



## **Item 1: Cover Page**

### Main Office Location

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## **Form ADV Part 2A**

### **Investment Advisor Brochure**

December 31, 2020

This Brochure provides information about the qualifications and business practices of Bear Creek Asset Management, LLC. If you have any questions about the contents of this brochure, please contact David Silver, our Chief Compliance Officer at (303) 459-7342 or by e-mail at [dsilver@bearcreekam.com](mailto:dsilver@bearcreekam.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Bear Creek Asset Management, LLC (CRD #137677) also is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

Bear Creek Asset Management, LLC is an investment adviser registered with the SEC. Registration with the SEC does not imply any level of skill or training.

## **Item 2: Material Changes**

### Annual Update

This section of our Brochure will be updated annually when material changes occur since the previous release of our Brochure.

Since the last annual update filing, we made the following changes:

We updated Item 9 to provide more detail on cybersecurity risks that could impact our clients and our business.

We updated Items 11 and 12 to provide more detail on our Code of Ethics and Brokerage Practices.

### Full Brochure Available

If you would like to receive another copy of this Brochure, please download it from the SEC website at <https://adviserinfo.sec.gov/firm/summary/137677> or you may contact us by phone at (303) 459-7333.

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## **Item 4: Advisory Business**

Bear Creek Asset Management, LLC (“Bear Creek”) is an investment adviser registered with the SEC with its principal place of business in Denver, Colorado. Registration with the SEC does not imply any level of skill or training. Bear Creek was formed in 2005, and is owned by Bear Creek Holding Company, LLC (“BC Holding”). BC Holding is privately owned by Joseph (“Jim”) H.M. Roddy and Shawn M. O’Neal.

Bear Creek provides investment advisory services specific to the needs of each client by focusing on supplying fixed income asset management. Bear Creek limits its advice to these types of investments and it does not consider this to be financial planning. Bear Creek’s focus is on achieving returns relative to the risks taken. Prior to providing investment advisory services, Bear Creek and its representatives will ascertain each client’s investment objective(s) and Bear Creek tailors its advice and recommendations to the individual needs of clients. Bear Creek’s clients include high net worth individuals, trusts, foundations, other charitable organizations, corporations and other business entities.

Bear Creek also provides advisory services to several private funds, managed by Bear Creek affiliates. Bear Creek may recommend, on a non-discretionary basis, that certain clients consider an investment(s) in affiliated private funds.

Clients may impose reasonable restrictions on investing in certain securities or types of securities. The client, may, at any time imposed reasonable restrictions on Bear Creek’s management of their accounts if Bear Creek determines, in their sole discretion, that the conditions would not materially impact the performance of the investment management strategy or prove overly restrictive to Bear Creek’s investment management efforts.

Bear Creek does not participate in wrap fee programs.

As of December 31, 2020, Bear Creek had approximately \$7,756,146,400 of assets under discretionary management. We do not have any non-discretionary assets under management.

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

Bear Creek charges each client account an annual investment advisory fee that is agreed upon with each client and set forth in an agreement executed by Bear Creek and the client. Bear Creek’s investment advisory fee is based on a percentage of the average market value of the client’s assets under management for the billing period. For fee calculation purposes, the average market value of the assets is calculated by dividing the sum of the daily ending market value of the assets by the number of days in the billing period. The standard charge is 0.25% per year on the determined market value of the assets under management. Fees are negotiable and are calculated and collected at the end of each quarter. To calculate advisory fees, we generally rely on prices provided by third-party pricing services for purposes of valuing securities held in your account. We may be required to fair value a security when the market price is not readily available

or we have reason to believe the third-party price is unreliable. For any fair value priced security, we follow internal policies and procedures to mitigate any conflicts of interest with respect to valuation.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay Bear Creek the advisory fee. The advisory fee is billed by Bear Creek and debited by the independent qualified custodian quarterly. Please note you may request Bear Creek to bill you directly for advisory fees.

