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Form ADV Part 2A  
[Firm Brochure](#)

December 18, 2020

This brochure provides information about the qualifications and business practices of BlueArc Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 404-419-6130 and/or [ir@bluearccapital.com](mailto:ir@bluearccapital.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.

Additional information about BlueArc Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for BlueArc Capital Management, LLC is 167233.

BlueArc Capital Management, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## ITEM 2: MATERIAL CHANGES

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify clients and provide clients with a description of the material changes. Between the date of our annual amendment filed November 18, 2019 and this annual amendment brochure dated December 18, 2020, there have not been any material changes to our business or operations. BlueArc Capital Management (BACM) has updated the list of Funds to which BACM provides investment advisory services.

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#### **ITEM 4: ADVISORY BUSINESS**

Founded in August 2005 and headquartered in Atlanta, Georgia, BlueArc Capital Management, LLC and its affiliates (collectively “BACM” or the “Firm”) provide alternative investment funds to family offices, qualified purchasers, and accredited investors. BlueArc Capital Management, LLC is wholly owned by BlueArc Capital, LLC, a diversified financial services firm which includes a private equity and mezzanine debt business. BACM invests in and manages private funds (the “Funds”) and offers investment management accounts with separate advisory services.

**The descriptions of BACM’s Funds in this brochure, including the type of investments made and strategies used, fees and expenses charged, risk factors and conflicts of interests that may arise in BACM’s management of such funds and investments are qualified in their entirety by reference to each of the Clients’ agreement with BACM as well as in formal offering materials (e.g., the Client’s offering memorandum, memorandum and articles of association, limited partnership agreement, and subscription document) provided to investors in the Funds (collectively referred to herein as the “Offering Documents”).**

##### **BACM’s Structure**

BlueArc Capital Management, LLC’s (801-79523) registration with the Securities and Exchange Commission (“SEC”) as an investment advisor pursuant to the Investment Advisors Act of 1940, as amended, was approved on April 8, 2014. The principal owner of the firm is Ronald Zazworsky, Jr. An organizational chart depicting the “principal owners” of BACM’s advisory affiliates is included as Exhibit A to this document. Please see **Item 10: Other Financial Industry Activities and Affiliations** for a list of all Investment Advisory Affiliates.

##### **BACM’s Advisory Services**

BlueArc Capital Management, LLC focuses primarily on providing alternative investment funds to qualified investors. With a primary focus on private fund investment strategies, BACM offers an array of funds for its base of investors.

###### *Private Funds*

BlueArc Capital Management, LLC advises several private funds with varying strategies, including hedge, real estate, private credit, and special situations. Each fund includes investment guidelines and parameters as well as specific reporting requirements and accounting guidelines. These funds are managed to the specific objectives of the fund or investment vehicle and are not tailored to the individual needs of the underlying investors.

###### *Investment Management Accounts*

In specific situations, BACM provides investment advisory services regarding asset portfolios, including but not limited to alternative asset manager selection. Client accounts are continually supervised and recommendations are made based upon the client’s specific financial situation and objectives. Clients may impose any reasonable restrictions on the selection of these investments. BACM enters into agreements to advise Managed Accounts only under limited circumstances and the advisory services provided to each such Client, and the related terms and fees, are negotiated on a case-by-case basis.

### *Consulting and Research Services*

BACM provides consulting and research services to a limited number of Clients. Research and analysis of specific assets, along with any recommendations, are guided by the Client's individual situation, objectives, and criteria. Client accounts may or may not be continually supervised, as established in the Client's particular agreement; however, generally recommended assets purchased by the Client are monitored to ensure previous recommendations remain appropriate. Agreements to provide Consulting and Research services are entered into on a limited basis, and the related terms and fees are negotiated separately for each case. Such assets are not considered part of BACM's regulatory assets under management.

### Assets Under Management

As of September 30, 2020, BACM has the following regulatory assets under management:

Discretionary	\$ 446,949,438
Non-discretionary	\$ 262,504,573
Total Regulatory Assets Under Management	<u>\$ 709,454,011</u>

### **ITEM 5: FEES & COMPENSATION**

BACM's investors are generally qualified purchasers, as defined in section 2(a)(51)(A) of the Investment Company Act. As such, a detailed fee schedule is not included in this brochure. However, most of BACM's investors pay some or all the following fees:

#### *Private Funds*

BlueArc Capital Management, LLC advises several private funds. BACM typically charges annual asset management fees. Management fees are generally charged monthly or quarterly in accordance with the parameters established in the offering memorandum for each fund and are deducted in advance from investor principal balances by the fund administrator. Asset management fees generally range from 50 to 150 basis points and are earned on either the capital committed or the outstanding principal balance.

