

**Form ADV: Part 2A
Firm Brochure
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This brochure provides information about the qualifications and business practices of Bay Hills Capital Management, LLC ("BCM" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at 415-391-4240. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commissioner or by any state securities authority. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about Bay Hills Capital Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Not applicable. This is BCM's initial registration filing with the SEC.

Item 3. Table of Contents

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Item 4. Advisory Business

Bay Hills Capital Management, LLC (“BCM” or the “Firm”), a Delaware limited liability company, is a private equity fund-of-funds investment firm focused exclusively on the North American small to lower-middle market buyout sector (“Small Buyouts”). BCM was founded in 2006 and is headquartered in San Francisco, CA. As of September 30, 2012, the Firm managed \$285 million in client assets across four fund-of-funds on a discretionary basis and no assets under management on a non discretionary basis. BCM is managed by its four senior professionals. Lance Mansbridge is the principal owner of BCM.

BCM provides advisory services for a set of commingled funds-of-funds (Bay Hills Capital Partners I and II, or collectively, the “BHCP Funds”) and separate account funds-of-funds (Bay Hills Emerging Partners I and II, or collectively, the “BHEP Funds”). The BHCP Funds and BHEP Funds are collectively referred to as the BCM Funds (the “BCM Funds”). The BHCP Funds are private equity funds-of-funds established to invest exclusively in hard-to-access Small Buyout funds managed by top-performing, well-established firms targeting the Small Buyout sector in North America. The BHEP Funds are committed to proactively identifying emerging managers in the Small Buyout segment. Emerging managers are typically less-established firms with experienced management teams that have spun out from more established private equity firms. These managers are typically raising their first or second institutional fund, and have a strong pre-fund track record.

As the investment advisor to the BCM Funds, the Firm provides investment identification, evaluation and selection services. Additionally, the Firm negotiates investment terms and provides on-going due diligence and performance monitoring for each BCM Fund and its investments. Investments in private equity are made primarily in pooled investment vehicles structured as limited partnerships. Although BCM serves as the investment advisor to all BCM Funds, each fund is structured to have a distinct general partner responsible for the daily operations of the respective fund, and each general partner is an affiliate of BCM.

With the BHEP Funds, BCM has tailored its advisory services to the needs of a sole investor, and has developed customized fund-of-funds to serve those needs. BCM has addressed the investment objectives of the client through the creation of a detailed investment plan with specific guidelines regarding the total commitments from the client, the target number of partnership investments for the vehicle, the commitment size to each partnership, diversification requirements, investment restrictions, and fee structures. BCM’s investment discretion over the BHEP Funds is limited by these agreed-upon guidelines. Aside from these guidelines, the client may not impose restrictions on investing in certain securities or types of securities.

BCM believes that the dedicated focus of the Firm and the backgrounds of Lance Mansbridge, Albert Chiang, David Smith and Philip Godfrey (collectively, the “Principals”) provide unique advantages in identifying and evaluating Small Buyout fund managers and in obtaining access to top-performing funds. All of the Firm’s resources are exclusively committed to investing in the Small Buyout sector.

Interests in the BCM Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state or foreign jurisdiction and may not be bought, sold or transferred without compliance with all applicable Federal, state, and foreign securities laws. Accordingly, to purchase limited partner interests in any BCM Fund, investors must be “accredited

investors” as defined in the rules and regulations promulgated under the Securities Act, and “qualified purchasers” under the Investment Company Act of 1940, as amended (the “Investment Company Act”).

BCM does not participate in wrap fee programs.

Information regarding the history of the Firm and its team can be found in the Bay Hills Capital Partners II, L.P. private placement memorandum.

Item 5. Fees and Compensation

BCM is compensated for its advisory services through management and performance based fees. Fee structures will vary by fund type. The BHCP Funds charge a management fee of 1% of the aggregate investor capital commitments through the sixth anniversary of the initial close. Thereafter, a step-down process for the fee rate will initiate, and a reduced management fee based on aggregate investor capital commitments is charged until the termination of the fund. BHCP Fund management fees are generally not negotiable. The BHEP Funds are separate accounts customized for a sole client. Separate account fees are negotiable, taking into account the commitment amount and the investment mandate. Management fees are payable semi-annually in advance.

