

**Form ADV Parts 2A and B: FIRM BROCHURE**

**ANCHOR BOLT CAPITAL, LP**

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This Brochure provides information about the qualifications and business practices of Anchor Bolt Capital, LP (“Anchor Bolt”). If you have any questions about the contents of this Brochure, please contact us at (312) 477-2700 or Sean.Stephens@anchorboltcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Anchor Bolt is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Anchor Bolt also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

There have been no material changes since Anchor Bolt's last annual Brochure filing on March 31, 2015.

Pursuant to SEC rules, Anchor Bolt will provide a summary of material changes to its Brochure within 120 days of the close of its fiscal year. Anchor Bolt may provide further disclosures about material changes as deemed necessary. Additionally, Anchor Bolt will provide to clients a new Brochure as necessary, without charge. Currently, Anchor Bolt's Brochure may be requested by contacting Sean Stephens at (312) 477-2700. The Brochure is also available, free of charge, from the SEC's Investment Advisor's Public Disclosure Website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). The SEC's website also provides information about any persons affiliated with Anchor Bolt who are registered as investment adviser representatives of Anchor Bolt.

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## Item 4 – Advisory Business

### Firm Description

Founded in November 2011, Anchor Bolt Capital, LP, a Delaware limited partnership (“Anchor Bolt” or “Investment Manager”), serves as the Investment Manager for and provides discretionary investment advisory services to the following investment funds: (i) Anchor Bolt Fund, LP, a 3(c)(7) partnership (the “Onshore Fund”); (ii) Anchor Bolt Offshore Fund, Ltd., the offshore fund and a 3(c)(7) fund (the “Offshore Fund” which, together with the Onshore Fund, are also referred to as the “Feeder Funds”); (iii) Anchor Bolt Master Fund, LP (the “Master Fund” and together with the Feeder Funds, the “Main Fund”); (iv) Anchor Bolt Long Fund, LP, a 3(c)(7) partnership (the “Long Onshore Fund”); (v) Anchor Bolt Long Offshore Fund, Ltd., the long offshore fund and a 3(c)(7) fund (the “Long Offshore Fund”, which together with the Long Onshore Fund, are also referred to as the “Long Feeder Funds”); (vi) Anchor Bolt Long Master Fund, LP (the “Long Master Fund” and together with the Long Feeder Funds, the “Long Fund”); and (vii) Anchor Bolt One, Ltd., (“Anchor Bolt One”), a fund of one; and (viii) separately managed accounts. The Onshore Funds and the Offshore Funds invest substantially all of their assets into their respective Master Funds. The purpose of the Master Funds is to achieve certain administrative efficiencies; the Master Funds have no investors other than the Feeder Funds, their Fund’s General Partner and certain Anchor Bolt employees. All of the funds referenced above are collectively referred to herein as the “Funds” and each as a “Fund,” unless otherwise required by the context.

Anchor Bolt is a hedge fund manager with a focus in the industrial and energy sectors. The Firm acts as the Investment Manager for each Fund, as well as the Investment Manager to separately managed accounts (generally with similar investment objectives and investment strategies as those employed by the Funds). Pursuant with the offering memoranda, private placement memoranda, investment management agreements, limited partnership documents and any other organizational documents (the “Governing Documents”) of each Fund, the Investment Manager is responsible for the investment of each Fund’s assets, subject to the policies and control of the board of directors of each Fund and its General Partner. This Brochure will generally refer to trading activities on behalf of the Funds, but virtually all of the trading on behalf of the Funds occurs at each Fund’s Master Fund level. Each of the Onshore Fund and Offshore Funds are also authorized to invest directly in securities, rather than through the Master Fund. Anchor Bolt One is structured as a single fund.

The Investment Manager’s objective is to build a long/short equity business focused on the global industrial and energy markets that will seek to generate sustained above-average, long-term, risk-adjusted results. Fundamental research is the foundation of the Investment Manager’s investment strategy. The Long Fund shares the same objective as the Main Fund,

as does Anchor Bolt One, however the Long Fund does not take on short positions and Anchor Bolt One's trading is subject to a restricted list. The Long Fund therefore may trade independently of the Main Fund, Anchor Bolt One and the separately managed accounts. Anchor Bolt seeks to generate consistent long and short alpha by combining deep industry and stock knowledge with rigorous financial analysis and value-added research. Within the industrial and energy world, the Investment Manager focuses on investments across at least 48 subsectors within at least four key categories: capital equipment, basic materials, energy and transportation. Anchor Bolt's advisory services for each Fund are detailed in the applicable offering memorandum and private placement memorandum of each Fund ("Governing Documents") and are further described below under "Item 8—Methods of Analysis, Investment Strategies and Risk of Loss."

For the Main Fund, the Onshore Fund initially offered Class A interests to investors who were the initial investors in the Fund or, in the sole discretion of the General Partner, were deemed to have made significant anchor investments in the Onshore Fund. Investors interested in the Onshore Fund are now eligible to invest in either Class B interests or Class C interests. As discussed later in this Brochure (in Items 5 and 6 hereof), Class A interests, Class B interests, Class C interests and Class D interests differ with respect to the management fees charged and the incentive allocation allocated to such investors. In addition, limited partners may be limited in the amount of Class A, Class C and Class D interests they may hold in the Onshore Fund.

Similarly, the Offshore Fund offers two investment classes, Class A and Class B, each with four sub-classes, namely Sub-Class 1, Sub-Class 2 or Sub-Class 3. The Class A and Class B Sub-Class 1 shares were issued to the initial investors in the Offshore Fund or, in the discretion of the Investment Manager, were deemed to have made significant anchor investments in the Offshore Fund. More recent and current investors are eligible to invest in each Class A and Class B Sub-Class 2 and Sub-Class 3. As with the Onshore Fund, these classes differ with respect to the management fees charged and the incentive allocation allocated to such investors. In addition, shareholders may be limited in the amount of Sub-Class 1, Sub-Class 3 and Sub-Class 4 shares they may hold.

Interests in the Long Fund are offered in two share classes, which as of the date of this Brochure are a Founders Interest and Standard Interest class. The Founders Interest are only offered until the date on which the net asset value of the Long Master Fund exceeds \$250 million. The Long Fund launched on January 2, 2015.

Interests in Anchor Bolt One are offered to only two investors and are not expected to be offered to additional investors in the future.

Anchor Bolt provides discretionary investment advice to its Funds and to separately managed accounts. Investment advice is provided directly to the Funds and separately managed accounts and not individually to investors in such Funds and separately managed accounts. Anchor Bolt does not participate in wrap fee programs

As of December 31, 2015, Anchor Bolt has regulatory assets under management of approximately \$5,923,309,000 all of which are managed on a discretionary basis in Anchor Bolt's sole discretion.

### **Principal Owners/Ownership Structure**

For the Main Fund, Anchor Bolt Capital, LP is a limited partnership of which the general partner ("General Partner") is wholly owned and controlled by Robert Polak, Anchor Bolt's Founder and Chief Investment Officer. For the Long Fund, Onshore Fund, Master Fund and Long Master Fund, Anchor Bolt GP, LLC is a limited liability company of which the Managing Member is Mr. Polak. The General Partner is a relying adviser deemed to be registered and subject to Anchor Bolt's registration with the SEC and its compliance program. The Offshore Fund, Long Offshore Fund and Anchor Bolt One are operated under the purview of the appointed Board of Directors, as detailed in the Form ADV Part 1, Schedule D, Item 7.B.(1). For more information about Anchor Bolt's owners and executive officers, see Anchor Bolt's Form ADV Part 1, Schedule A.

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

For the Main Fund, in consideration for the investment management services provided to the Funds, the Feeder Funds on behalf of each Fund's limited partners pay to Anchor Bolt a monthly management fee in arrears as of the end of each month. The fee is prorated for partial periods equal to a percentage of the net asset value of each class of stock corresponding to a limited partner's capital account in the Fund. With respect to the Onshore Fund, the monthly management fee percentage for the Class A interests equals 0.0833% (1.00% annualized), for the Class B interests, the management fee percentage equals 0.1250% per month (1.50% annualized), for the Class C interests, the management fee percentage equals 0.1042% per month (1.25% annualized), and for the Class D interests, the management fee percentage equals 0.0833% per month (1.00% annualized). With respect to the Offshore Fund, the Class A and Class B Sub-Class 1 and Sub-Class 4 shares pay a monthly management fee percentage equal to 0.0833% (1.00% annualized), Class A and Class B Sub-Class 2 shares pay a monthly management fee percentage equal to 0.1250% (1.50% annualized), and Class A and Class B Sub-Class 3 shares pay a monthly management fee percentage equal to 0.1042% (1.25% annualized). The management fees are calculated after taking into account any expenses at the respective Fund levels. Management fees are deducted from each investor's

capital account by the Feeder Fund and are payable regardless of the overall success or income earned by the Funds.