Bear Creek serves as an investment adviser to its private fund clients. Bear Creek will investigate, analyze, structure and negotiate potential private fund investments and evaluate, monitor, advise as to the disposition opportunities and take other appropriate action with respect to investments on behalf of the private funds Bear Creek advises. Bear Creek receives an investment advisory fee for the services it provides to its private fund clients. Bear Creek affiliates earn a management fee and share in profits of the private funds based on capital gains or capital appreciation of assets. The determination and calculation of the investment advisory fee, management fee, and profit share to Bear Creek and its affiliates is disclosed in the organizational documents for each private fund. Refer therein for more detail. UMB Bank, N.A. (“UMB”) is the custodian for the private funds advised by Bear Creek. In addition to paying the fees to Bear Creek, UMB charges an annual custody fee and charges fees for money movement out of each respective private fund account.

Unless the client directs otherwise or an individual client’s circumstances require, Bear Creek will generally recommend that Pershing Advisor Solutions, LLC, an SEC-registered, FINRA and SIPC member broker-dealer (“Pershing”), serve as the broker-dealer/custodian for client investment management assets. In addition to paying Bear Creek’s fees, custodians may charge additional custodial fees to clients, transaction fees, margin fees, service provider fees and other related costs and expenses, which are incurred by the client. If clients maintain investments in mutual funds, the funds usually deduct advisory fees, expenses and distribution fees from the client’s investment. For additional information see “Item 12 Brokerage Practices” of this Brochure.

Bear Creek clients may not and are not required to pay fees in advance.

Bear Creek supervised persons do not accept commissions for the sale of securities or other investment products, including asset-based sales charges or service fees from sales of mutual funds.

Bear Creek clients have the option to direct the purchase of investment products that Bear Creek recommends through other brokers or agents that are not affiliated with Bear Creek.

The Investment Advisory Agreement may be terminated by either Bear Creek or the client by submitting written notice. If Bear Creek receives notice of termination within five (5) business days of signing of the Investment Advisory Agreement, the services will be terminated without penalty (*i.e.*, no fees are due). After the initial five (5) business days, fees will be due based on the number of days of services provided prior to receipt of such notice. Termination of services will not affect Bear Creek’s or the client’s liabilities or obligations arising out of transactions initiated on behalf of the client prior to termination.

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

Neither Bear Creek nor any supervised person of Bear Creek accepts performance-based fees or participates in side-by-side management in Bear Creek managed accounts where Bear Creek has discretionary trading authority. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees and side-by-side management present a conflict of interest as Bear Creek would have incentive to favor the accounts which we receive performance-based fees over the accounts that do not pay performance-based fees. Bear Creek will monitor our managed accounts and if performance based fees are charged, or Bear Creek engages in side-by-side management, Bear Creek will follow policies and procedures to address these conflicts through elimination, disclosure, or a combination of disclosure and mitigation.

Bear Creek and its affiliates share in profits based on capital gains or capital appreciation of assets held by the private funds, which Bear Creek serves as an investment adviser and are disclosed on Form ADV Part I. The determinations of profits and the calculation of the profit share or the General Partner return are disclosed in the organizational documents for each private fund. Refer therein for more detail.

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

Bear Creek generally provides investment advice to high net worth individuals, trusts, foundations, other charitable organizations, corporations and other business entities. Bear Creek also provides advisory services to several private funds, managed by Bear Creek affiliates. The advisory services provided to the private funds are fully disclosed in the organizational documents for each private fund. Refer to the organizational documents and Form ADV Part I for more information on the private funds.

Bear Creek does not provide investment supervisory services, manage advisor accounts, or hold itself out as providing financial planning or similarly termed services.

Bear Creek imposes a minimum dollar value of assets and other conditions for starting or maintaining an account. As a result of the minimum account value requirement, Bear Creek's services may not be appropriate for everyone.

Bear Creek may reduce its fees, may waive account minimums and other conditions at our sole discretion. As a result, similar client accounts could pay different fees. Bear Creek reserves the right to accept or decline a potential client for any reason in its sole discretion.

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

Bear Creek utilizes the following methods of security analysis:

- Fundamental Analysis – analysis performed on historical and present data, with the goals of making financial forecasts;
- Technical Analysis – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices

The main sources of information used includes financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC and company press releases. Long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), trading (securities sold within 30 days), and margin transactions are the investment strategies utilized by Bear Creek to implement investment advice to its clients.