On certain open-ended funds, BACM also has the ability to charge incentive performance fees in addition to the annual asset management fees; however, in some cases BACM does not charge such incentive performance fees. On specific closed-ended funds, BACM has the ability to charge a carried interest in addition to the annual asset management fees. Incentive performance fees and carried interest fees generally range from 5% to 20% and are earned on the net profit of the specific

fund. Annual asset management fees, incentive performance fees, and carried interest fees are negotiable. More details about these fees can be found in the Funds' offering documents.

Other types of fees applicable to a particular advisory account are negotiated with the client depending on the scope of services required.

#### *Investment Management Accounts and Consulting and Research Services*

As stated above, BACM enters into agreements to advise Managed Accounts and provide Consulting and Research Services only under limited circumstances and the related terms and fees are negotiated on a case-by-case basis.

More detailed information about specific fees and expenses that Clients may pay is provided in the Offering Documents. With respect to our Funds, each Fund is typically responsible for any reasonable, out-of-pocket fees costs and expenses incurred by BACM related to the management and administration of the funds, such as the following non-exhaustive list of items:

- brokerage commissions
- custodial fees
- bank service fees
- administrative expenses
- valuation and appraisal expenses
- organizational expenses (including the cost of the offering and ongoing sale of fund interests)
- costs of winding-up a fund
- interest expenses
- financing costs
- investment-related expenses, including travel and due diligence expenses
- risk management expenses
- legal and compliance expenses
- auditing and tax preparation expenses
- accounting and operations expenses (including the cost of accounting software packages)
- extraordinary expenses (including litigation, indemnification and contribution expenses)
- taxes
- expenses related to unconsummated investments
- third party administrator expenses
- insurance costs
- fees and expenses of sub-advisors
- cost of software in connection with investments (including fees of third-party software developers)
- fees and reimbursable expenses to members of a fund's Board of Directors
- expenses associated with Advisory Boards and meetings of the limited partners
- expenses relating to quantitative analysis and software management services
- fees and expenses of servicers of specific assets owned by a fund
- costs of research, information systems, software and hardware
- permissible overhead expenses, as applicable
- professional fees relating to investments (including expenses of consultants and experts)
- expenses associated with the distribution of reports and capital demand notices to investors.

#### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

BACM charges performance-based fees on certain private funds, as discussed further in **Item 5: Fees and Compensation**. BACM does not currently manage any other accounts in the same manner or with the same investment objectives as the private funds we advise. Accordingly, there is no side by side management.

#### **ITEM 7: TYPES OF CLIENTS**

As described above in **Item 4: Advisory Business**, BACM's clients include private funds. On a separate basis BACM advises single-family offices, multi-family offices, high net worth individuals, and institutions. BACM's Funds have a minimum allocation requirement of between \$100,000 and \$500,000 (allocations of less than the minimums stated in each Fund's PPM may be accepted at BACM's sole discretion). BACM requires the underlying investors in the Funds be accredited investors and, in some cases, require investors to also be qualified purchasers (except for certain BACM personnel who qualify as "knowledgeable employees" under Rule 3(c)-5 of the Investment Company Act).

#### **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

BACM provides fund management and investment advisory services with respect to private fund investments for single-family offices, multi-family offices, and high net-worth individuals. Depending on the clients' investment strategy and risk tolerance level, BACM may invest in one or more private fund related instruments on behalf of any one of its clients.

With respect to investments in fund strategies (whether advised by BACM or sub-advised by third-party), BACM assesses a series of due diligence points that relate to the performance of the specific strategy. Those due diligence points include (but are not limited to) items such as general investment philosophies, nature of the securities that are targeted for investment, diversification of the securities portfolios, leverage amounts of the portfolios, risk exposure levels of the portfolios, analysis of various risk metrics, investment team performance and experience, tenure of the investment team, operational and back-office infrastructure, performance track record and analysis, investment research process, third-party vendors, financial controls, counter-party risks, and other pertinent aspects of the investment strategy and operations. Investing in fund strategies involves varying levels of risk that clients should be willing to bear in the event of loss. Those risks include (but are not limited to) portfolio team risk, market risk, portfolio selection risk, financing and portfolio leverage risk, operational risk, domestic and global economic risks, credit market risks, real estate risks, legal and regulatory risks, and other risks that generally affect values of publicly-held securities.

