC (the "General Partner"), and the Managing Partners have entered into an arrangement with a strategic initial investor (the "Initial Investor") whereby the Initial Investor has made a substantial initial investment in the Funds. In consideration for such capital contribution, the Initial Investor has been granted certain rights that are in addition to the rights, terms and conditions established in favor of other shareholders and limited partners in the Funds including, without limitation: (i) consent rights over certain actions related to the Funds (although the Initial Investor has no consent rights over the investing activities of the Funds), (ii) advance notice with respect to certain events or actions related to the Funds, (iii) information and transparency rights, and (iv) limited withdrawal rights. The Initial Investor does not have any equity stake in the Investment Manager and has no rights with respect to the day-to-day operation of Bow Street or in the management of the Funds. The Initial Investor does have the right to receive a portion of the asset-based charges and the performance allocation.

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

Bow Street has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended, based on the principle that Bow Street owes a fiduciary duty to its clients. Accordingly, employees of Bow Street must avoid activities, interests and

relationships that run contrary (or appear to run contrary) to the best interest of clients. Therefore, Bow Street endeavors to maintain current and accurate records of all personal securities accounts of its employees in an effort to monitor all such activity.

Bow Street permits its employees to engage, on a very limited basis, in certain personal securities transactions identified in the Company's Code of Ethics. Employees are required to: (i) obtain prior written clearance for permitted transactions, (ii) report personal securities transactions, no less than quarterly, and (iii) provide holdings reports upon the commencement of employment and annually thereafter. The Chief Compliance Officer or designee monitors and reviews all employee personal securities transactions to detect potential abuses and to ensure compliance with the Company's personal securities transactions policies and procedures.

A copy of Bow Street's Code of Ethics is available to current and prospective investors upon request.

## **Item 12: Brokerage Practices**

*Research and Soft Dollars:* Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Bow Street utilizes "soft dollars" to obtain research and brokerage services within the meaning of Section 28(e).

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 Bow Street 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 SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

Bow Street has entered into soft dollar arrangements with Goldman Sachs Execution and Clearing, L.P. ("GSEC"), Credit Suisse Securities (USA) LLC ("Credit Suisse"), Morgan Stanley, Tourmaline Partners, LLC, ConvergeX, Rosenblatt Securities and Jefferies LLC. Bow Street utilizes soft dollars at these brokers to pay for eligible research products, expert network services, economic and financial data, market data, order management system, and trade analytical software. Bow Street also maintains a commission sharing arrangement with Stuart

Frankel and Co. Inc. that is also used to compensate other brokers rather than directing trades to their trading desks.

In some instances, Bow Street may receive a product or service that may be used only partially for functions within Section 28(e) (i.e., “mixed use” items such as an order management system, trade analytical software or proxy services). In such instances, Bow Street will make a good faith effort to determine the relative proportion of the product or service used to assist the Company in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the “mixed use” product or service attributable to assisting Bow Street in carrying out its investment decision-making responsibilities will be paid through soft dollars and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Bow Street from its own resources.

In addition, other broker-dealers through which Bow Street executes securities transactions may provide Bow Street with investment research and other products and services (such as standard trading desk access, capital introduction events, etc.) that are generally made available to all institutional investors doing business with such broker-dealers. It is made available to Bow Street on an unsolicited basis and without regard to the rates of commissions or compensation charged or paid by Bow Street or the volume of business Bow Street directs to such counterparties.

Since these products and services are merely made available by trading counterparties as part of a bundled business package to Bow Street, which it may or may not use. It is Bow Street’s understanding that such trading counterparties do not set discrete prices for such products and services. Therefore, Bow Street does not believe it is “paying-up” for such proprietary research and services received by the Company from its various trading counterparties. Accordingly, Bow Street does not separately compensate such broker-dealers for the provision of such services since the broker-dealers do not break out the costs for such services.