For the Long Fund, in consideration for the investment management services provided to the Funds, the Long Feeder Funds on behalf of each Long Feeder Fund's limited partners pay to Anchor Bolt a monthly management fee in arrears as of the end of each month. The Master Fund will pay to the Investment Manager a monthly management fee calculated at a rate of (i) 0.0667% per month (0.80% per annum) attributable to each Founders' limited partner's capital account and (ii) 0.0833% per month (1.00% per annum) attributable to each Standard limited partner's capital account.

For Anchor Bolt One, in consideration for the investment management services provided to the Fund, the shareholders pay to Anchor Bolt a monthly management fee in arrears as of the end of each month. Anchor Bolt One will pay to the Investment Manager a monthly management fee calculated at the rate of 0.0833% per month (1.00% per annum) attributable to the shareholders' capital accounts.

In its sole and absolute discretion, Anchor Bolt may waive, reduce or calculate differently the management fee with respect to the capital accounts of certain investors. No management fee is charged with respect to the capital account of the General Partner, its principals, employees or affiliates of Anchor Bolt. Principals or other employees of Anchor Bolt may receive a portion of the management fees, incentive allocation or other compensation received by Anchor Bolt or the General Partner.

In addition, for the Main Fund, holders of Onshore Class A interests and Offshore Class A and Class B Sub-Class 1 shares may be subject to additional fees to the extent an investor redeems his/her/its investments in a Fund prior to the expiration of an applicable lock up period. Such fees are equal to 3% of the amount of the redemption made by the investor. All limited partners and shareholders are also subject to additional fees, equal to 2.5% of the amount of the withdrawal, if redemptions are made on a date that is not the end of a calendar quarter. The specific fees charged by Anchor Bolt are described in the relevant private placement memorandum and in each limited partner's/shareholder's written agreement with Anchor Bolt.

Each Main and Long Fund's investors share in all of its respective Fund's expenses, as well as such Fund's pro rata share of the Master Fund's operating and other expenses, including, but not limited to: the management fee; investment-related expenses (*e.g.*, brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, fees and expenses relating to investments in exchange-traded funds, expenses related to currency exchanges, research-related expenses, including, without limitation, news and quotation equipment and services

(Anchor Bolt's brokerage arrangements entered into on behalf of the Funds are discussed in Item 12 of this Brochure)); legal expenses; accounting, audit and tax preparation expenses, expenses of similar third-party non-investment professionals; organizational expenses; expenses relating to the offer and sale of the interests/shares; expenses relating to obtaining insurance for the officers of the Investment Manager, the General Partner and the Board of Directors; fees to the Funds' administrator; board of director fees; expenses related to the maintenance of the Funds' or the Master Funds' registered office; corporate licensing; extraordinary expenses and other similar expenses related to each respective Fund. (Note, any expenses attributable to investments in "new issues" will be paid pro rata only by those investors eligible to participate in such investments.) Investors' operating expenses are subject to a cap equal to 0.5% of the value of a shareholder's shares or limited partner's interest, as the case may be, calculated on an investor-by-investor basis, as of the end of the fiscal year. Any amount in excess of the cap shall be borne by the Investment Manager.

To the extent Fund expenses are advanced by the General Partner and/or the Investment Manager on behalf of a Fund, such expenses will be promptly reimbursed. Such expenses shall generally be allocated among the capital accounts of all limited partners/shareholders as of the end of the calendar month in which such expenses are payable; provided, however, that the General Partner, in its sole and absolute discretion, may allocate expenses to each limited partner's/shareholder's capital account over one or more months to accurately reflect the accrual of any such expenses. If an investment is redeemed at any time other than at the end of a fiscal year, any accrued expenses will be paid to the Investment Manager at such time.

Each Feeder Fund's investors are also responsible for the organizational expenses of their respective Feeder Fund and such Feeder Fund's pro rata share of the Master Fund's organization expenses. Each Fund's organizational expenses are amortized over a period that is up to sixty months in length.

The precise amount of, and the manner and calculation of, the management fees for each Fund are set forth in the respective Fund's Governing Documents. The amount of management fees, fund expenses and any offset thereof may differ from one Fund to another, as well as among investors in the same Fund.

Separately managed account management fees are calculated on a client by client basis as memorialized in each client's Governing Documents.



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

### Main Fund

As described above, each Feeder Fund invests substantially all of its assets in the Master Fund. The Master Fund maintains capital accounts for each Feeder Fund broken down by classes and series of shares/interest outstanding that in turn correspond to the individual capital accounts of the underlying investors in each Feeder Fund. Accordingly, the gain or loss attributed to each investor's capital account is based upon the appreciation or depreciation in the net asset value of the corresponding series or class in which such investor owns and is allocated pro rata based on the investor's respective capital account balance.

Generally, on the last calendar day of each fiscal year (or earlier upon the withdrawal from any capital account), the General Partner of the Master Fund will receive a pro rata return of the performance of the Master Fund equal to: (i) 20% of the excess of the net realized and unrealized appreciation of the net asset value of the Onshore Fund's Class B limited partners' capital account and the Offshore Fund's Class A and B Sub-Class 2 shares' capital account; (ii) 18% of the excess of the net realized and unrealized appreciation of the net asset value of the Onshore Fund's Class C and Class D limited partners' capital account and the Offshore Fund's Class A and B Sub-Class 3 and Sub-Class 4 shares' capital account; and (iii) 15% of the excess of the net realized and unrealized appreciation of the net asset value of the Onshore Class A limited partners' capital account and Class A and B Sub-Class 1 shares' capital account. Such fee paid to the General Partner is referred to as an "incentive allocation." The incentive allocation is determined after taking account of the management fee and other expenses debited to the corresponding Feeder Fund's capital account.

The incentive allocations are subject to a "high watermark." The high watermark attributable to each class and series capital account corresponds to the net asset value of such capital account immediately following the date as of which the last year-end incentive allocation was determined with respect to such capital account or if no incentive allocation has yet been determined, with respect to such capital account, the net asset value of that capital account immediately following its establishment. This means that if there is a temporary decline in an investor's capital account due to net losses, the General Partner will not be allocated the incentive allocation for such investor until these losses are recovered.

In the event that an investor redeems all or a portion of its capital account other than at the end of a fiscal year, the net capital appreciation or depreciation, as the case may be, will be determined through the date of redemption as if such date were the end of the fiscal year and will be reallocated as set forth above. (Partial withdrawals will result in a pro rata portion of the incentive allocation being determined as of such date.)

This fee structure is described in detail in each Feeder Fund's Governing Documents. Anchor Bolt may elect, in its sole and absolute discretion, to waive, reduce or calculate differently the incentive allocation with respect to certain limited partners/shareholders, including without limitation, limited partners/shareholders that are affiliates or employees of Anchor Bolt, members of the immediate families of such persons, trusts or other entities for their benefit. Investments in a Feeder Fund by the General Partner are not subject to any incentive allocation.

The Feeder Fund's management fees, incentive allocations and other compensation payable to Anchor Bolt and the General Partner are established by Anchor Bolt at the time of the establishment of the relevant investment vehicle and are negotiated with participating investors prior to making their investment. Once the relevant Feeder Fund has been established and commenced operations, such compensation and expenses are generally not negotiable. However, if more than one capital account of a limited partner or shareholder is subject to an incentive allocation at the end of the respective Feeder Fund's fiscal year, the General Partner may, in its sole and absolute discretion, elect to consolidate such capital accounts into a single capital account for such investments at the end of such Feeder Fund's fiscal year.

Once a Feeder Fund's fiscal year has ended, any performance-based compensation earned during that year is not subject to reversal. The incentive allocation to the General Partner will be based, in part, on unrealized investment gains of the Master Fund that may never be realized in the event of adverse changes in the value of such investments and thus the allocation may be greater than if it were solely based on realized gains. The performance-based compensation received by Anchor Bolt may create a conflict between Anchor Bolt's interest in earning a profit in the short term with the long-term interest of the Feeder Funds and their investors. An incentive-based allocation arrangement may create an incentive for riskier or more speculative investments by Anchor Bolt than might be the case in the absence of such performance-based allocation arrangement because these investments may allow Anchor Bolt to collect larger incentive-based compensation; however, any such risks would be equally applicable to the General Partner's own capital account with respect to each Feeder Fund. In addition, because the incentive allocation is calculated separately with respect to each capital account, a limited partner or shareholder, as the case may be, could be subject to an incentive allocation even though such investor's overall investment in a Feeder Fund has been unprofitable.

## Long Fund

As described above, each Long Feeder Fund invests all of its assets in the Long Master Fund. The Long Master Fund maintains capital accounts for each Long Feeder Fund broken down by classes and series of shares/interest outstanding that in turn correspond to the individual capital accounts of the underlying investors in each Long Feeder Fund. Accordingly, the gain or loss attributed to each investor's capital account is based upon the appreciation or depreciation in the net asset value of the corresponding series or class in which such investor owns and is allocated pro rata based on the investor's respective capital account balance.