Investing in private funds involves risk of loss that the investor should be prepared to bear. These losses may include the loss of principal; a reduction in earnings (including interest, dividends and other distributions); and the loss of future earnings. Such risks may also include, without limitation:

- credit risk
- derivatives risk
- equity risk
- fixed income risk
- foreign investment risk
- high yield risk
- leveraging risk
- liquidity risk
- management risk
- market risk
- new offering with no operating history risk

- repurchase policy risks
- small and medium capitalization company risk
- funds risk
- issuer and non-diversification risk

A more detailed description of the risks associated with each particular investment strategy is included in the Offering Documents of the respective Funds, a copy of which is provided to prospective investors and should be carefully reviewed prior to investing.

#### **ITEM 9: DISCIPLINARY INFORMATION**

Neither BACM nor any BACM management person has been involved in any legal or disciplinary action that would affect one of BACM's client's or prospective client's evaluation of its advisory business or the integrity of its management.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

In addition to his position as a Founder and Chief Executive Officer of BlueArc Capital Management, LLC, Ronald Zazworsky, Jr. is the principal owner of BlueArc Capital, LLC, a diversified financial services firm offering private funds, private equity, and mezzanine debt products and services. BlueArc Capital Management LLC is owned by BlueArc Capital, LLC. BACM has ownership in the following:

- BAC-MP Fund Management, LLC (manager of BAC-MP Absolute Return Fund, LLC and BlueArc Absolute Return Fund (TE), Ltd.)
- BlueArc Global Macro Fund Management, LLC (manager of BlueArc Global Macro Fund, LLC and BlueArc Global Macro Fund (TE), Ltd.)
- BlueArc Alternatives Fund Management, LLC (manager of BlueArc Alternatives Fund, LLC a series LLC that includes the BlueArc Event Driven Series and the BlueArc Quantitative Equities Series, and manager of BlueArc Quantitative Equity Series (TE), Ltd.)
- BlueArc Private Investments Management, LLC (manager of BlueArc Private Investments, LLC, a series LLC that includes the BlueArc Municipal Opportunity Fund (QP) Series and the Real Estate Opportunity Zone Fund I QOF (QC))
- BlueArc Credit Alternatives Fund Management, LLC (manager of BlueArc Credit Alternatives Fund, LLC, a series LLC that includes the BlueArc Global Private Credit Opportunity Fund (QP) Series and the BlueArc Global Private Credit Opportunity Fund (QC) Series, member of BGPCOF SM, LP which is the special member of BlueArc Credit Alternatives Fund, LLC, and member of BGPCOF GP, LLC which is the manager of BlueArc Global Private Credit Opportunity Fund (QC), L.P.)
- BlueArc Real Estate Investments Management, LLC (manager of BlueArc Real Estate Investments, LLC, a series LLC that includes the BlueArc Real Estate Income Fund (QP) Series and the BlueArc Real Estate Income Fund (QC) Series)
- BlueArc Core Investments Management, LLC (manager of BlueArc Core Investments, LLC, a series LLC that includes the BlueArc Securitized Investors Fund (QP) Series and the BlueArc Securitized Investors Fund (QP) (TE Onshore) Series)



BACM is the principal owner of the above-listed management companies and the investment manager or co-investment manager for the above-listed private investment funds (together, the “affiliated funds”). BACM, on a non-discretionary basis, may recommend that certain advisory clients meeting applicable requirements consider allocating a portion of their investment assets to the affiliated funds. Our clients are under absolutely no obligation to either consider or make an investment in any of the affiliated funds.

BlueArc Capital Management has an ongoing business relationship with Keel Point, LLC (“Keel Point”), a multi-family office. In some cases, Keel Point receives a portion of the management and incentive fees (if applicable) earned by the affiliated management companies. This contract with Keel Point does not affect the fees paid by the Funds to the affiliated management companies.

In each of the relationships noted above, a BACM affiliate management company receives compensation in addition to the advisory fees we receive. A conflict of interest exists where there is a financial incentive for us to recommend that investors invest in these funds over funds similar to these because of the additional compensation we or our affiliates receive, when in fact other funds for which we do not receive compensation may be more appropriate or less costly.