Performance based fees (carried interest) vary depending on the investment mandate. Each BHCP Fund provides its general partner with a 5% aggregate profit share after limited partners have received distributions equal to the amount of their capital contributions plus a preferred return of 12%. The BHEP Funds are separate accounts customized for a specific client. The carried interest for the separate account is negotiable, taking into account the commitment amount and the investment mandate.

Each BCM fund will pay for expenses relating to the organization and formation of such fund and the placement of limited partner interests in the fund up to an amount specified in the limited partnership agreement. Organizational expenses in excess of this amount will be paid by the fund but borne by the general partner or the adviser of the fund through an offset against the management fee.

More information on the fees and compensation of each BCM Fund can be found in the limited partnership agreements of the respective fund.

Item 6. Performance based Fees and Side-By-Side Management

As detailed in Item 5 (Fees and Compensation), BHCP and BHEP Funds charge an asset-based management fee and a performance based fee. Generally speaking, performance based fees can create an incentive for the general partner to make more speculative investments. BCM mitigates this concern through its disciplined due diligence and portfolio composition process.

Each potential investment is subject to a detailed evaluation process that becomes progressively more rigorous as it moves closer to final investment approval. The Firm's Investment Committee is comprised of all four Principals who assume active roles in sourcing, evaluating and monitoring the Firm's investments. The Principals meet regularly to review the fund investment pipeline, existing fund investments, portfolio composition and ongoing performance. Every new investment is subject to unanimous approval by the Investment Committee.

When simultaneously managing multiple funds with differing compensation structures, conflicts of interest may arise, resulting in an advisor favoring certain clients over others. Due to the differing investment mandates between the BHCP and BHEP Funds and their comparable fee structures, BCM does not consider its current fee structures to present any conflicts of interest.

More information regarding the fees and compensation of each BCM Fund can be found in the limited partnership agreements of the respective fund.

Item 7. Types of Clients

BCM serves as a discretionary investment advisor to the BCM Funds. As of September 30, 2012, the BCM Funds comprise four limited partnerships and 32 underlying investors, which include high net worth individuals, family trusts, corporate plans, nonprofit institutions, and a public pension.

Potential investors in the BCM Funds must be “accredited investors” as defined in Rule 501(a) under Regulation D of the Securities Act, and “qualified purchasers” as defined in Section 3(c)(7) of the Investment Company Act of 1940.

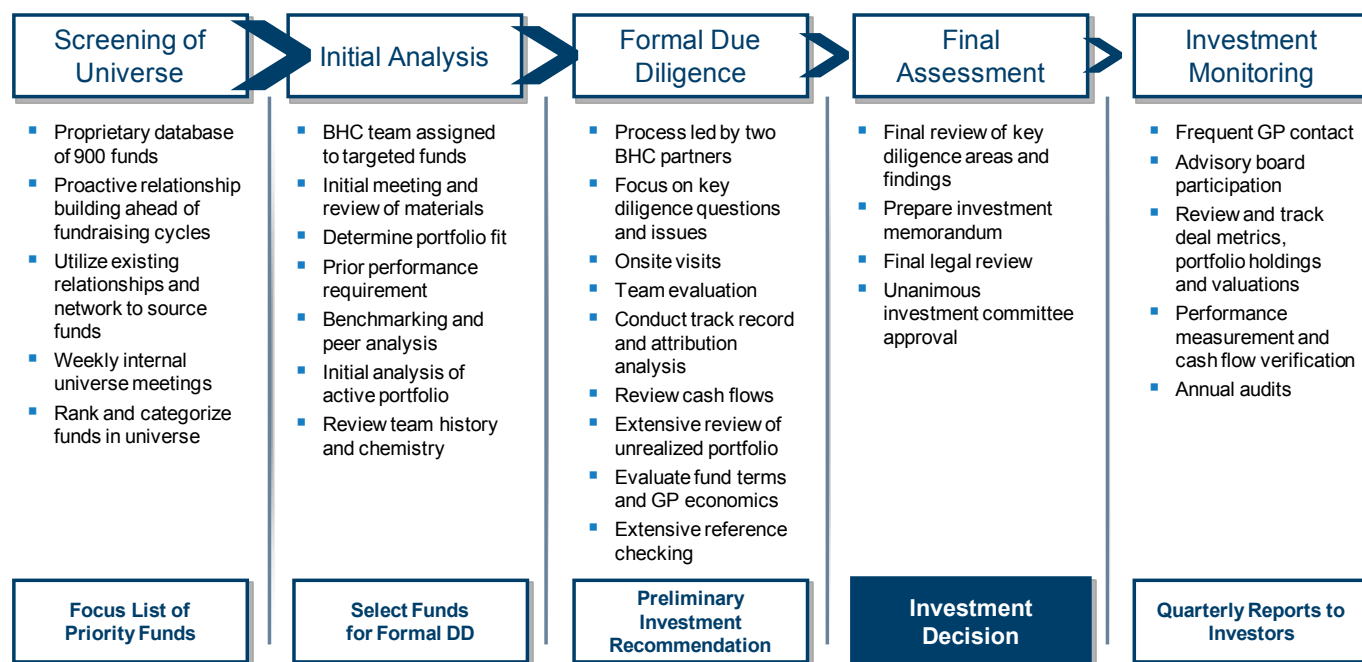
Each BHCP Fund requires an initial minimum investment of \$1,000,000, which, on occasion, may be waived in the sole discretion of the general partner. The BHEP Funds are separate single-investor fund-of-funds vehicles customized for a large state pension fund; therefore, total commitment amounts are dependent on negotiations between BCM and the client.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

