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**“Brochure”**

**ADV Part 2A**

**May 20, 2020**

This brochure provides information about the qualifications and business practices of Barrow Street Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 203-391-6100. The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission or by any state securities authority. Additional information about Barrow Street Advisors LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Barrow Street Advisors LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2 – Material Changes**

This Brochure dated May 20, 2020 serves as an update to the Brochure dated March 31, 2019.

The Advisor has updated Item 4 – Advisory Business. The Advisor is winding down its operations in 2020. The Advisor no longer provides investment advisory services to open-ended investment companies (also known as “mutual funds”). The Advisor no longer provides sub-advisory services to unaffiliated investment advisors through Schwab’s Managed Account Marketplace. The Advisor no longer provides model investment portfolio(s) to unaffiliated investment advisors for their use in a managed account platform (“Envestnet”).

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## **Item 4 - Advisory Business**

Barrow Street Advisors LLC (“BSA”, “Advisor”, “Firm”, “we”, “us” or “our”) is a Delaware limited liability company formed in 2013. BSA was formed by its affiliate, Barrow Street Capital LLC (“BSC”), which was founded and commenced operations in January 1997. The Advisor is winding down its operations in 2020.

BSA is solely owned by Barrow Street Holdings LLC (“BSH”). Robert F Greenhill, Jr., Nicholas Chermayeff, and David R. Bechtel are the principals of BSH.

### ***Separately Managed Accounts***

BSA provides investment advisory services to separately managed accounts (“Managed Accounts”). Investment advisory services are provided to Managed Account clients based on their specific investment objectives and strategies, as communicated to BSA. Prior to providing investment management services or other activities on behalf of a client, BSA will seek to determine whether the investment is consistent with the client’s investment objectives and policies and make investment recommendation only if it believes that the investment advances the specific objectives and financial situation of the client’s account.

As of May 20, 2020, we had assets under discretionary management of approximately \$25 million.

## **Item 5 - Fees and Compensation**

### ***Separately Managed Accounts***

Management fees for Managed Accounts are based upon a percentage of assets under management and may vary depending upon the nature of the portfolio managed. Fees are calculated, and are based upon, the methodology agreed to with each Managed Account. The specific terms relating to Managed Account advisory management fees are typically set forth in a written agreement between BSA and the Managed Account client, and generally ranges from 0.75% to 1.50% of assets under management. The advisor management fee may be invoiced monthly and paid in arrears, or deducted automatically from the client’s managed account based on the average account market value at the close of each business day throughout the month. Depending upon the characteristics of the account and the services provided, the fees are generally negotiable and may be higher or lower than the stated range.

In addition to the management fees set forth above, Managed Account clients may also incur other expenses, including, but not limited to, fees for administration; accounting; legal services; compliance; audit; custody; insurance; and brokerage commissions and other transaction costs (e.g. redemption fees, exchange fees).

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

For certain Managed Accounts we may enter into a performance fee arrangement which charges a performance fee as well as a management fee. The performance fee represents compensation for managing a client account which is based upon a percentage of the net profits of the account being managed. When calculating net profits, the performance fees are based on a specific performance allocation over an agreed upon time period with the performance fees being subject to high water marks or loss carryforwards. Performance fees may give rise to certain conflicts of interest with respect to the management of client assets. We do not have managed accounts in which the performance fee is the only form of compensation to the Firm. Nonetheless, because performance-based fee accounts do present a potential conflict of interest in which the Firm could have an incentive to allocate more favorable investment opportunities to performance-based fee accounts than to accounts that only charge an asset-

based fee, the Firm has adopted written allocation procedures and a Code of Ethics, which are designed to help ensure that allocations are fair to all managed accounts over time.

## **Item 7 - Types of Clients**

We provide investment advisory services to Separately Managed Accounts. Separately Managed Account clients may include high net worth individuals, foundations and endowments and other registered investment advisors. Generally, we do not impose any minimum investment requirements on Managed Account clients.

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

### ***Methods of Analysis and Investment Strategies Generally***

#### **Overview**

BSA invests in U.S. common stocks with its proprietary Quality-Meets-Value (“QMV”) strategy that draws upon the BSA principals’ private equity investment experience. BSA’s QMV strategy seeks to invest regularly and dispassionately in diversified portfolios of what it considers to be temporarily mispriced companies given the short-term judgmental biases and behavioral weaknesses of market participants.