We address conflicts of interest in several ways. Initially, we strive to disclose any conflict of interest we believe may be material to an investor’s decision-making process. Investors are given the opportunity to review and consent to this information prior to making an investment decision. We have a process in place so our investment decisions, capital allocations, and recommendations for capital allocations have been made only after we have performed what we believe to be thorough due diligence. During this process we consider factors we believe to be relevant for an investment decision, including the nature of the conflicts, the process to mitigate those conflicts, and the appropriateness of the investment. Our team performs ongoing due diligence on all funds to determine whether our investors should continue holding an investment. We require our advisory affiliates to adhere to our Code of Ethics, conduct periodic reviews of personal and client accounts, conduct annual reviews of our overall compliance program, and have our Chief Compliance Officer (“CCO”) review conflict situations.

## **ITEM 11: CODE OF ETHICS, INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

### **Code of Ethics**

BlueArc's Code of Ethics is based on the principle that BACM's employees owe a fiduciary duty to its clients and must avoid activities, interests and relationships that might interfere or appear to interfere with making investment decisions in the best interests of any client. Among other things, the Code requires compliance with BACM's personal securities transactions procedures including pre-clearance of certain securities transactions, compliance with federal securities laws, and the reporting of personal securities transactions by all employees of the firm. All employees must comply with the conflict of interest policies which include ethical restraints relating to clients, such as restrictions on accepting gifts from clients and restrictions on political contributions. On at least an annual basis, all employees are required to provide written acknowledgement of their receipt and understanding of the code of ethics and any amendments thereof. Any violations of BACM’s Code of Ethics are required to be reported promptly to BACM’s CCO. A copy of the firm's Code of Ethics is available to any client or prospective client upon request.

### **Interest in Client Transactions**

We may advise clients on the purchase of our affiliated funds. A conflict of interest exists to the extent the total compensation to BACM is increased. There is also a conflict that greater asset levels are likely to attract more investment dollars. Clients who purchase our funds pay only the fees and expenses associated with the fund, not for the advice to purchase the fund. A description of the risk factors and fees



(management fees and incentive compensation), is set forth in each of the affiliated funds respective offering documents. Our clients are informed of our relationship to the funds we manage, and clients are not required to purchase funds managed by us.

#### **Personal Trading**

Our employees are permitted to engage in personal securities transactions. These transactions raise potential conflicts of interest if they were to trade in a security that is owned by a client or considered for purchase or sale to a client. We have adopted policies and procedures that are intended to address these conflicts of interest. Employees may buy or sell securities only if their personal transactions conform to our written policies.

### **ITEM 12: BROKERAGE PRACTICES**

We do not select or recommend broker-dealers for client securities transactions in relation to the management of client accounts. Brokers are selected and trades are effected by the underlying fund managers.

#### **Research and Other Soft Dollar Benefits**

Many of the underlying funds in which our affiliated funds invest may enter into so-called “soft dollar” arrangements, under which securities firms would provide or pay the costs of certain services, equipment, or other items for the benefit of the fund, the manager, investment manager, the underlying funds’ managers, or one or more of their affiliates, in consideration of the allocation to the firm of portfolio transactions (with resulting commission income or profit) or commissions made on behalf of or with the fund or their underlying funds. The services, equipment, and other items provided or for which payment is otherwise made using such soft dollar and brokerage service arrangements on behalf of the manager, investment manager, the underlying funds’ managers or one or more of their affiliates, may include, without limitation: prime brokerage services; written and oral information and analyses concerning specific securities, companies, or sectors; market, financial, statistical and economic studies and forecasts; proxy voting services; independent pricing services; computer hardware, software and services, and other office equipment and services used in the management of the fund and other client portfolios or for fund or other client portfolio analysis, record keeping or reporting; investment research consulting fees and charges; fees and charges for news wire, data processing, internet service provider, data access line and other communications services; investment manager, fund and manager attorneys’, accountants’, bookkeepers’ and administrators’ fees and expenses; client and investor referrals; offering expenses (including without limitation fees and expenses of attorneys and accountants, filing fees, printing and mailing costs); the fund’s proportionate share of conference and travel expenses related to fund and other client investment research; quotation services; periodical subscription fees; custody, record keeping and similar charges. Any such soft dollar payments would not reduce the amount of the management fees payable to the manager and its designees. Any of these soft dollar arrangements could benefit the fund by reducing expenses or benefit the manager, investment manager, the underlying funds’ managers or one or more of their affiliates without any direct benefit to the fund. The soft dollar arrangements may also provide an incentive to trade more actively to generate balances available to pay eligible expenses. While our affiliated funds have the ability to enter into soft dollar arrangements, we do not currently have any such arrangements.