BCM is focused exclusively on investing in the North American Small Buyout segment of the private equity market. BCM defines Small Buyout funds as ones that invest in established companies with typical enterprise values of \$20 million to \$250 million. These funds typically range in size from \$100 million to \$1 billion, depending upon investment scope and strategy.

The Firm's investment process leverages the unique skills and experience of the Principals and involves comprehensive qualitative and quantitative evaluation of prospective fund investments. Each potential investment is subject to a detailed evaluation process that becomes progressively more rigorous as it moves closer to final investment approval. The Firm's Investment Committee is comprised of all four Partners who assume active roles in sourcing, evaluating and monitoring the Firm's investments. The Principals meet regularly to review the fund investment pipeline, existing fund investments, portfolio composition and ongoing performance. Every new investment is subject to unanimous approval by the Investment Committee.

BCM's Investment Process



General Risk Factors

An overview of the material risks involved with investments in BCM Funds is provided below. Prospective investors should refer to the Bay Hills Capital Partners II, L.P. private placement memorandum for more information regarding these risks and other risks associated with the fund.

Dependence on the General Partner and Underlying Fund Managers. The success of each BCM Fund depends on the acumen and expertise of BCM in selecting underlying funds and the acumen and expertise of the portfolio managers of the underlying funds in selecting portfolio companies in which to invest. All decisions with respect to the management and investments of each BCM Fund will be made exclusively

by BCM, while all decisions with respect to the management and investments of the underlying funds will be made exclusively by their respective managers. Accordingly, no prospective investor should invest in a BCM Fund unless such investor is willing to entrust all aspects of the management of the fund to BCM and all aspects of the management of the underlying funds to their respective managers.

Illiquid and Long-Term Nature of Investments. Investments in BCM Funds and their underlying investments are generally long-term in nature and require many years from the date of initial investment before disposition. The timing or amount of any distributions to limited partners is uncertain. BCM Funds' will acquire privately offered interests in underlying private equity funds. A limited market exists for the sale of interests in private equity investment partnerships, and the transferability of such interests is generally restricted. Consequently, the BCM Funds may be unable to readily liquidate its interests in such underlying funds.

Interests in the BCM Funds also represent highly illiquid investments. Transfers may only be made with the consent of the respective general partner, which may be withheld or delayed in its sole and absolute discretion.

Investments in Leveraged Buyout Funds. Buyout transactions may result in new enterprises that are subject to extreme volatility, require time for maturity and may require additional capital. In addition, they frequently rely on borrowing significant amounts of capital, which can increase profit potential but at the same time increase the risk of loss.

Competition for Underlying Funds. Many institutional investors, including other fund-of-funds entities, may seek to invest in many of the same underlying funds in which the Fund may also seek to invest. Some of those underlying funds may limit the number of investors and the amount of capital they raise, which may limit or eliminate the ability of the fund to invest in those underlying funds.