Generally, on the last calendar day of each fiscal year (or earlier upon the withdrawal from any capital account), the General Partner of the Long Master Fund will receive a pro rata return of the performance of the Long Master Fund equal to: (i) 5.0% of the net capital appreciation in excess of a non-cumulative annualized hurdle rate of the S&P North American Cyclical Sector Index ("SPGICY") attributable to Long Onshore Fund Founders' Interests and Long Offshore Fund's Class A and B Founders shares' capital account, if any; and (ii) 10.0% of net capital appreciation in excess of a non-cumulative annualized hurdle rate of SPGICY attributable to Long Onshore Fund Standard Interests and Long Offshore Fund's Class A and B Standard shares' capital account, if any, in each case subject to a loss carryforward provision. If in the future SPGICY is terminated, the Investment Manager may in its sole discretion, select a replacement index for purposes of calculating the Incentive Allocation. For the avoidance of doubt, any applicable hurdle rate will be pro-rated for purposes of calculating the incentive allocation applicable to capital contributions made at any time other than the beginning of a fiscal year. The incentive allocation is determined after taking account of the management fee and other expenses debited to the corresponding Long Feeder Fund's capital account.

The incentive allocations are subject to a "high watermark." The high watermark attributable to each series capital account corresponds to the net asset value of such capital account immediately following the date as of which the last year-end incentive allocation was determined with respect to such capital account or if no incentive allocation has yet been determined, with respect to such capital account, the net asset value of that capital account immediately following its establishment. This means that if there is a temporary decline in an investor's capital account due to net losses, the General Partner will not be allocated the incentive allocation for such investor until these losses are recovered.

In the event that an investor redeems all or a portion of its capital account other than at the end of a fiscal year, the net capital appreciation or depreciation, as the case may be, will be determined through the date of redemption as if such date were the end of the fiscal year and will be reallocated as set forth above. (Partial withdrawals will result in a pro rata portion of

the incentive allocation being determined as of such date.)

This fee structure is described in detail in each Long Feeder Fund's Governing Documents. Anchor Bolt may elect, in its sole and absolute discretion, to waive, reduce or calculate differently the incentive allocation with respect to certain limited partners/shareholders, including without limitation, limited partners/shareholders that are affiliates or employees of Anchor Bolt, members of the immediate families of such persons, trusts or other entities for their benefit. Investments in a Long Feeder Fund by the General Partner are not subject to any incentive allocation.

The Long Feeder Fund's management fees, incentive allocations and other compensation payable to Anchor Bolt and the General Partner are established by Anchor Bolt at the time of the establishment of the relevant investment vehicle and are negotiated with participating investors prior to making their investment. Once the relevant Long Feeder Fund has been established and commenced operations, such compensation and expenses are generally not negotiable. However, if more than one capital account of a limited partner or shareholder is subject to an incentive allocation at the end of the respective Long Feeder Fund's fiscal year, the General Partner may, in its sole and absolute discretion, elect to consolidate such capital accounts into a single capital account for such investments at the end of such Long Feeder Fund's fiscal year.

Once a Long Feeder Fund's fiscal year has ended, any performance-based compensation earned during that year is not subject to reversal. The incentive allocation to the General Partner will be based, in part, on unrealized investment gains of the Long Master Fund that may never be realized in the event of adverse changes in the value of such investments and thus the allocation may be greater than if it were solely based on realized gains. The performance-based compensation received by Anchor Bolt may create a conflict between Anchor Bolt's interest in earning a profit in the short term with the long-term interest of the Long Feeder Funds and their investors. An incentive-based allocation arrangement may create an incentive for riskier or more speculative investments by Anchor Bolt than might be the case in the absence of such performance-based allocation arrangement because these investments may allow Anchor Bolt to collect larger incentive-based compensation; however, any such risks would be equally applicable to the General Partner's own capital account with respect to each Long Feeder Fund. In addition, because the incentive allocation is calculated separately with respect to each capital account, a limited partner or shareholder, as the case may be, could be subject to an incentive allocation even though such investor's overall investment in a Long Feeder Fund has been unprofitable.

## **Anchor Bolt One**

Anchor Bolt One maintains a capital account for each series of shares outstanding which correspond to the individual capital accounts of the underlying investors. Accordingly, the gain or loss attributed to each investor's capital account is based upon the appreciation or depreciation in the net asset value of the corresponding series in which such investor owns and is allocated pro rata based on the investor's respective capital account balance.

Generally, on the last calendar day of each fiscal year (or earlier upon the withdrawal from any capital account), the General Partner as the holder of certain allocation class shares in the Fund, will receive an annual incentive allocation equal to 18% of the net profits attributable to each shareholder (including unrealized gains and losses), if any, subject to a loss carryforward (the "incentive allocation"). The incentive allocation is determined after taking account of the management fee and other expenses debited to the shareholder's capital account.

The incentive allocations are subject to a "high watermark." The high watermark attributable to each series capital account corresponds to the net asset value of such capital account immediately following the date as of which the last year-end incentive allocation was determined with respect to such capital account or if no incentive allocation has yet been determined, with respect to such capital account, the net asset value of that capital account immediately following its establishment. This means that if there is a temporary decline in an investor's capital account due to net losses, the General Partner will not be allocated the incentive allocation for such investor until these losses are recovered.

In the event that an investor redeems all or a portion of its capital account other than at the end of a fiscal year, the net capital appreciation or depreciation, as the case may be, will be determined through the date of redemption as if such date were the end of the fiscal year and will be reallocated as set forth above. (Partial withdrawals will result in a pro rata portion of the incentive allocation being determined as of such date.)

This fee structure is described in detail in Anchor Bolt One's Governing Documents. Anchor Bolt may elect, in its sole and absolute discretion, to waive, reduce or calculate differently the incentive allocation with respect to certain limited partners/shareholders, including without limitation, shareholders that are affiliates or employees of Anchor Bolt, members of the immediate families of such persons, trusts or other entities for their benefit.

Once Anchor Bolt One's fiscal year has ended, any performance-based compensation earned during that year is not subject to reversal. The incentive allocation to the General Partner will be based, in part, on unrealized investment gains of Anchor Bolt One that may never be

realized in the event of adverse changes in the value of such investments and thus the allocation may be greater than if it were solely based on realized gains. The performance-based compensation received by Anchor Bolt One may create a conflict between Anchor Bolt's interest in earning a profit in the short term with the long-term interest of its investors. An incentive-based allocation arrangement may create an incentive for riskier or more speculative investments by Anchor Bolt than might be the case in the absence of such performance-based allocation arrangement because these investments may allow Anchor Bolt to collect larger incentive-based compensation; however, any such risks would be equally applicable to the General Partner's own capital account with respect to its shares. In addition, because the incentive allocation is calculated separately with respect to each series account, a shareholder could be subject to an incentive allocation even though such shareholder's overall investment in Anchor Bolt One has been unprofitable.

### **Separately Managed Accounts**

Separately managed account clients incentive allocations are calculated on a client by client basis as memorialized in each client's Governing Documents.

### **Item 7 – Types of Clients**

Each Fund and separately managed account generally limits its investors to persons who are both "accredited investors" as defined in the Securities Act of 1933 and "qualified purchasers" as defined in the Investment Company Act of 1940. Minimum contributions for investment in each Fund are generally \$1 million, except for Anchor Bolt One, whose minimum is generally \$50 million; minimum contributions for separately managed accounts are \$50 million but commitments of less than \$50 million are also accepted at the sole and absolute discretion of the Fund's General Partner and/or the Board of Directors, as applicable. More information about each Fund's minimum commitment amount is available in such Fund's Governing Documents.

Investors in the Funds and separately managed accounts include primarily U.S. and non-U.S. investors, which may include, among others, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, trust programs, foreign funds and other U.S. institutions. In addition, employees and other persons associated with Anchor Bolt may make capital contributions to the Funds.

### **Main Fund**

The Onshore Fund has offered Class A interests to investors who were the initial investors in the Fund or, in the sole discretion of the General Partner, were deemed to have made

significant anchor investments in the Fund. Other Investors are eligible to invest in either Class B, Class C, or Class D interests with Class C interests generally limited to those investors that invest at least \$100,000,000.00 with the Main Funds and Class D interests generally limited to those investors that invest at least \$250,000,000.00 with the Main Funds. As discussed above (in Items 5 and 6), Class A, Class B, Class C and Class D interests differ with respect to the management fees charged and the incentive allocation allocated to such investors. In addition, limited partners who hold Class A interests are subject to decreased liquidity and may be limited in the amount of Class A, Class C and Class D interests they hold.

Similarly, to date, the Offshore Fund has offered two classes of shares with four Sub-Classes, namely Class A Sub-Class 1 shares, Class A Sub-Class 2 shares, Class A Sub-Class 3 shares, Class A Sub-Class 4 shares, Class B Sub-Class 1 shares, Class B Sub-Class 2 shares, Class B Sub-Class 3 shares and Class B Sub-Class 4 shares. The Class A and Class B Sub-Class 1 shares were issued to the initial investors in the Offshore Fund or, in the discretion of the Investment Manager, were deemed to have made significant anchor investments in the Offshore Fund. Other investors have been eligible to be issued Class A and Class B Sub-Class 2 shares, Class A and Class B Sub-Class 3 shares, or Class A and Class B Sub-Class 4 shares, with Class A and Class B Sub-Class 3 shares generally limited to those investors that invest at least \$100,000,000.00 with the Main Funds and Class A and Class B Sub-Class 4 shares generally limited to those investors that invest at least \$250,000,000.00 with the Main Funds. Like in the Onshore Fund, these classes differ with respect to the management fees charged and the incentive allocation allocated to such investors.