#### **Block Trades**

We do not execute transactions on investors’ behalf and, therefore, have no control over whether the underlying trades are aggregated or not aggregated. The underlying fund’s offering memorandum and firm brochure of the fund’s investment adviser contains specific information on whether they aggregate the purchase or sale of securities for client accounts.

### ITEM 13: REVIEW OF ACCOUNTS

BACM's Managing Directors monitor fund portfolio holdings on an ongoing basis. Fund investors receive monthly and/or quarterly unaudited statements from the fund administrator where applicable. Annually, Fund investors will receive audited financial statements within 180 days of the end of the year. In addition to the financial statements, clients and fund investors may also receive results of operation, transaction history, performance, and other matters on a monthly or quarterly basis. BlueArc investment management accounts receive periodic holdings and performance reports as separately negotiated.

### ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

In addition to the economic benefit received from our relationship with Keel Point, as described under **Item 10: Other Financial Industry Activities and Affiliations**, BACM currently uses solicitors and, in the future, may enter into additional written arrangements with third parties to act as solicitors for BACM's investment advisory business. All such compensation is fully disclosed to each client consistent with applicable law. All such referral activities are conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act as well as relevant SEC guidance. In general, third party solicitors may receive a portion of the fees otherwise payable to BACM. BACM is eligible to receive referral fees for introducing clients to other investment advisors with which we have a signed referral agreement.

### ITEM 15: CUSTODY

TD Bank and Atlantic Capital Bank are the qualified cash custodians of our private fund clients' investment assets. Particular private funds also hold certain assets through a brokerage account with Interactive Brokers. BACM is deemed to have custody of clients' funds and securities because our affiliates serve as the manager of the funds we advise. Audited financial statements are prepared in accordance with generally accepted accounting principles and are delivered annually to all members of our funds within 180 days of our funds' fiscal year end. Therefore, underlying investors in the funds are not required to receive quarterly custodial statements.

The custodians and the underlying funds provide the independent administrator of each Fund with regular reports on the assets held in the private funds. The administrator is responsible for confirming the value of client account assets and calculating our advisory fees. The administrator provides Fund investors with regular reports regarding their respective investments.

### ITEM 16: INVESTMENT DISCRETION

BACM offers advisory services on both a discretionary and a non-discretionary basis. When we service a client's account on a discretionary basis, we do not need advance approval from the client to determine the timing, type, and amount of securities to be bought and sold for the account. BACM has discretion over Fund assets. A client's account serviced on a non-discretionary basis requires approval prior to the purchase or sale of any investments. BACM does not have discretion over advisory services provided to clients outside of the Funds it advises.

We may only exercise discretion if our client has provided that authority to us in writing. Upon engaging BACM to manage a specific investment, a comprehensive investment management agreement is executed which includes details of both the account investment objectives and guidelines and the powers of authority delegated to BACM by the client. If BACM were to recommend an investment outside of the pre-established guidelines included within the investment management agreement, a new agreement shall be sought from the applicable client(s).

#### **ITEM 17: VOTING CLIENT SECURITIES**

Because of the nature of the securities BlueArc Capital Management, LLC, we do not engage in proxy voting. In the event equity-like voting issues are presented to us, we will adopt a proxy voting policy and otherwise comply with the requirements of Rule 206(4)-6 under the Investment Advisers Act.

On occasion, BACM may receive notices regarding class action lawsuits involving securities that are or were held by Clients. As a matter of policy, BACM generally refrains from serving as the lead plaintiff in securities class action matters and refrains from submitting proofs of claim where BACM believes the recovery amounts are likely to be negligible. BACM cannot be assured of confidential treatment of the data submitted in connection with the proof of claim, or BACM otherwise believes it is not in the best interests of one or more Clients for BACM to be involved in such a claim. BACM makes these determinations in its sole discretion. As a result, BACM in some cases does not participate in class action securities lawsuits in which it may be entitled to participate. If BACM does participate in a class action securities lawsuit and later receives any recovery amounts, those amounts will be credited to the participating Clients at the time the recovery amounts are received. This may be materially after the relevant conduct alleged in the lawsuit took place and investors in the relevant Client, have redeemed their interests (to the extent such Client is an open-end Private Fund.). As such, investors who have already redeemed interests at the time that the recoveries are received by the Client will not receive the benefit of those recoveries.

#### **ITEM 18: FINANCIAL INFORMATION**

BACM does not require or solicit prepayment from its clients. BACM is not aware of any financial condition likely to impair its ability to meet contractual commitments to clients. BACM is not and has not been subject to a bankruptcy petition at any time.

EXHIBIT A: ORGANIZATIONAL CHART