Indemnification Obligation. Each investment partnership is obligated to indemnify and hold its managers and related parties from and against any and all claims, liabilities, costs and expenses incurred by them arising out of or in connection with their activities on behalf of the partnership, unless claim, liability, cost or expense results from such indemnified party's bad faith, gross negligence, willful misconduct or breach of fiduciary duty under the partnership agreement. In addition, if the assets of the fund and the unfunded capital commitments of the partners are insufficient to satisfy this indemnification obligation, the partners will be obligated to return distributions received by them to enable the respective fund to satisfy these obligations.

Default on Capital Commitments. Investors are required to make capital contributions to their respective investment partnership over an extended period of time. If an investor defaults on its obligations to make such a required capital contribution, the consequences of such default could be severe for that investor and other investors in the respective fund.

Multiple Layers of Fees and Expenses. Each investor in a BCM Fund will directly bear the fees and expenses charged by that fund, and indirectly bear the fees and expenses of the underlying partnerships of that fund. This will result in greater expense and less potential for return on investment than if such fees were not charged and such expenses were not incurred.

Delayed Filings. An underlying fund may be unable to provide final Schedule K-1s to limited partners in such fund for any given tax year until after April 15 of the following year. Final Schedule K-1s will not

be available until completion of the annual audit of each underlying fund (which may be six months or more after year end). It is generally anticipated that limited partners in a BCM Fund will be required to obtain extensions of the filing date for their income tax returns at the federal, state and local level.

Limited Partners May be Required to Return Distributions. If a BCM Fund is required to return any distribution made to it by an underlying fund, the BCM Fund, in the sole discretion of its general partner, may require each limited partner to return to the fund any or all of the distributions paid to such limited partner to the extent necessary to satisfy such obligation.

State and Federal Securities Laws. The BCM Funds are not registered under the Securities Act of 1933, the Investment Company Act, or under the securities laws of any other applicable jurisdiction in reliance on exemptions from registration under such laws. Because the BCM Funds have not been registered under the Securities Act of 1933 and the Investment Company Act, investors will not be afforded certain regulatory protection afforded to investors in entities that are registered under such laws.

Item 9. Disciplinary Information

The SEC requires that all registered investment advisers disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the firm's advisory business or the integrity of its management.

BCM has no legal or disciplinary events to report.

Item 10. Other Financial Industry Activities and Affiliations

BCM is not affiliated with any investment advisers or broker-dealers.

Two of the BCM Principals have legacy FINRA registrations from prior experiences. David Smith has legacy Series 4, 7, 24, 26, 53, 55, and 63 licenses associated with his past experience at a brokerage firm. Albert Chiang has legacy Series 7 and 63 licenses associated with his prior experience at an investment bank. A Form U5 has been filed by each of their respective prior employers. BCM, and its Principals, are not registered, nor have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

BCM serves as the sole investment adviser of the BCM Funds, and has sole discretion over the investments made by each BCM Fund. In addition, each BCM Fund has a distinct general partner that is responsible for the day-to-day operations of the fund and each general partner is an affiliate of BCM. The general partner of each BCM Fund may hold an interest in the fund in an effort to align interests between the general partner and the limited partners.

When simultaneously managing multiple funds, conflicts of interest may arise in regards to allocation of investments between funds. BCM also maintains a written conflict of interest policy to provide guidance to its employees, should such conflicts arise.

Item 11. Code of Ethics, Participation or Interest in Clients Transactions and Personal Trading

BCM has adopted a Code of Ethics which governs the standards of business conduct for all employees. The Code requires employees to place the interests of clients above those of BCM. Employees must conduct themselves in an ethical and professional manner. Each new employee is provided with a copy of BCM's Code of Ethics.

Staff members who possess material nonpublic information that could affect the value of an investment are strictly prohibited from trading or inducing others to trade on the material nonpublic information. The prohibition on using this information goes beyond the direct buying and selling of individual securities or bonds. Staff members must not use material nonpublic information to influence their investment actions related to derivatives (e.g., swaps or option contracts), mutual funds, or other alternative investments or cause others to act on the information. The Firm has adopted a personal trading policy to guide its employees.

BCM will provide a copy of its Code of Ethics to any investor or prospective investor in the BCM Funds upon request.