Bear Creek offers advice on securities traded over the counter, foreign issuers, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, preferred stocks, United States government securities, options contracts on securities, and interests in partnerships or pooled investment vehicles. Bear Creek primarily allocates client investment assets on a discretionary basis in accordance with the client's designated investment objective(s).

Investing in any security involves risk of loss that clients must be prepared to bear, including losing your principal. Our past performance is not a guarantee of future results and certain market and economic risks exist that may adversely affect an account's performance. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Short-term purchases and frequent trading may result in increased brokerage fees, trading costs, and taxes. Long-term purchases or investment strategies require a longer investment period to allow for the strategy to potentially develop. Margin transactions involve an increased risk of losing more than the amount of assets contained in the account, and therefore, clients may be required to deposit additional funds or sell additional securities to pay for losses incurred in margin transactions. The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debenture issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies, or by a non-U.S. government or one of its agencies; municipal securities; and mortgage-backed and asset-backed securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities.

The returns realized under Bear Creek's investment strategies will be affected by many factors, including, but not limited to, the following:

- *Interest Rate Risk* – The value of fixed income securities rises or falls based on the underlying interest rate environment. As interest rates rise, bond prices fall and vice versa.
- *Credit Risk* – The majority of fixed income instruments are dependent on the underlying credit of the issuer. There is a risk of loss of principal or other loss as a result of the borrower's failure to

repay a loan or otherwise meet a contractual obligation.

- *Inflation Risk* – If inflation increases, or the market anticipates an inflation increase, most fixed income instruments will sustain a loss. If we enter a period of inflation, the value of fixed income securities could decrease.
- *Managed Portfolio Risk* – The manager's investment strategies or selection of specific securities may be unsuccessful and could result in portfolio losses. Legislative, regulatory, or tax developments may affect the investment techniques available to Bear Creek.
- *Industry / Concentration Risk* – The portfolio's investments could be concentrated within one industry or one group of industries. Investments focused in a particular industry are subject to greater risk and face more risk by market volatility than less concentrated investments.
- *Liquidity Risk* – Due to a lack of demand in the marketplace or other factors, an account may not be able to sell some of the investments promptly, or may only be able to sell investments at less than desired prices.
- *Margin Risk* – buying or selling on margin is borrowing money from a broker in order to purchase or sell stock. Margin trading allows you to purchase or sell more securities than you would be able to normally. Margin risk is that you can lose much more money than you initially invested. When using margin your account has to maintain a certain value, called maintenance margin. If an account loses too much value due to underperforming investments, the broker will issue a margin call, demanding you deposit more funds or sell holdings to pay down the margin loan.
- *Market and Economic Risk* – An account's investment value may decline due to changes in general economic and market conditions. A security's value held in an account may change in response to developments affecting entire economies, markets or industries, including changes in interest rates, political and legal developments and general market volatility.
- *Risks Affecting Specific Issuers* – The value of a security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including but not limited to management issues or other corporate disruption, political factors adversely affecting government issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.
- *Extension Risk* - When interest rates rise, certain obligations will be paid off by the obligor more slowly than originally anticipated, causing the value of these obligations to fall.
- *Prepayment Risk* – When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and your account may have to invest the proceeds in securities with lower yields.
- *Duration Risk* – Duration is the primary measure of risk within fixed income securities. Duration measures the approximate price sensitivity of a security to a one percent (1%) rise or fall in interest rates. Bear Creek seeks to manage duration risk; however changing conditions and perceptions, including market fluctuations, over which Bear Creek has no control, may modify an obligation's duration and, independently, have other effects on the value of a security.
- *Reinvestment Risk* – Reinvestment risk arises when reinvesting the income received from securities. Reinvestment risk is the risk that interest rates will decrease, meaning the proceeds from investments will be invested at lower interest rates and therefore lower returns.
- *Volatility Risk* – Volatility risk is the risk that a security will lose value due to a change in volatility. This occurs when an investment is embedded with an option. As volatility increases the security's



value will increase or decrease depending on the nature of the option.