BSA seeks diversified portfolios of a) long positions in high quality companies that are priced well below their intrinsic value and b) short positions in low quality companies that are priced well above their intrinsic value. BSA evaluates and ranks a combination of the company’s quality and value based on various considerations such as, but not limited to, earnings power, market pricing, intrinsic value, return on capital, profit margins, cash flow, growth, debt, and insider ownership. BSA’s long and short positions generally carry our highest and lowest QMV rankings, respectively. BSA believes that investing long and short in diversified portfolios of companies with a wide margin of safety (our analysis of the gap between price and intrinsic value) reduces volatility, generates superior returns, and preserves capital in market downturns. BSA seeks diversification by position size, sector, industry, and market capitalization in its multi-cap portfolios.

Based on our QMV strategy, we seek to invest with consistent and repeatable security selection and portfolio construction methodologies. Accordingly, BSA employs a proprietary portfolio investment and rebalancing approach to periodically capture, on an established timetable, what it views as the best investment opportunities while also providing sufficient time for the market to re-appraise its portfolio holdings. Subject to investment strategy and objectives, each portfolio is generally held for at least one year before being reinvested, which allows the market time to rationally re-appraise the value, quality, and price of each portfolio’s stocks. BSA seeks to maintain low trading costs with infrequent electronic trading. BSA seeks to be tax efficient, with respect to certain portfolios, by realizing long-term gains from winning positions and short-term losses from losing positions.

## **Risk of Loss**

Investing in securities involves risk of loss that clients and investors should be prepared to bear.

Listed below is a summary of the material risks involved in connection with our methods of analysis of investment strategies. The discussion of material risks provided below is not meant to be a complete description of risks that may be applicable to us, or our investment recommendations. The information in this Brochure does not include every potential risk associated with an investment strategy, technique or type of security applicable to a particular client account.

### **Risk Factors for Client Accounts**

- a) *Equity Securities.* Equity securities fluctuate in value in response to many factors, including the activities, results of operations, and financial condition of individual companies; the business market in which individual companies compete; industry market conditions; interest rates; and general economic environments. In addition, events such as domestic and international political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by a client.
- b) *Investment and Trading Risk Generally.* Investments in securities and other financial instruments and products that are subject to market forces risk the permanent loss of capital as a result of adverse market developments, which can be unpredictable. To the extent that a portfolio is concentrated in any one particular company, sector, industry, or stock market, the risk of any incorrect investment decision is increased. The QMV strategy exposes a client's capital to the risk of an extremely rapid and severe decline in value in the event of a sudden change in the level of volatility (e.g. a market crash) that is not anticipated by BSA.
- c) *Hedging.* In certain transactions, a client's account may not be "hedged" against market fluctuations or, in reorganization or liquidation situations, may not accurately value the assets of the company or the degree of legal and regulatory risk. This can result in losses, even if the proposed transaction is consummated.
- d) *Lack of Diversification.* While a client account's portfolio is expected to remain highly diversified, it is possible that at times the portfolio may become fairly concentrated and might not be diversified by geographic region, sector, or industry. Lack of diversification may increase volatility and the risk of losses.
- e) *Short Sales.* A client's account may be expected to engage in frequent and substantial short selling activity in order to meet its investment objectives. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss. The extent to which BSA will engage in short sales will depend upon its portfolio construction guidelines for that account, its investment strategy and perception of market direction and the value of individual securities.

- f) *Leverage; Use of Margin.* In certain situations, and for certain clients, BSA may be authorized and use modest amounts of leverage in the course of its client's investment strategy, using as collateral the securities that it owns from time to time. This allows the client's portfolio to own more stock, or short more stock, than would otherwise be possible with the available cash in a given portfolio. Consequently, the effect of fluctuations in market value of an account's assets could be amplified. The level of interest rates generally, and the rates at which an account, in particular, is able to borrow, may affect an account's operating results.
- g) *Management Risk & QMV Risk.* The success of BSA's managed portfolios is dependent upon the ability of its portfolio-management team and its Quality-Meets-Value strategy. If the team or the strategy is not successful, clients may experience losses regardless of the performance of the overall investment universe.
- h) *Data Accuracy Risk.* BSA's security selection and portfolio construction process rely on the assumption that its data providers, and other publicly-available sources of information about the securities BSA purchases and sells, are providing accurate and unbiased data. BSA's analysis may be compromised by inaccurate or misleading information.