Item 12. Brokerage Practices

Due to the nature private equity funds, BCM does not use broker-dealers for its investments. Investors in private equity funds typically subscribe to the fund and negotiate terms with the fund's general partner on a private placement basis. Investment opportunities are sourced through direct solicitation of, or by, a fund's general partner or its placement agent. The required disclosures regarding the selection, recommendation, or compensation of broker-dealers under Item 12 are not relevant to BCM and its investment model; thus, BCM has no applicable information to disclose.

In the rare instance that an underlying investment fund may distribute the public stock of an underlying portfolio company to a BCM fund, the Firm will select a broker for its transactions based on the following factors: transaction costs, the accuracy and timeliness of trade executions, the broker's experience with private equity distributions and restricted stocks, and the overall efficiency in transferring distributed shares and executing trades. To date, BCM has not received public stock from any of its underlying investment partnerships, and the likelihood of these partnerships distributing stock to BCM is limited.

Item 13. Review of Accounts

BCM's ongoing review process includes (1) the assessment of performance for each investment partnership through a review of the fund's financial statements and portfolio investments, (2) the assessment of each underlying manager's compliance with governing documents and initial investment plans, and (3) the ongoing communication and interaction with existing managers through consistent participation in annual meetings, advisory boards, and conference calls.

All client accounts, BCM Fund accounts, and underlying fund accounts are updated and reviewed by BCM on a quarterly basis. As part of the performance monitoring process, quarterly financial statements received from BCM's underlying partnerships are reviewed for new investments, dispositions, valuation changes, and other relevant updates. BCM tracks these developments quarterly, and updates all applicable client and BCM Fund accounts accordingly. An internal report that summarizes the overall performance of each portfolio, and any significant developments for the quarter is then circulated amongst the BCM investment team.

In addition to the quarterly performance review, BCM reviews all applicable client accounts and BCM Fund accounts each time an underlying manager draws down additional capital, or distributes proceeds related to a portfolio company investment. Other factors that may trigger an intermittent review include: (1) material changes in the team, structure, or organization of an existing underlying fund, (2) an investment or the review of a potential investment in a new underlying fund, (3) material changes in the economic or political landscape, and (4) other circumstances specific to BCM or its clients.

The BCM investment team is collectively responsible for overseeing all client accounts, BCM Fund accounts, and underlying fund accounts. Performance figures are updated at least once per quarter by an Analyst or Associate. A final review of all accounts and performance measurements is conducted by the BCM Principals and BCM's accounting consultants.

Each BCM Fund provides its investors with a quarterly update letter which discusses the overall performance of the portfolio, new developments within the portfolio, and an outlook of the general environment as it relates to Small Buyouts. Other periodic written reports provided to investors in each BCM Fund include: (1) unaudited quarterly financial statements and capital accounts for the first, second, and third quarter of each calendar year, (2) audited annual financial statements and capital accounts at year end, and (3) annual tax information related to the client's investment in the respective BCM Fund.

Item 14. Client Referrals and Other Compensation

BCM does not receive any economic benefits or monetary compensation from any person or entity that is not a client, for providing investment advice to its clients.

Neither BCM nor its Principals directly or indirectly compensate any third party individual or entity for client referrals. BCM does not utilize placement agents to solicit business from clients or prospective clients.

Item 15. Custody

BCM has custody of the BHCP and BHEP Funds' assets, but does not act as a qualified custodian for the underlying funds. All BCM Funds are audited annually by Novogradac & Company LLC, an independent public accounting firm, and audited financial statements are distributed to investors in the BCM Fund on an annual basis.

Item 16. Investment Discretion

BCM has discretion to make private equity investments for all BCM Funds, subject to the terms, provisions and investment mandates, as set forth in such BCM Fund's partnership agreement. Investors execute a subscription agreement and partnership agreement in connection with their investment. Each agreement contains a power of attorney granting the general partner of the fund certain powers related to the orderly administration of the fund.

BCM, as adviser to the BCM Funds, shall have exclusive management and control of the affairs of the partnerships and shall have the power and authority to do all things necessary or proper to carry out the purposes of the partnerships.

Item 17. Voting Client Securities

The BCM Funds invest in private equity funds. BCM and the BCM Funds typically do not receive distributions of public securities or directly hold public securities. In the event that BCM or a BCM Fund receives public securities, those securities would be promptly liquidated. Proxy voting is not generally applicable to the BCM advisory business.

Item 18. Financial Information

BCM does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to BCM's clients. BCM has never been subject of a bankruptcy petition.