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

Anchor Bolt's investment objective is to build a long/short equity business focused on the global industrial and energy markets that will seek to generate sustained above-average, long-term, risk-adjusted results. Fundamental research is the foundation of the Investment Manager's investment strategy. Anchor Bolt seeks to generate consistent long and short alpha by combining deep industry and stock knowledge with rigorous financial analysis and value-added research.

Within the industrial and energy world, Anchor Bolt focuses on investments across at least 48 subsectors within at least four key categories: capital equipment, basic materials, energy and transportation. This universe represents an expansive market opportunity. Anchor Bolt One focuses on the same subsectors within the same key categories, however is subject to a restricted list in its trading. All risk factors identified below apply to all Anchor Bolt Funds as well as the separately managed accounts, except where expressly noted.

The Main Fund's, Anchor Bolt One's and the separately managed accounts' investment portfolio will seek to generate long and short alpha in three specific ways: (i) relative stock picking within subsectors; (ii) subsector relative calls; and (iii) concentrated long positions in stocks exhibiting what Anchor Bolt believes to represent significant absolute value. The Long Fund's investment portfolio will seek to generate alpha solely in concentrated long positions in stocks exhibiting what Anchor Bolt believes to represent significant absolute value.

*The following investment strategies are relevant with respect to the Main Fund, Anchor Bolt One and the separately managed accounts:*

Opportunities within subsectors are based on many considerations, including: relative management strength; future growth opportunities/allocation of capital; sustainability of cash flows; return on capital; financial and operating leverage; and valuation.

Industry relative trades seek long exposure in subsectors with improving near-term fundamentals and/or positive secular forces and short exposure in subsectors with deteriorating near-term fundamentals and/or secular headwinds. Anchor Bolt's subsector relative valuation analysis provides an objective framework for how sectors within the industrial and energy world trade relative to one another.

Concentrated absolute value long positions seek to identify the greatest risk/reward opportunities across the Funds' and separately managed accounts' investable universe, focusing on names that typically exhibit greater than 2.0x upside versus downside based on the Investment Manager's bottom-up upside/downside price targets. Such stocks will generally be weighted towards companies with greater idiosyncratic growth rates that can be purchased at a reasonable price and/or companies that are trading at significant discounts to intrinsic value where Anchor Bolt has a constructive view on management's allocation of capital.

Subsector relative opportunities and industry relative trades will collectively make up a market neutral portfolio while the overlay of the long portfolio will result in a portfolio that in most cases operates net long. Portfolio construction will be a dynamic and disciplined process; the Investment Manager seeks to optimize sources of alpha, while at the same time seeks to manage risk through disciplined levels of financial leverage and net exposures.

The Investment Manager is focused on the process of incorporating fundamental research insights from its investment team into an optimized Funds' and separately managed accounts' investment portfolio. The Investment Manager seeks to accomplish this goal by utilizing proprietary investment infrastructure and effective team communication. With this disciplined investment process, the Investment Manager seeks a very proactive approach to portfolio



management.

## **Risk Factors**

An investment in any Fund and separately managed account entails substantial risks, including, but not limited to, the possibility of a complete loss of the amount invested. Current and prospective Anchor Bolt investors should carefully consider the following factors, among others, in determining whether an investment in a Fund and/or separately managed account is suitable for them. Different or new risks not addressed below may arise in the future and, therefore, the following list is not intended to be exhaustive. There are many market-related and other factors – some of which cannot be anticipated – that could result in an investor losing a major portion or all of its investment in a Fund and/or separately managed account, or prevent a Fund and/or separately managed account from generating profits. No investor should invest in the Funds and/or a separately managed account unless the investor is fully able, financially and otherwise, to bear such a loss, and unless the investor has the background and experience to understand thoroughly the risks of its investment.

Because the Feeder Funds expect to invest substantially all of their assets in the Master Fund and the Long Feeder Funds will invest all of their assets in the Long Master Fund, both of which in addition to Anchor Bolt One, in turn invest in securities, many of the risk factors considered below apply most specifically to investments made by the Master Funds or Anchor Bolt One. Unless the context requires otherwise, references below to “Fund” include the Master Funds and Anchor Bolt One.

All investors should be aware of certain risk factors, which include, but are not limited to, the following:

- *No Right to Control the Fund's Operations.* Funds and separately managed account investors will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of any Fund or separately managed account. Investors must rely entirely on the General Partner and Anchor Bolt to conduct and manage the affairs of each Fund and separately managed account. There exists broad discretion to expand, revise or contract each Fund and separately managed account's business without investor consent. The General Partner has ultimate responsibility for the management, operations and investment decisions made on behalf of the Master Funds, Anchor Bolt One, and separately managed accounts. In addition to the General Partner, the Master Funds and Anchor Bolt One are advised by an independent advisory board. Any decision to engage in a new activity could result in the exposure of each Fund and/or separately managed account's capital to additional risks, which may be substantial.

- *Non-Diversification and Sector Concentration.* Each Fund and/or separately managed account's investment portfolio may be concentrated in a limited number of issuers or market sectors. Non-diversification among issuers involves an increased risk of loss to the Funds and/or separately managed accounts if the market value of a security or issuer should decline. If the Funds and/or separately managed accounts concentrate their investments in a market sector, financial, economic, business and other developments affecting issuers in that sector will have a greater effect on the Funds and/or separately managed account than if it had not concentrated its assets in that sector, and the Funds and/or separately managed accounts may be subject to greater risks and market fluctuations than a portfolio representing a broader range of sectors.

The Funds and/or separately managed accounts may invest in securities of companies involved in, or supporting certain sectors (*e.g.*, capital equipment, basic materials, energy and transportation) that at times historically have exhibited amplified levels of volatility relative to the overall market. This potential exposure will be most applicable to the concentrated long positions that the Main Fund, Anchor Bolt One and/or separately managed accounts may undertake. The securities of issuers in these sectors may underperform the market as a whole, and the prices of the securities of such companies may fluctuate due to a variety of risks to which these companies are subject. To the extent the Funds and/or separately managed accounts' investments are concentrated in issuers conducting business in these sectors, the Funds and/or separately managed accounts are subject to legislative or regulatory changes, adverse market conditions and/or increased competition affecting that economic sector. The prices of the securities of these companies may fluctuate due to their cyclical nature, occasional sharp price movements which may result from changes in the economy, fuel prices and labor agreements, international political events relating to countries in which such companies operate, tax and other governmental regulatory policies, and increased competition from foreign companies, many of which are partially funded by foreign governments and which may be less sensitive to short-term economic pressures.

- *Limited Withdrawal/Redemption Rights.* An investment in a Fund and/or separately managed account provides limited liquidity since the interests are not freely transferable, and investors will have limited redemption/withdrawal rights. The General Partner may suspend such rights and/or the payment of proceeds where, among other reasons, in the opinion of the General Partner, the disposal of a Fund's assets, or the determination of the value of an investor's capital account, would not be reasonably practicable or would be seriously prejudicial to the non-withdrawing parties. There is currently no market for the interests in any Fund and/or separately

managed account and none is expected to develop. The interests have not been registered under the Securities Act or any other securities laws, and it is not contemplated that registration of any interests in any Fund under the Securities Act or other securities laws will ever be effected. Interests are subject to strict restrictions on resale and transferability. An investment in a Fund and/or separately managed account is suitable only for sophisticated investors that do not need liquidity with respect to this investment, and investors must be prepared to bear the risk of their investment in a Fund or separately managed account for a substantial period of time.

- *Investment and Trading Risks.* Any investment in financial instruments carries certain market risks. An investment in a Fund and/or separately managed account is highly speculative and involves a high degree of risk due to the nature of such Fund and/or separately managed account's investments and the investment and trading strategies to be employed. An investment in any Fund or separately managed account should not in itself be considered a balanced investment program. An investor should be aware that it may lose all or part of its investment in a Fund or separately managed account in which it invests. Investors should be able to withstand the loss of their entire investment. All investments risk the loss of capital. No guarantee or representation is made that any Fund or separately managed account's investment program will be successful, and investment results may vary substantially over time. Each Fund and/or separately managed account may utilize such investment techniques as option transactions, margin transactions, short sales, limited diversification, leverage and forward contracts, practices which, in certain circumstances, can increase the adverse impact to which a Fund's or separately managed account's portfolio may be subject. In addition, each Fund's and/or separately managed account's investment in financial instruments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Funds or separately managed accounts may invest its respective assets.
- *Limited Diversification and Risk Management Failures.* At any given time the Fund's or separately managed account's investments or portfolio risks could become significantly concentrated in a limited number of issuers, types of securities, industries, sectors, companies, strategies, countries, geographic regions, asset types or other areas of risk. This limited diversity could expose the Funds or separately managed accounts to losses disproportionate to market movements in general. Even when Anchor Bolt attempts to control risks and diversify the portfolio, risks associated with different assets may be correlated in unexpected ways, with the result that the Funds or separately managed accounts face concentrated exposure to certain risks. Although Anchor Bolt attempts to identify, monitor and manage significant risks, these efforts

do not take all risks into account and there can be no assurance that these efforts will be effective. Many risk management techniques are based on observed historical market behavior, but future market behavior may be entirely different. Any inadequacy or failure in the Firm's risk management efforts could result in material losses for the Funds or separately managed accounts.