#### **Item 9 - Disciplinary Information**

Neither BSA nor any of its supervised persons have been the subject of any legal or disciplinary event that would-be material to your evaluation of BSA or the integrity of its management.

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

As previously discussed above, we are affiliated with BSC, an investment advisor to a number of private real estate investment partnerships that are deemed to be our related persons. BSC and BSA share investment personnel, and as such, there may be a potential conflict of interest as it relates to the allocation of these investment personnel's time between the BSA and BSC clients.

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

We have adopted a Code of Ethics (the "Code of Ethics") which provides that we are committed to conducting our business in accordance with all applicable laws and regulations, and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to the accounts we manage, and that all our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have adopted a Code of Ethics that is premised on the fundamental principles of openness, integrity, honesty and trust. In addition, our Code of Ethics includes policies and procedures relating to all personal investment transactions by our employees, gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees. A copy of our Code of Ethics is available upon request by contacting us at 203-391-6100.

BSA believes that its employees should devote their full-time best efforts to servicing the needs of its clients. In order to ensure that employees are putting forth this effort, BSA strongly discourages employees from engaging in any short-term trading, or trading on margin, or trading commodities, futures, derivatives or other volatile securities or financial instruments. We also believe that this policy will enable employees to dedicate their full-time attention to servicing the firm's clients, rather than monitoring their own portfolios. In light of the foregoing, we have adopted certain procedures with respect to trading in securities by employees.

BSA may distribute or make available on its computer network to all employees a list of all companies (the "Restricted List") whose securities (or derivatives thereof) are part of, or are currently contemplated to become part of, the portfolio of any of its clients, and any company for which BSA is in possession of material, non-public information (each such company, a "Restricted Company"). Employees are prohibited from purchasing or selling securities (or derivatives thereof) issued by any Restricted Company, unless BSA implements information blocking procedures with respect to non-public information of such Restricted Company.

In addition, BSA has implemented personal trading and reporting requirements set forth in the Code of Ethics that apply to all of an employee's "Personal Accounts." The term "Personal Account" means any securities account in which an employee has any direct or indirect "beneficial ownership," and includes any Personal Account of an employee's immediate family member (including any relative by blood or marriage either living in the employee's household or financially dependent on the employee). An employee is deemed to have "beneficial ownership" if the employee, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares a direct or indirect opportunity to profit or share in any profit derived from the relevant Personal Account.

With certain exceptions, no employee may engage in a personal securities transaction in a Personal Account without the prior written consent of the Advisor's Chief Compliance Officer, in consultation with the Portfolio Manager. Requests to engage in securities transactions must be submitted to the Chief Compliance Officer. The Chief Compliance Officer must obtain the permission of a designated individual in order to engage in any such personal securities transaction.

In certain circumstances, BSA or its affiliates or control persons, may wish to invest in an opportunity that may also be appropriate for a client. Due to the potential conflicts that may arise from personal investments, all such trades are subject to approval. Prior to approving any investment by such personnel in a security that is eligible for investment by a client, a determination will be made that the client is not denied the ability to invest in the opportunity because of the employee's investment (capacity) or, the clients do not wish to invest in such an opportunity because of legitimate portfolio or investment reasons.

## **Item 12 - Brokerage Practices**

### **Selection of Brokers**

We seek to obtain the best execution in placing portfolio transactions for our clients, taking into account a number of factors such as, but not limited to, execution capabilities, value of any research provided, competitiveness of commission rates and spreads and ability to respond promptly.

Brokers may sometimes suggest a level of business they would like to receive in return for the various services they provide. We will not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations, but can exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

#### Research and Other Soft Dollar Benefits

The Advisor does not have any soft dollar arrangements.

#### Brokerage for Client Referrals

We generally do not consider the possibility of receiving client referrals from a broker when determining the broker to which we allocate brokerage transactions.