- *Risks of Preferred Stock* - Preferred stock dividends are generally fixed in advance and therefore sensitive to interest rates. In general, the share price falls as prevailing interest rates increase and a client holding preferred securities could lose money. Unlike requirements to pay interest on certain types of debt securities, a company that issues preferred stock may not be required to pay a dividend and may stop paying the dividend at any time if, for example, it lacks the financial ability to do so. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock can be subject to optional or mandatory redemption provisions since most preferred shares allow the issuing company to redeem the shares and an issuer may repurchase these securities at prices that are below the price at which they were purchased.
- *Risks of Government Securities* - U.S. government securities include direct obligations of the U.S. government that are supported by its full faith and credit. While U.S. government securities have not historically faced a significant risk of default, a ratings downgrade, temporary default, or other adverse development affecting such securities cannot be ruled out. As the aggregate debt represented by such securities continues to increase, the credit rating of the U.S. government could potentially be downgraded in the future.
- *Risks of Municipal Securities* - In addition to the risks related to all fixed income investments, as listed above, municipal securities face certain additional specific risks. For example, tax policy changes, other legislation or political events and economic conditions may impact the ability of a municipal security issuer to make principal or interest payments. The value of municipal securities can be negatively impacted by increasing local and state government liabilities and decreasing tax revenue. See Political or Legal Risk below for more information.
- *Political or Legal Risk* – Political or legal risk arises when actions by the government adversely affect the value of a security. For example, the government can either change the tax rate or declare a bond as taxable when it was previously tax-exempt. If you invest in a tax-exempt bond, then the bond will be more valuable if the tax rate is high, as people will have more incentive to have tax-exempt investment. However, if the government lowers the tax rate, then the tax-exempt bond will lose value. Also, if the government announces the bond is no longer tax-exempt, the bond's value will decline.
- *Sector Risk* – Sector risk is the risk that an event occurs within a sector will adversely affect the value of the securities within that sector.

Bear Creek serves as the investment adviser to certain private fund clients managed by Bear Creek affiliates. The investments within each private fund are unique to the private funds' defined strategy and the specific risks are disclosed in the organizational documents and investment description for each private fund. Refer therein for more detail.

#### Cybersecurity Risks

Cybersecurity is the practice of defending computers, servers, mobile devices, electronic systems, networks, and data from malicious attacks and to protect our client's information. Bear Creek, as well as certain service providers that Bear Creek or its clients may use, rely on digital and network technologies to maintain our data and to facilitate Bear Creek's business activities including providing services to our

clients. Bear Creek is subject to possible cybersecurity incidents or related events that could result in unauthorized access or damage to data, both client and proprietary, or otherwise compromise Bear Creek's business or client records. Such incidents might include, but are not limited to, unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; misappropriation or destruction of data; ransomware; attacks that shut down, disable, slow or otherwise disrupt operations, business processes, or functionality; and the unintended disclosure of confidential computerized data or client information from hackers who attempt to conduct malicious activities against Bear Creek.

Cybersecurity breaches cause disruptions and impact business operations, potentially resulting in financial losses to a client; disruptions in trading; our inability, or our service providers inability, to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or other compliance costs; as well as the unintentional release of confidential information.

Bear Creek has implemented robust policies and procedures to prevent potential cybersecurity incidents against our network and other electronic systems and to protect firm and client data. Bear Creek's policies and procedures are to identify, protect, detect, respond and recover from a cybersecurity incident or related event. Bear Creek maintains information technology security policies and procedures, including technical and physical safeguards, and required employee training.

Despite the policies and procedures implemented by Bear Creek, the risk remains that a cybersecurity incident could occur and could cause damage to Bear Creek's electronic systems, damage to firm and client data, and a significant business disruption. Clients could be negatively impacted as a result of a cybersecurity breach. Cybersecurity threats continue to evolve and new cybersecurity attacks emerge each day and there can be no guarantee that our policies and procedures will prevent a cybersecurity breach or misuse or loss of firm or client information.