- *Short-term Market Considerations; Turnover.* Anchor Bolt's trading decisions may be made on the basis of short-term market considerations. Therefore, the portfolio turnover rate could result in significant trading-related expenses. Other than as described herein, the Funds and/or separately managed accounts are not restricted in effecting transactions by any limitation with regard to its portfolio turnover rate. Each Fund's or separately managed account's investment program emphasizes active management of its portfolio. Consequently, a Fund's and/or separately managed account's portfolio turnover and brokerage commission expenses may exceed those of other investment entities of comparable size.
- *Highly Volatile Markets.* The prices of financial instruments in which the Funds or separately managed accounts may invest can be highly volatile. Price movements of forward and other derivative contracts in which a Fund's or separately managed account's assets may be invested are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and national and international political and economic events and policies. The Funds and separately managed accounts are subject to the risk of failure of any of the exchanges on which their respective positions trade or of their custodians.
- *General Strategy Risk; Investment Opportunities.* Certain Funds and/or separately managed accounts investment activities depend on Anchor Bolt's ability to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Funds and separately managed accounts involves a high degree of uncertainty. No assurance can be given that Anchor Bolt will be able to locate suitable investment opportunities in which to deploy all of the Fund's and/or separately managed account's assets or to exploit discrepancies in the securities and derivatives markets.
- *Undervalued/Overvalued Instruments.* Part of the Main Fund's, Anchor Bolt One's or the separately managed accounts' investment strategy is to identify and invest in undervalued and overvalued securities, commodities, interest rates, currencies and other such instruments ("mis-valued instruments"). There can be no assurance that

such opportunities will be successfully identified or recognized. While purchases of undervalued instruments and short sales of overvalued instruments offer opportunities for capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. For the avoidance of doubt, as it pertains to the Long Fund, this risk only applies to the Long Fund's potential purchases of undervalued securities, commodities, interest rates, currencies, and other such instruments. Returns generated from the Funds' or separately managed accounts' investments may not adequately compensate for the business and financial risks assumed. Instruments that Anchor Bolt believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe Anchor Bolt anticipates. As a result, the Funds or separately managed accounts may lose all or substantially all of an investment in any particular instance. In addition, the Funds or separately managed accounts may be required to maintain positions in such instruments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Fund's or separately managed account's capital may be committed, thus possibly preventing the Funds and/or separately managed accounts from investing in other opportunities. The Funds and/or separately managed accounts may finance any such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period. In addition, there is no minimum credit standard that is a prerequisite to the Funds' or separately managed accounts' investment in any instrument, and some obligations in which the Funds and/or separately managed accounts invest will be less than investment grade.

- *Securities of Smaller Companies and Issuers.* The Funds and/or separately managed accounts may invest in securities originated by smaller companies and issuers. Small companies may offer greater opportunities for capital appreciation than larger companies, but investments in such companies may involve certain special risks. Securities issued by small companies or issuers may be collateralized, however, making an actual foreclosure on and subsequent sale of these assets lengthy and inefficient. Small companies may have limited product lines, markets, or financial resources and may be dependent on a limited management group. While the markets in securities of such companies have grown rapidly in recent years, such securities may trade less frequently and in smaller volume than more widely held securities. The values of these securities may fluctuate more sharply than those of other securities, and the Funds and/or separately managed accounts may experience some difficulty in establishing or closing out positions in these securities at prevailing market prices. There may be less publicly available information about the issuers of these securities or less market interest in such securities than in the case of larger companies and it may take a longer period of time for the prices of such securities to reflect the full value of their issuers' underlying earnings potential or assets.

- *Option Transactions.* The Main Fund, Anchor Bolt One and/or separately managed accounts may buy or sell (write) both call options and put options, including exchange-traded and/or over-the-counter transactions, and when it writes options, it may do so on a “covered” or an “uncovered” basis. The use of options involves a high degree of embedded leverage, which can involve greater market risk, especially when not used to hedge the underlying security.

*Call Options.* The Main Fund, Anchor Bolt One and/or separately managed accounts may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

*Put Options.* The Main Fund, Anchor Bolt One and/or separately managed accounts may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

- *Futures Contracts.* The Main Fund, Anchor Bolt One and/or separately managed accounts may trade in futures contracts (and options on futures). Futures contracts are exchange-traded contracts that provide for the future delivery of various commodities, currencies or financial instruments at a specified time and place.

Contractual obligations, depending on whether one is a buyer or a seller, may be satisfied either by taking or making physical delivery of the applicable commodity, or as often happens in financial futures, by cash settlement. Futures obligations may also be satisfied by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the designated delivery date. Most financial futures contracts are settled in this manner.

Exchanges on which futures are traded may have the right to suspend or limit trading in the commodities that they list. Such a suspension or limitation could render it impossible for the Funds and/or separately managed accounts to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that exchange and other secondary markets will always remain liquid enough for the General Partner or an affiliate to close out existing futures positions.

Futures positions and commodity trading may be illiquid because futures exchanges may limit fluctuations in futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Main Fund, Anchor Bolt One and/or separately managed accounts from promptly liquidating positions in futures or commodity options. To the extent that such positions are unhedged, such occurrences could subject the Funds and/or separately managed accounts to losses.

- *Short Selling.* The Main Fund and/or separately managed accounts engage in short sales of securities. The Long Fund does not engage in short sales of securities. Short selling involves selling securities that are not owned by the short seller, and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short sales expose the Main Fund and/or separately managed accounts to the risk of loss in an amount greater than the initial investment, and the losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Main Fund and/or separately managed accounts in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, the Main Fund and/or separately managed accounts may be compelled to replace borrowed securities previously sold short with purchases on the open market at a disadvantageous time, possibly at prices significantly in excess of

the proceeds received in originally selling the securities short. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Main Fund and/or separately managed accounts of buying those securities to cover the short position. There can be no assurance that the Main Fund and/or separately managed accounts will be able to maintain the ability to borrow securities sold short. In such cases, the Main Fund and/or separately managed accounts can be “bought in” (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

- *Long Only Fund Trading Independently.* The Long Only Fund has a different mandate than the Main Fund, Anchor Bolt One and the separately managed accounts. Specifically, while the Long Only Fund trades in the same universe as the Main Fund, Anchor Bolt One and the separately managed accounts, the Long Only Fund is not permitted to trade in short positions. Accordingly, trading in the Long Only Fund may be made independently and not *pari passu* with the Main Fund, Anchor Bolt One and the separately managed accounts.
- *Other Investment Activities; Lack of Exclusivity.* The General Partner, the Investment Manager, and their respective members, partners, officers and employees will devote as much of their time to the activities of each Fund and separately managed accounts as the General Partner deems necessary and appropriate. By the terms of the Governing Documents, the General Partner, the Investment Manager and their respective affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with each of the Funds and separately managed accounts, and/or may involve substantial time and resources of the General Partner, the Investment Manager and their respective affiliates. These activities could be viewed as creating a conflict of interest in that the time and effort of the General Partner, the Investment Manager and their respective members, partners, officers and employees will not be devoted exclusively to the business of the Funds and separately managed accounts, but will be allocated between the business of the Funds, separately managed accounts and other business activities of the General Partner, the Investment Manager, and their respective affiliates.

The General Partner, the Investment Manager and their respective affiliates may give advice or take action with respect to other accounts which may differ from the advice



given or the timing or nature of any action taken with respect to investments of a Fund or separately managed account due to a variety of differences, such as regulatory and tax issues and differences in investment programs. As a result, even though one or more of the Funds, separately managed accounts and other accounts may have similar investment objectives and pursue similar investment strategies, they may have substantially different portfolios and investment returns. Conflicts of interest may also arise when the General Partner, the Investment Manager or their respective affiliates make decisions on behalf of a Fund or separately managed account with respect to matters where the interests of the General Partner, the Investment Manager and their respective affiliates or one or more other accounts differs from the interests of the Funds.