#### Directed Brokerage

Clients may direct us to use a particular registered representative or brokerage firm, provided however that those instructions are in writing. The client may at any time change such instructions by giving written notice to us. Appropriate disclosures will be provided to the client indicating that for any directed brokerage arrangements, we may not be able to negotiate commissions, may not obtain volume discounts or aggregate directed transactions, and that commission charges will vary among clients and best execution may not be obtained.

#### Trade Aggregation and Allocation

In managing its clients' accounts, BSA may, from time to time, aggregate trades, subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment advisor combines the orders of two or more advisory clients into a single order for the purpose of obtaining better prices and lower execution costs. In general, when our clients trade in similar securities, and depending on a number of factors such as available cash, applicable investment restrictions and other factors, we may pursue the opportunity to aggregate such trades involving similar securities. BSA is not required to aggregate trades when aggregation would not be appropriate given the factors set forth above.

In addition, in circumstances where BSA invests in investment opportunities that are appropriate for more than one client or when an aggregated order is only partially filled, BSA will allocate the investment opportunity or a partially filled order in a manner which it believes, to be fair and equitable. Initial public offerings and other limited availability offerings are also allocated in accordance with these procedures.

### **Item 13 - Review of Accounts**

Client portfolios are informally reviewed daily, and their performance analyzed, by our investment professionals. Client portfolios are also reviewed by members of our operations team to monitor compliance with the applicable trading mandate and any applicable risk and/or operating guidelines. Client investments are evaluated based on performance, company fundamentals, general market



conditions, and such other considerations as we deem appropriate. We may provide monthly or quarterly reports to separately Managed Account clients.

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

We do not receive any economic benefit from any person who is not a client in connection with their provision of investment advice or advisory services to our clients.

#### **Item 15 - Custody**

BSA does not have actual custody of any client accounts or any client funds or securities. A qualified custodian holds all funds and securities of the Managed Accounts, and provides account statements no less than on a monthly basis.

#### **Item 16 - Investment Discretion**

We have discretionary authority to manage securities accounts on behalf of the Managed Account clients.

#### **Item 17 - Voting Client Securities**

We generally have voting discretion over securities held in the Managed Account clients' accounts. Clients are generally not able to direct their votes in a particular situation. We will exercise our discretion in the best interests of our clients. We have adopted policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions made on behalf of clients' accounts and to ensure that such decisions are in accordance with our fiduciary obligation to our clients. Our proxy voting policies and procedures, including information for clients on how their securities were voted, are available upon written request to: Barrow Street Advisors, Attn: Chief Compliance Officer, 300 First Stamford Place, 3<sup>rd</sup> Floor East Stamford, CT 06902. Below is a summary.

##### *Policy and Procedures*

In the absence of specific voting guidelines from the client or conflicts of interest (see below), the Firm will vote all proxies in the manner that the Firm's Proxy Coordinator determines is in the best interests of each client account, which may result in different voting results for proxies for the same issuer. In addition, the Proxy Coordinator may determine to abstain from voting a proxy if he or she believes that such action is in the best interests of a particular clients' account. The Proxy Coordinator may take into account any or all of the following factors, among others, in determining if a specific proposal is in the best interests of a particular client of the Advisor:

- (a) management of the issuer's views and recommendations on such proposal;
- (b) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders' concerns (e.g., instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and

- (c) if he or she believes that the proposal will fairly compensate management for its and/or the issuer's performance.

BSA may have a conflict of interest when voting in a particular action. Such conflicts may arise, for example, from the following relationships: (i) the issuer is an investor in a client's account managed by the Firm; (ii) the issuer has a material business relationship with the Firm; (iii) the proponent of a proxy proposal has a business relationship with the Firm (e.g., the proponent is a pension plan for which the Firm manages money); (iv) the Firm has material business relationships with candidates for director in a proxy contest; or (v) an employee of the Firm has a personal interest in the outcome of a particular matter. This list provides examples of possible conflicts of interest and is not meant to be comprehensive. Each employee must notify the Firm's Chief Compliance Officer of any potential conflicts of interest of which he or she is aware, and the Chief Compliance Officer should make a determination as to whether an item would constitute a conflict of interest.

#### **Item 18 - Financial Information**

We do not currently have any financial commitments that might impair our current or future ability to meet our contractual commitment to our clients and we have not been the subject of a bankruptcy petition at any time during the last ten (10) years.