In the event that a cybersecurity incident occurred and resulted in a potential or actual compromise of confidential client data or personally identifiable information, Bear Creek, through its incident response plan, would promptly notify affected clients via telephone, e-mail, or other appropriate means of communication to explain the nature of the incident, the impact to you and your personal information, Bear Creek's response, and the steps to be taken going forward.

## **Item 9: Disciplinary Information**

Registered Investment Advisers are required to disclose legal or disciplinary events that would be material to a client's evaluation of the advisor and the integrity of the advisor's management. Neither Bear Creek, nor any of its supervised persons, has been involved in any activities resulting in any legal, financial or disciplinary events. As a result, Bear Creek is not subject to any disciplinary disclosures.

## **Item 10: Conflicts of Interest and Other Financial Industry Activities and Affiliations**

Bear Creek engages solely in the business of providing investment advice to its clients. However, Bear Creek is affiliated with a broker-dealer, Bear Creek Securities, LLC (“BC Securities”), as both Bear Creek and BC Securities are owned by BC Holding. Refer to <https://brokercheck.finra.org/firm/summary/139941> for more information on BC Securities. Further, several of the registered representatives of Bear Creek serve as registered representatives of BC Securities. Refer to Form ADV Part 2B for more information. Bear Creek may recommend that its clients purchase certain securities where BC Securities may serve as a broker, placement agent, or remarketing agent to the issuer. Furthermore, BC Securities may act as a placement agent for some of the securities sold to our private funds. BC Securities usually earns a fee (a markup, commission or commitment/placement fee) for such services. Conflicts of interest exist for Bear Creek in recommending these investments because the fees ultimately benefit BC Holding. As a result, Bear Creek may be more inclined to recommend to clients the purchase of these securities rather than other securities that do not involve the payment of such fees. Bear Creek does not charge an investment advisory fee on securities purchased by Bear Creek clients through BC Securities and these arrangements are fully disclosed to the client prior to any such purchases.

Neither Bear Creek, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Bear Creek is affiliated with general partners of private funds, for which Bear Creek serves as the investment advisor, as Bear Creek and the general partners of private funds are owned by BC Holding. The general partners of private funds advised by Bear Creek include: BCGP-2012, LLC, Bear Creek Management, LLC, Bear Creek Resources Management, LLC, BCGP-2016, LLC, BCGP-2019 (PTA-E), LLC, and BCGP-2019 (PTA-L), LLC. Conflicts of interest exist as the general partners of the private funds are affiliated entities of Bear Creek and Bear Creek serves as the sole and primary adviser to the private funds. The relationship between Bear Creek and the private funds, including fees received by Bear Creek and its affiliates, are fully disclosed in the organizational documents of each private fund. Bear Creek receives an advisory fee and Bear Creek affiliates receive management fees and share in profits of the private funds based on capital gains or capital appreciation of assets owned by each respective private fund. For more information on the private funds advised by Bear Creek, please refer to Section 7.B.(1) of Schedule D in Form ADV Part I.

Bear Creek PF, LLC (“PF”) and other affiliates of Bear Creek provide short-term financing to the private funds in the form of loans (which includes advancement of organizational or operational expenses on behalf of the private funds). The loans are reimbursed to PF from the respective private fund’s cash flow. This arrangement presents a conflict of interest as the short-term financing can be provided by other sources and could provide financial benefit to certain employees and officers of Bear Creek. To mitigate the conflict of interest around short-term financing, PF and the other Bear Creek affiliates do not charge interest or any other fees in providing the short-term financing to the private funds and all arrangements will be disclosed to the private fund investors. The relationship and purpose of PF and the other Bear Creek

affiliates is disclosed in the organizational documents for each private fund. Refer to the organizational documents and Form ADV Part I for more information.

Bear Creek or its affiliates receive fees for legal work performed in connection with structuring some investments within the private funds advised by Bear Creek. Fees received by Bear Creek and its affiliates will be disclosed to all investors within the applicable private fund.