- *Master-Feeder Structure.* The use of a master-feeder structure also may create a conflict of interest in that different tax considerations for the Onshore and the Offshore Funds may cause the Master Funds to structure or dispose of an investment in a manner that is more advantageous to one Feeder Fund. Anchor Bolt One is not structured as a master-feeder.
- *Allocations of Trades and Investment Opportunities.* The Investment Manager allocates investment opportunities to each Fund and separately managed account fairly, to the extent practical and in accordance with the Governing Documents of each Fund or separately managed account, over a period of time. The Investment Manager will have no obligation to purchase or sell financial instruments or provide an investment opportunity to a Fund or separately managed account because the Investment Manager purchases or sells the same financial instrument for, enters into a transaction, or provides an opportunity to a separately managed account or a Fund if, in its reasonable opinion, such financial instrument, investment opportunity or transaction does not appear to be suitable, practical or desirable for the Funds or separately managed accounts.
- *Side Letter Agreements.* Each Fund and the General Partner may enter into side letter or similar agreements with one or more limited partners or shareholders, which would have the effect of establishing rights under, altering or supplementing, the terms of the applicable governing documents. Each Fund or the General Partner or its affiliates have the discretion to enter into side letter agreements or other similar agreements, referred to as “side letters”, with one or more investors which provide such investor(s) with additional and/or different rights (including, without limitation, with respect to: access to information; management fees and performance allocations; minimum investment amounts; and liquidity terms) other than those described herein. As a result of such side letters, certain limited partners or shareholders, as the case may be,

may receive additional benefits (including, but not limited to: reduced fee/allocation obligations; the ability to make withdrawals on shorter notice; and/or expanded informational rights), which other investors will not receive. As a result, should a Fund or separately managed account experience a decline in performance over a period of time, an investor who is party to a side letter agreement that permits lesser notice and/or different redemption times may be able to withdraw capital prior to other investors. Although certain investors may invest in a Fund or separately managed account with different material terms, the Funds and the General Partner or its affiliates generally will only offer such terms if they believe other limited partners and/or shareholders in such Fund or separately managed account will not be materially disadvantaged. The General Partner is not required to notify any or all of the other investors of any side letters or any of the rights and/or terms or provisions thereof, nor will the General Partner be required to offer such additional and/or different rights and/or terms to any or all of the other investors in such Fund or separately managed account. The Funds or the General Partner or their affiliates may enter into such side letters with any party as the General Partner may determine in its sole and absolute discretion at any time. The other investors will have no recourse against any Fund, separately managed account, the General Partner and/or any of their affiliates in the event that certain participants receive additional and/or different rights and/or terms as a result of such side letters.

- *Order Aggregation and Average Pricing.* When Anchor Bolt deems the purchase and sale of securities to be in the best interest of the Funds and any other separately managed accounts, it may, but is not obligated to, open “average price” accounts with brokers in which purchase and sale orders placed during a trading day on behalf of the Funds or separately managed accounts or affiliates of the General Partner or the Investment Manager are combined. Securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis. When an aggregated order is filled through multiple trades at different prices on the same day, each participating account will receive the average price, with transaction costs generally allocated pro rata based on the size of each account’s participation in the order (or allocation in the event of a partial fill) as determined by Anchor Bolt. In the event of a partial fill, allocations may be modified on a basis that Anchor Bolt deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Investment Manager. As a result, certain trades in the same financial instrument for one account (including an account in which the Investment Manager and their personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another account, and orders placed later may not be filled entirely or at all, based upon the

prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved. In general, when managing directly Fund and separately managed account capital, Anchor Bolt will endeavor to make all investment allocations in a manner that it considers to be the most equitable to all managed entities and clients.

- *Investments by General Partner and/or Investment Manager Personnel.* Personnel of the General Partner, the Investment Manager and their affiliates may choose to personally invest in a Fund and these personnel may invest on different terms than other investors in a Fund with respect to, among other things: voting rights; withdrawal rights; fees; allocations; and other terms.
- *Trade Errors.* The Master Funds, Anchor Bolt One and each of the Funds and separately managed accounts will be responsible for any losses resulting from trading errors and similar human errors, absent willful misconduct, bad faith, gross negligence or reckless disregard in the performance of the obligations and duties of the General Partner, the Investment Manager, their affiliates, or any of their legal representatives. The General Partner and/or the Investment Manager generally will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. Given the large volume of transactions executed by the Investment Manager or its affiliates on behalf of the Master Funds, Anchor Bolt One and separately managed accounts, investors should assume that trading errors (and similar errors) may occur and that the Funds and separately managed accounts will receive the gain from any such errors, or be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the General Partner, the Investment Manager, their affiliates, or any of their legal representatives.
- *Dependence on Key Individuals.* The success of the Funds and separately management accounts depends upon the ability of Mr. Polak and other key personnel to develop and implement investment strategies that achieve the Funds' and separately managed accounts' investment objective. If Mr. Polak or other key personnel were to become unable to participate in the management of the Funds and separately managed accounts, the consequence to the Funds and separately managed accounts would be material and adverse and could lead to the premature termination of the Funds and/or separately managed accounts.

## **Item 9 – Disciplinary Information**

Like other registered investment advisers, Anchor Bolt is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation

of Anchor Bolt or the integrity of Anchor Bolt's management. No events have occurred at Anchor Bolt that are applicable to this Item.

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

Anchor Bolt is not actively engaged in a business other than giving investment advice to the Funds and separately managed accounts. Neither Anchor Bolt nor any of its management persons is registered or has an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity-trading adviser, or associated person of the foregoing, and Anchor Bolt does not anticipate such affiliations in the future.

Anchor Bolt has no arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services, the Funds or its investors.

As mentioned above in Item 4, Anchor Bolt is affiliated with Anchor Bolt GP, LLC, the Funds' General Partner. The General Partner is deemed registered with the SEC under the Advisers Act pursuant to Anchor Bolt's registration.

Anchor Bolt has and will continue to develop relationships with professionals who provide services it does not provide, including: legal; accounting; banking; tax preparation; insurance brokerage; investment management services; and other personal services. None of the above relationships, however, creates a material conflict of interest with any of Anchor Bolt's clients or its investors.

From time to time, Anchor Bolt may receive training, information, promotional material, meals, event tickets, or gifts from service providers and others with whom it may do business or to whom it may make referrals. At no time will Anchor Bolt accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider. Similarly, the personnel of the Investment Manager and/or its affiliates may speak at conferences and programs for potential investors interested in investing in hedge funds that are sponsored by the Master Funds' or Anchor Bolt One's prime brokers. Through such capital introduction events, prospective investors have the opportunity to meet with Anchor Bolt. Neither Anchor Bolt nor any Fund compensates the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events.

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

### **Code of Ethics**

As fiduciaries, Anchor Bolt and its employees have certain legal obligations to put clients' interest ahead of their own. Anchor Bolt has adopted a written code of ethics based on principles of openness, honesty, integrity and trust. At least once a year, each Anchor Bolt employee is required to acknowledge this code and agree to be bound by it.

Anchor Bolt's code of ethics covers standards of business conduct, confidentiality of client information, personal trading requirements, insider trading, reporting of personal securities transactions, restrictions on accepting and giving of significant gifts, political contribution policies, and reporting of certain gifts and business entertainment items, among other things. The code includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

Employees of Anchor Bolt who violate the code of ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Employees are also required to promptly report any violations of the code of ethics of which they become aware.

Anchor Bolt will provide a copy of its code of ethics to any existing or prospective investor upon request to its Chief Compliance Officer, Sean Stephens, at (312) 477-2700.

### **Participation or Interest in Client Transactions**

Anchor Bolt and certain employees and affiliates of Anchor Bolt may invest in and alongside the Funds, either through the General Partner, as direct investors in the Funds, or otherwise. A Fund or the General Partner, as applicable, may exempt such persons from all or a portion of the management fee or incentive allocation. For further details regarding these arrangements, as well as conflicts of interest presented by such arrangements, please see "Conflicts of Interest" immediately below.

Anchor Bolt does not affect any principal securities transactions for client accounts. Anchor Bolt will also not cause clients to enter into securities trades with each other without the express written consent of each client, generally given through each Fund's Advisory Board or Board of Directors, as applicable. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal

transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account.

The Investment Manager and its affiliates may affect securities trades (including outright purchases and sales) between a Fund or separately managed account and other clients of Anchor Bolt or its affiliates, known as a cross trade. Any cross trading transactions conducted between the Funds and Anchor Bolt's other clients or affiliates will be made at the then market rate for similar transactions between unrelated parties and only where an independent pricing mechanism (such as the last sales price on the exchange where the security is principally traded) is available. Transactions between the Funds and other clients of the Investment Manager or its affiliates are affected for no consideration other than cash payment against prompt delivery of the relevant security or other instrument, are affected at current market prices, and do not involve any brokerage commissions, clearing charges, other transaction costs or fees, or other remuneration.

### **Conflicts of Interest**

In addition to the conflict of interest arising from trading by Anchor Bolt or its principals or employees for their own accounts as discussed immediately below, and conflicts relating to Anchor Bolt's receipt of performance-based compensation, which are discussed in Item 6 above, clients or investors in the Funds or separately managed accounts are subject to additional conflicts of interest. Certain inherent conflicts of interest arise from the fact that the General Partner, the Investment Manager and their respective affiliates provide management and investment management services to each of the Funds and separately managed accounts and may carry on investment activities for other clients, including other client accounts, separately managed accounts and proprietary accounts (collectively, "Other Accounts") in which one or more of the Funds or separately managed accounts have no interest and whose respective investment programs may or may not be substantially similar. To the extent a particular investment is suitable for both a Fund and another client, such investment generally will be allocated between the applicable Fund and such other client pro rata based on assets under management or in some other manner which the Investment Manager determines is fair and equitable under the circumstances to all clients, including such Funds.