*Trade Aggregation and Allocation:* When placing trades, trades for the same security entered on behalf of more than one Fund will generally be aggregated subject to the aggregation being in the best interests of all participating Funds. All Funds participating in each aggregated order shall receive the average price and pay its pro-rata portion of commissions and/or execution costs. Furthermore, Bow Street will allocate such investment opportunity equitably in order to ensure that Funds have equal access to the same quality and quantity of investment opportunities.

*Trade Errors:* To the extent that a trade error occurs, errors resulting in a loss will be borne to the Funds absent Bow Street or an employee’s gross negligence, willful misconduct or violation of applicable laws. Bow Street will endeavor to maintain a record of each trade error, including information about the trade and how such error was corrected.

*Brokerage or Client Referrals:* Bow Street may on occasion receive referrals from a broker-dealer or its affiliates. To prevent brokerage commissions from being used to pay investor referral fees, Bow Street will not allocate brokerage business to a referring broker unless the



Company determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to Bow Street. The Company mitigates the risk of such conflict by maintaining periodic best execution reviews.

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

All client accounts are reviewed by Bow Street's portfolio managers, Howard Shinker and Akiva Katz, and other investment, operations and accounting personnel on a regular basis. Such reviews are performed to assure conformity with the objectives and guidelines of each Fund and include, among others, cash and position reconciliation, sector exposures and the performance of each Fund.

Citco Fund Services, the administrator to the Funds, provides all Investors with capital account statements on a monthly basis, and it includes detailed account balances and return information. Bow Street also provides Investors with a summary report on a monthly basis and distributes a commentary letter to all investors on a quarterly basis. On an annual basis, Investors are sent the annual audited financial statements prepared by Ernst & Young LLP or Ernst & Young Ltd. of the applicable Fund.

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

Bow Street does not currently compensate or receive economic benefits from any broker-dealers or third-parties in connection with providing investment advice to clients. However, from time to time, the prime brokers for the Funds may assist in the introduction of prospective investors to Bow Street by organizing capital introduction events or programs for investors interested in investing in hedge funds. Bow Street does not compensate such broker-dealers and their affiliates and does not consider such referrals when directing securities transactions through the trading desk of such broker-dealer or retaining the services of its affiliates.

### **Item 15: Custody**

All Fund assets are held in custody by unaffiliated broker-dealers or qualified custodians. However, Bow Street GP LLC, in its role as general partner to the Funds may be deemed to have custody of the Funds' assets. As such, the Company has developed procedures to ensure the safeguarding and protection of client assets. The Funds are also subject to an annual audit by an independent public accountant registered with and subject to inspection by the Public Company Accounting Oversight Board and the audited financial statements are distributed to each investor annually. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end.

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

Bow Street generally has discretionary authority to determine, without obtaining specific consent from the Fund or its limited partners, the securities and amount to be bought or sold. Any limitations on authority are included in the offering documents.

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

*Proxy Voting:* Bow Street has implemented written policies and procedures governing the voting of client proxies. The policies and procedures were reasonably designed to ensure that Bow Street votes client securities in the best interest of clients, and sets forth how the Company addresses material conflicts of interest that may arise between the Bow Street and its clients. The Chief Compliance Officer is responsible for receiving all proxy voting materials, consulting with members of the investment team for proxy voting instructions, and is responsible for ensuring that proxies are voted and submitted in a timely manner.

In addition, the Company maintains a record of all proxy votes cast on behalf of clients. If a material conflict of interest over proxy voting arises between Bow Street and a client, the Company's employees will notify the Chief Compliance Officer and a Managing Partner of the conflict. All conflicts of interest will be resolved in the client's best interest. The Chief Compliance Officer may consult outside legal counsel to determine the appropriate resolution.

A copy of Bow Street's Proxy Voting Policy and/or the Company's proxy voting records as it relates to the Funds are available to investors upon request.

## **Item 18: Financial Information**

This item is inapplicable.

Bow Street has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.