Bear Creek and its employees receive some economic benefit by providers of brokerage and related services in the form of a reduction in the cost of clearing transactions, additional allocations, and trading profits resulting therefrom, of securities and a reduction in the cost of custodial services. This creates a conflict of interest as Bear Creek, its clients and its employees receive an economic benefit from directing trading to certain brokers. Please note this arrangement benefits Bear Creek's employees and Bear Creek's clients as the volume and the dollars of trading Bear Creek engages in can provide advantageous pricing and priority selection on security purchases. In addition, this arrangement benefits Bear Creek's employees and Bear Creek's clients as Bear Creek can receive preferential allocations of securities from brokers. Bear Creek employees will not participate to the extent that any such preferential allocations are suitable investments for client accounts, as our clients will always receive the allocation to the extent the investment is suitable for the particular client.

Bear Creek has written procedures addressing the allocation of investment opportunities and the execution of client trades that are designed and implemented to ensure that all clients are treated fairly and equally over time and that no client is systematically disadvantaged. Investment opportunities are allocated based on a number of factors including, but not limited to, suitability, amount of securities allocated compared to amount of securities requested, and cash available for investment. Such procedures are generally described in "Item 12: Brokerage Practices".

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

Bear Creek is committed to conducting business in accordance with the highest moral, legal and ethical standards. Bear Creek has a duty to exercise its authority and responsibility for the benefit of its clients, to place the interests of its clients first, and to refrain from having outside interests that conflict with the interests of its clients. Bear Creek must avoid any circumstances that might adversely affect or appear to affect its duty of complete loyalty to its clients. Bear Creek has a Code of Ethics which requires Bear Creek's employees to comply with their legal obligations and fulfill the fiduciary duties owed to Bear Creek's clients. Annually, all Bear Creek employees must confirm receiving the Code of Ethics, having reviewed it, and being familiar with its contents. All employees must disclose any actual or potential conflicts of interest and avoid activities that could reasonably lead to a conflict of interest. Bear Creek requires that all dealings with, and on behalf of existing and prospective clients be handled with honesty, integrity and high ethical standards, and that such dealings adhere to the letter and the spirit of applicable laws, regulations and contractual guidelines. As a general matter, Bear Creek is a fiduciary that owes their respective clients a duty of undivided loyalty, and each employee has a responsibility to act in a manner consistent with this

duty. When dealing with or on behalf of a client, every employee must act solely in the best interests of that client.

Underscoring this, Bear Creek has implemented and enforces a Code of Ethics, in accordance with SEC Rule 204A-1, under the terms of which Bear Creek-related persons are required to provide Bear Creek, upon hiring, quarterly, year-end and more often if necessary, information as to their reportable holdings and transactions. Personal securities transactions of supervised persons present potential conflicts of interest. Bear Creek's Code of Ethics addresses these potential conflicts of interest by prohibiting securities trades that would breach a fiduciary duty to a client and requiring, with certain exceptions, supervised persons to report their personal securities holdings and transactions to Bear Creek for review by Bear Creek's Chief Compliance Officer. Bear Creek maintains a list of restricted securities. Bear Creek employees are required to obtain written approval from the CCO prior to trading in the securities on the restricted list. Further, Bear Creek's Code of Ethics emphasizes the following:

- Standards of business conduct that Bear Creek requires of its supervised persons reflecting the investment adviser's fiduciary obligations;
- Policies and procedures requiring the Bear Creek's supervised persons to comply with applicable federal securities laws;
- Policies and procedures requiring pre-approval and disclosure of outside business activities;
- Policies and procedures reasonably designed to prevent the misuse of material non-public information by Bear Creek or and person associated with Bear Creek.
- Policies and procedures requiring supervised persons to report any violations of Bear Creek's Code of Ethics promptly to the Chief Compliance Officer; and Provisions requiring Bear Creek to provide each of its supervised persons with a copy of Bear Creek's Code of Ethics and any amendments, and requiring its supervised persons to provide the investment adviser with a written acknowledgement of their receipt of the code of ethics and any amendments.