Investors in other investment funds managed by the General Partner, the Investment Manager or their respective affiliates may invest on different terms than investors in the Funds with respect to, among other things, voting rights, withdrawal rights, fees, allocations and other terms. For example, limited partners in the Onshore Fund may invest on different terms than those shareholders in the Offshore Fund.

Each Fund's or separately managed account's investors include persons or entities resident in various jurisdictions, including the United States and other countries, who may have conflicting investment, tax and other interests with respect to their investments. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by each Fund or separately managed account and the timing of the disposition of investments. Such transactions may result in different after-tax returns being realized by different limited partners and other investors. As a consequence, conflicts of interest may arise in connection with decisions made by Anchor Bolt that may be more beneficial for one investor than another investor, especially with respect to investors' individual tax situations. Anchor Bolt considers the investment and tax objectives of each Fund or separately managed accounts as a whole, and not the individual investment, tax or other objectives of any particular investor.

### **Personal Trading**

In rare cases, Anchor Bolt's business may provide Anchor Bolt and its employees with access to material nonpublic ("insider") information. The code of ethics includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

Anchor Bolt's employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding publicly traded securities or communicating material non-public information about such securities to others. The Firm maintains a restricted list regarding issuers about whom it has material non-public information. Additionally, supervised persons are not allowed to make personal equity securities transactions in companies within the universe of companies that Anchor Bolt has included in its coverage universe, except to sell securities already held in their personal securities portfolios prior to their employment with Anchor Bolt. Furthermore, employees can only trade in equity securities that are of large market capitalization, are held for a period of three months or more and receive preapproval. Supervised persons are required to submit annual and quarterly reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest, or otherwise, have their brokerage account statements mailed directly to Anchor Bolt's Chief Compliance Officer.

Notwithstanding and subject to the foregoing internal compliance policies and approval procedures, members, partners, officers and employees of the General Partner and the Investment Manager may engage, from time to time, in personal trading of securities and other instruments that are not in the Fund's investable universe.

## Item 12 – Brokerage Practices

Transactions for the Funds are allocated to broker-dealers on the basis of best execution available in light of the overall quality of brokerage, prime brokerage, financing and other services provided. Anchor Bolt is authorized to determine the broker or dealer to be used for each securities transaction for its Funds and separately managed accounts. In selecting brokers or dealers to execute transactions, Anchor Bolt need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Investment Manager's practice to negotiate "execution only" commission rates, thus a Fund or separately managed account may be deemed to be paying for research, brokerage or other services provided by the broker, which are included in the commission rate. Accordingly, if Anchor Bolt determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker, the Funds and separately managed accounts may ultimately pay commissions to such broker in an amount greater than the amount another broker might charge.

In negotiating commission rates, Anchor Bolt takes into account the financial stability and reputation of the broker, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other services provided by such broker, even though the Funds and separately managed accounts may or may not in any particular instance be the direct or indirect beneficiary of the research or other services provided. Accordingly, a Fund and separately managed account may, at times, be deemed to be paying for research and other products and services with "soft" or commission 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 dollar" arrangements) to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. The Investment Manager will limit the use of "soft dollars" to obtain services which constitute research and brokerage within the meaning of Section 28(e). Research and brokerage 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; analyses concerning specific securities, companies or sectors; and data services (including services providing market data, company financial data and economic data); services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (*i.e.*, connectivity services between an investment manager and a broker-dealer); and trading software operated by a broker-dealer to route orders.



In some instances, Anchor Bolt may receive a product or service that may be used only partially for functions within Section 28(e) (*e.g.*, an order management system, trade analytical software or proxy services). In such instances, the Investment Manager will make a good faith effort to determine the relative proportion of the product or service used to assist Anchor Bolt 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 product or service attributable to assisting the Investment Manager in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Anchor Bolt from its own resources.

Research and brokerage services obtained by the use of commissions arising from a Fund's or separately managed account's portfolio transactions may be used by Anchor Bolt in its other investment activities and thus, a Fund or separately managed account may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although Anchor Bolt will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services create a potential conflict of interest between the Investment Manager and its clients.

As mentioned in Item 10 above, from time to time, the personnel of the Investment Manager and/or its affiliates may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by each Master Fund's or Anchor Bolt One's prime brokers. Through such capital introduction events, prospective investors have the opportunity to meet with Anchor Bolt. Neither Anchor Bolt nor the Funds and/or separately managed accounts compensates the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events. Such events and other services (including, without limitation, capital introduction and business consulting services and technology) provided by a prime broker to the Funds, the Master Funds, the Investment Manager and/or separately managed accounts may be a factor in deciding whether to use such prime broker in connection with brokerage, financing and other activities of the Funds.

In selecting brokers and negotiating commission rates, the Investment Manager will take into account, among other things, the financial stability and reputation of brokerage firms, and the

research, brokerage or other services provided by such brokers. Anchor Bolt may place transactions with a broker or dealer that (i) provides it (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Funds and/or separately managed accounts or other products advised by Anchor Bolt (or an affiliate), if otherwise consistent with seeking best execution, provided the Investment Manager is not selecting the broker-dealer solely in recognition of the opportunity to participate in such capital introduction events or the referral of investors. The selection of a broker (including the prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances, and provide other services may be influenced by, among other things, the provision by the broker of the following: capital introduction; marketing assistance; consulting with respect to technology, operations and equipment; commitment of capital; access to company management; and access to deal flow. Neither the General Partner nor any Fund and/or separately managed account separately compensates any broker for any of these other services.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services.

Each Fund's and separately managed account's securities transactions generate brokerage commissions and other compensation, all of which the respective Fund and/or separately managed account, not the Investment Manager, will be obligated to pay. The Investment Manager has complete discretion in deciding what brokers and dealers each Fund and/or separately managed account will use and in negotiating the rates of compensation a Fund and/or separately managed account will pay. In addition to using brokers as "agents" and paying commissions, each Fund and/or separately managed account may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

More information about Anchor Bolt's prime brokers and custodians can be found in its ADV Part 1, Schedule D, Section 7.B.(1). The Master Funds and Anchor Bolt One are not committed to continue the prime brokerage relationships with their prime brokers for any minimum period, and Anchor Bolt, in its sole and absolute discretion, may select other or additional brokers to act as prime broker(s) to the Master Funds and Anchor Bolt One.

### **Item 13 – Review of Accounts**

Sean Stephens, Chief Compliance Officer, reviews records of trades placed for the Funds and separately managed accounts on a regular basis. The Funds' and separately managed accounts' accounts are also reviewed on a regular basis by a third party administrator to price the portfolio based on independent third party pricing sources or methodologies approved by Anchor Bolt. The third party administrator also ensures that Anchor Bolt's records are in agreement with those of its custodians. Morgan Stanley Fund Services USA LLC serves as the third party administrator for the Onshore Fund and Long Onshore Fund, while Morgan Stanley Fund Services (Bermuda) Ltd. serves as the third party administrator for the Master Fund, Offshore Fund, Long Master Fund, Long Offshore Fund, and Anchor Bolt One.

Each Fund and separately managed account provides monthly unaudited performance information to its respective investors. Within 120 days after the end of each fiscal year, audited financial statements are delivered to each of the limited partners in the Onshore Fund and Long Onshore Fund, and each of the shareholders in the Offshore Fund, the Long Offshore Fund, and Anchor Bolt One. Additionally, each quarter Morgan Stanley Fund Services sends Feeder Fund investors a report verifying the nature of the investors' assets and the custodians housing such assets. All reports are sent to investors in writing and are delivered electronically.

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

Anchor Bolt does not use third-party marketers to assist in its fundraising efforts. The Firm does, however, have an internal investor relations representative.

As mentioned above in Items 10 and 12, from time to time, the personnel of the Investment Manager and/or its affiliates may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by the Master Funds' or Anchor Bolt One's prime brokers. Through such capital introduction events, prospective investors have the opportunity to meet with Anchor Bolt. Neither Anchor Bolt nor the Funds compensate the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events.

### **Item 15 – Custody**

The Investment Advisers Act of 1940 Rule 206(4) (the "Custody Rule") requires that pooled investment vehicles advised by the adviser either undergo an annual generally accepted accounting principles ("GAAP") financial statement audit or be subject to a surprise custody examination by an SEC-registered auditing firm. The Firm has elected to undergo an annual

GAAP financial statement audit for each of its Fund vehicles, copies of which are delivered to underlying Fund investors within 120 days of year-end, thus satisfying the Custody Rule's requirements.

While Anchor Bolt places all Fund assets in custody with prime brokers and other executing broker-dealers and does not maintain physical custody over any investors' funds or securities, it is still considered to have custody over these assets because of the ability of its General Partner to deduct fees from investor accounts. Anchor Bolt's prime brokers and custodians send account statements to the Funds each month and to the investors of each separately managed account. Separately managed accounts have established their own, independent relationships with specific qualified custodians. For a list of Anchor Bolt's qualified custodians, please see ADV Part 1, Schedule D, Item 7.B.(1).