In addition to the specific prohibitions contained in the Code of Ethics, employees are, of course, subject to a general requirement not to engage in any act or practice that would defraud our clients. This general prohibition includes, but is not limited to, the following:

- Making any untrue statement of a material fact or employing any device, scheme or artifice to defraud a client;
- Omitting to state (or failing to provide any information necessary to properly clarify any statements made, in light of the circumstances) a material fact, thereby creating a materially misleading impression;
- Taking, delaying or omitting to take any action with respect to any research recommendation, report or rating or any investment or trading decision for a client in order to avoid economic injury to you or anyone other than our clients;
- Purchasing or selling a security on the basis of knowledge of a possible trade by or for a client with the intent of personally profiting from personal holdings in the same or related securities ("front-running" or "scalping");
- Revealing to any other person (except in the normal course of your duties on behalf of a client) any information regarding securities transactions by any client or the consideration by any client of any such securities transactions; or
- Engaging in any act, practice or course of business that operates or would operate as a fraud or deceit on a client or engaging in any manipulative practice with respect to any client.

The purposes of the Code of Ethics are to deter wrongdoing, to ensure compliance with applicable federal securities laws and to promote, on the part of all who work at Bear Creek: honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; the prompt internal and external reporting to an appropriate person or persons identified in the Code of Ethics violations of the Code of Ethics; and accountability for adherence to the Code of the Ethics.

A copy of Bear Creek's Code of Ethics is available to any client or prospective client on request.

Bear Creek participates in client transactions either itself or through related persons as a principal that buys securities for itself from clients or sells securities it owns to clients, as a broker or agent (through affiliate BC Securities) that effects securities transactions for compensation from clients, as an entity that recommends to clients that they buy or sell securities or investment products in which it has some financial interest, and an entity that buys or sells for itself securities that are also recommended to clients. Bear Creek or related persons may only buy or sell securities for their own account to or from a client with prior written permission of the client and approval from the Chief Compliance Officer. In situations when Bear Creek or related persons buy or sell securities for their own account to or from a client Bear Creek will disclose to the client the following:

- adviser's potential conflicts of interest;
- capacity in which the adviser is acting;
- quoted price for the transaction;
- cost of the security to the adviser, if sold to a client;
- price at which the security could be resold, if purchased from a client;
- best price at which the transaction could be affected, if more advantageous to the client than the actual transaction price; and
- proposed or final commission charges.

From time to time, Bear Creek or related persons may buy or sell securities with Bear Creek's clients at the same time and same price as its clients and invest in the same securities that a related person recommends to clients as well as sell securities for other than investment reasons that are also held by its clients. This situation creates a conflicts of interest, because if Bear Creek did not maintain and enforce policies and procedures that are designed to mitigate these conflicts of interest, Bear Creek or its employees could potentially benefit from (i) clients buying securities that Bear Creek or employees then sell because client purchases may increase the value of the security Bear Creek or the employee owns and then sells, or (ii) clients selling securities that Bear Creek or the related person then buys, because client sales may reduce the market price of a security Bear Creek or its employee then buys. In the cases of sales for other than investment reasons, Bear Creek or related persons owe a fiduciary duty to Bear Creek's clients and are obligated to obey all securities laws and regulations. We attempt to mitigate the conflict of interest to the best of our ability through the enactment of our code of ethics, trading policies, review of employee's personal trading and our fiduciary responsibilities.

Generally, Bear Creek's policy is to not engage in cross trades. However, if the Portfolio Manager believes that Bear Creek should move a particular securities position in whole or in part from one client account to another client account, he will bring it to the attention of the other members of the senior

management team and the Chief Compliance Officer and obtain approval for the trade. Bear Creek will only engage in cross transactions (causing one client to buy or sell securities from or to another client) when the transaction is permitted under applicable law and is fair and equitable and in the best interests of, and consistent with the investment objectives and policies of, both clients involved in the transaction. Bear Creek will effect all cross transactions in the most equitable and fair manner for all clients involved. Prior to executing a cross trade Bear Creek will make all required disclosures in compliance with Section 206(3) and Rule 206(3)-2 of the Adviser's Act.

Bear Creek is affiliated with general partners of private funds, as Bear Creek and the general partners of private funds are owned by BC Holding. Further, Bear Creek serves as the sole and primary adviser to its private fund clients. Bear Creek clients are solicited to invest in the private funds, which Bear Creek and its affiliates have a material financial interest. Bear Creek receives an investment advisory fee and the general partners receive management fees and share in profits based on capital gains or capital appreciation of assets. The determinations and calculations of profit and other fees to the general partner and Bear Creek are disclosed in the organizational documents for each private fund. Refer therein for more detail.