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

Investment advice is provided directly to the Funds and separately managed accounts, subject to the discretion and control of the General Partner, and not to investors in the Funds or separately managed accounts individually. Anchor Bolt and its General Partner have discretionary authority based on the Governing Documents with each Fund and separately managed account to buy and sell securities or other investments on behalf of the Funds and separately managed accounts, and to determine the amount of such investments to be bought and sold. The terms upon which Anchor Bolt serves as the Investment Manager of a Fund or separately managed account are established at the time each Fund or separately managed account is established, are generally set out in the Governing Documents entered into by Anchor Bolt with respect to the relevant Fund or separately managed account and disclosed in the offering documents or account agreement for such Fund or separately managed account, respectively. Anchor Bolt's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

To become a limited partner in the Onshore Fund or Long Onshore Fund, an investor must execute a subscription agreement with the Fund. To become a shareholder in the Offshore Fund, the Long Offshore Fund, or Anchor Bolt One, an investor must execute a subscription agreement with the Fund. An investor in a Fund may impose limitations on Anchor Bolt's authority through a side letter agreement (as discussed in Item 8 above) and Anchor Bolt may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon an investor's account must be presented to Anchor Bolt in writing and agreed to by all parties. No limited partner to date has limited Anchor Bolt's discretion to provide investment advice, nor has any limited partner limited Anchor Bolt's ability to

invest in specific company sectors. However, Anchor Bolt One is limited to investing outside of a restricted list of specific securities.

Anchor Bolt has broad and flexible investment authority with no limitations on the investment strategies it may pursue. Depending on conditions and trends in securities markets, the Investment Manager may cause each Fund and/or separately managed account to pursue other strategies or techniques that Anchor Bolt considers appropriate and in a Fund and/or separately managed account's best interests.

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

By virtue of the investment management agreements with the Funds and/or separately managed accounts, Anchor Bolt has the authority to vote client proxy statements on behalf of such Funds and separately managed accounts. Anchor Bolt has adopted a proxy voting policy pursuant to SEC Rule 206(4)-6 to describe how it votes its clients' proxies. Anchor Bolt votes proxies consistent with the best interests of its investors and in accordance with the Funds' and separately managed accounts' stated objectives, primarily maximizing portfolio values.

Pursuant to its policy, Anchor Bolt will generally vote in accordance with management's recommendations, unless Anchor Bolt determines that voting in such a manner is in conflict with the best interests of its investors. In these cases, Anchor Bolt will evaluate and vote the proxies on a case-by-case basis. If it is determined that the conflict of interest is not material, Anchor Bolt may vote proxies notwithstanding the existence of the conflict. If it is determined that the conflict of interest is material, Anchor Bolt will resolve the conflict in one of several possible ways, such as by engaging a third party to recommend a vote with respect to the proxy or seeking the advice of an independent third party. In general, investors cannot request that Anchor Bolt vote in a particular way on any specific proposal.

Investors may obtain a copy of Anchor Bolt's complete proxy voting policy upon request, free of charge, from Anchor Bolt's Chief Compliance Officer, Sean Stephens, at (312) 477-2700. Investors may also obtain information from Anchor Bolt, free of charge, about how Anchor Bolt voted any previous proxies.

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

Registered investment advisers are required in this Item 18 to provide certain financial information or disclosures about their financial condition. Anchor Bolt does not require prepayment of more than \$1,200 in fees per client six months or more in advance, and thus is not required to provide a copy of a balance sheet for the most recent fiscal year. Additionally, Anchor Bolt has no financial commitment that impairs its ability to meet

contractual and fiduciary commitments to investors, and has not been the subject of a bankruptcy proceeding.

**Brochure Supplement**

**Form ADV Part 2B: BROCHURE SUPPLEMENT**

**ANCHOR BOLT CAPITAL, LP**

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Chicago, IL 60654

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**March 30, 2016**

This Brochure Supplement provides information about Anchor Bolt Capital, LP (“Anchor Bolt”) that supplements the Anchor Bolt Brochure. Please contact Sean Stephens, Chief Compliance Officer, at (312) 477-2700 if you did not receive Anchor Bolt’s Brochure or if you have any questions about the contents of this supplement.

Capitalized terms used but not defined in this Brochure Supplement have the meanings ascribed to them in the Brochure.

Additional information about Anchor Bolt is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Robert L. Polak**

Year of Birth: 1973

Chief Executive Officer and Chief Investment Officer

300 N. LaSalle Street

Suite 1875

Chicago, IL 60654

(312) 477-2700

**Item 2 – Educational Background and Business Experience**

Mr. Polak is the Founder and has served as the Chief Investment Officer of Anchor Bolt since its formation November 2011. Prior to founding Anchor Bolt, Mr. Polak was a portfolio manager at Citadel Investment Group where he ran the Global Industrials Equity business from February 2005 to April 2010. Prior to his role at Citadel, Mr. Polak worked as a buy-side analyst at Copper Arch Capital in New York from 2001 to 2004 and NWQ Investment Management in Los Angeles from 1997 to 1999, where he primarily followed industrial and energy-related companies. Mr. Polak began his career in investment banking in 1995 at Salomon Brothers.

Mr. Polak received a Bachelor of Arts in Economics from University of California, Los Angeles and holds a Masters of Business Administration from Columbia Business School.

**Item 3 – Disciplinary Information**

Mr. Polak has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Polak is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

**Item 5 – Additional Compensation**

Mr. Polak does not receive an economic benefit for providing advisory services, other than the compensation received by Anchor Bolt.

**Item 6 – Supervision**

Mr. Polak is supervised for compliance matters by Anchor Bolt's Chief Financial and Compliance Officer, Sean Stephens, (312) 477-2700.



**Sean J. Stephens**

Year of Birth: 1977

Chief Financial Officer and Chief Compliance Officer

300 N. LaSalle Street

Suite 1875

Chicago, IL 60654

(312) 477-2700

**Item 2 – Educational Background and Business Experience**

Since November 2011, Mr. Stephens has been the Chief Financial Officer and Chief Compliance Officer of Anchor Bolt. Mr. Stephens was previously the chief financial officer at Aragon Global Management, LLC from 2006 until 2011, during which time he oversaw all non-investment related responsibilities. Prior to Aragon, from 2005 to 2006, Mr. Stephens worked as a senior financial analyst for PepsiCo Chicago where he reported to the chief financial officer. Mr. Stephens began his career in 2000 in the Investment Management Division of Morgan Stanley & Co.

Mr. Stephens holds a Bachelors of Science in Finance from Rutgers University and a Masters of Business Administration from the University of Chicago Booth School of Business. Mr. Stephens is a Certified Public Accountant.

**Item 3 – Disciplinary Information**

Mr. Stephens has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Stephens is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

**Item 5 – Additional Compensation**

Mr. Stephens does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by Anchor Bolt.

**Item 6 – Supervision**

Mr. Stephens is supervised by Anchor Bolt's Founder and Chief Investment Officer, Robert Polak, (312) 477-2700.

**Julie H. Canna**

Year of Birth: 1979

Head of Investor Relations and Chief Marketing Officer

300 N. LaSalle Street

Suite 1875

Chicago, IL 60654

(312) 477-2700

**Item 2 – Educational Background and Business Experience**

Ms. Canna became the Head of Investor Relations and Chief Marketing Officer of Anchor Bolt in 2015. Prior to joining Anchor Bolt, Ms. Canna worked at Chicago Fundamental Investment Partners, LLC where she was the director of marketing and investor relations from 2012 until 2015. Previously, Ms. Canna worked in various roles in the research group at Mesiroow Advanced Strategies, Inc. from 2004 until 2012. Ms. Canna began her career in the Equity Capital Markets group at Bear Stearns & Co., Inc. and also worked in the High Grade Capital Markets group at Banc One Capital Markets.

Ms. Canna received a Bachelor of Science and Bachelor of Arts degree in Finance and Accounting from University of Richmond, where she graduated Summa Cum Laude.

Ms. Canna is also a Chartered Financial Analyst (“CFA®”). The CFA® designation is an international professional certification offered by the CFA Institute to financial analysts who complete a series of three examinations. To become a CFA® charterholder, candidates must pass each of three six-hour exams, possess a bachelor’s degree from an accredited institution (or have equivalent education or work experience) and have forty-eight months of qualified, professional work experience. CFA® charterholders are also obligated to adhere to a Code of Ethics and Standards governing their professional conduct.

**Item 3 – Disciplinary Information**

Ms. Canna has never been the object of any legal or disciplinary event, proceeding or action

**Item 4 – Other Business Activities**

Ms. Canna is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

**Item 5 – Additional Compensation**

Ms. Canna does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by Anchor Bolt.

### **Item 6 – Supervision**

Ms. Canna is supervised for compliance matters by Anchor Bolt's Chief Financial and Compliance Officer, Sean Stephens, (312) 477-2700.