## **Item 12: Brokerage Practices**

Bear Creek does not receive research or other soft dollar benefits.

Bear Creek does not receive client referrals from third party broker-dealers.

Bear Creek has authority to determine, without obtaining specific client consent the broker or dealer to be used, and the commission rates paid. The factors used in determining broker selection include execution capabilities, historical relationship or experience, financial strength, reputation, service, and other qualitative and quantitative factors. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, but not limited to, execution capability, commission rates, responsiveness, and other qualitative factors.

Bear Creek will sometimes use the services of BC Securities, an affiliated entity. Bear Creek will disclose to the customer if BC Securities is used and Bear Creek does not charge an investment advisory fee on securities purchased by Bear Creek clients through BC Securities.

Bear Creek's goal is to execute trades seamlessly and in the best interest of the client. In the event a trade error occurs, Bear Creek will identify the error in a timely manner, correct the error so that the client's accounts is in the position it would have been had the error not occurred, and, after evaluating the error, assess what action(s) might be necessary to prevent a recurrence of similar errors in the future.

Bear Creek receives some economic benefit from providers of brokerage and related services in the form of a reduction in the cost of clearing transactions and a reduction in the cost of custodial services. In the normal course of business, the only fee charged to managed accounts advised by Bear Creek is the advisory fee described above. In addition to paying Bear Creek's fees, custodians may charge additional custodial fees to clients, transaction fees, service provider fees and other related costs and expenses, which

are incurred by the client. If clients maintain investments in mutual funds, the funds usually deduct advisory fees, expenses and distribution fees from the client's investment. In those instances where BC Securities acts as a placement agent for securities sold to our private funds, BC Securities may receive certain forms of compensation. This creates a conflict of interest. All fees earned by BC Securities as placement agent are disclosed to the investors in the private fund prior to execution. Bear Creek has a fiduciary duty to its clients and puts its clients' interests first.

Bear Creek may aggregate multiple orders of the same security. This is commonly known as "block trading". Typically, Bear Creek will decide to block trade when doing so will reduce the costs of the transaction for clients or allow Bear Creek to purchase a larger amount of the securities. Each client participating in the block trade receives the same price per share, which is the average price per share, and pays a proportionate share of the transaction costs. Bear Creek does not receive any additional compensation in the event it aggregates client transactions. Accounts owned by Bear Creek or Bear Creek related persons may participate in block trading with client accounts; however, they will not be given preferential treatment.

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

All client accounts are regularly reviewed and monitored by the Principals of Bear Creek. Accounts are reviewed quarterly at a minimum and are typically reviewed more frequently on an as needed basis. An account will be reviewed more frequently if factors such as financial needs, investment objectives or the economic environment change. Performance, risk factors and future strategies are discussed. Bear Creek contacts each client at least annually to discuss the client's investment objectives. It is the client's responsibility to notify Bear Creek immediately of any material change in their personal and/or financial situation, which would require immediate review/revision of the client's investment objectives.

Clients are provided with transaction confirmations and account statements at least quarterly directly from their custodian. In addition, Bear Creek provides more comprehensive statements, including all transactional activity within the account, on a monthly basis through Bear Creek's secure file and transfer program. Clients should carefully review account statements received directly from the qualified custodian and compare the account statement you receive from your qualified custodian to the account statements provided by Bear Creek.

Individual reviews with clients are held as determined necessary by the client or Bear Creek.

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

Bear Creek does not receive economic benefit for providing investment advice or other advisory services to our clients from someone who is not a client.



Bear Creek has one solicitor relationship that is documented in writing and fully disclosed to the clients affected. The solicitor is compensated by Bear Creek for client referrals in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940.

## **Item 15: *Custody***

All client account assets are required to open their investment accounts with an independent qualified custodian (“qualified custodian”). Bear Creek generally recommends that clients establish their custodial accounts with Pershing.

Bear Creek does have custody of client assets with respect to the private funds where a Bear Creek affiliate serves as general partner, certain standing letters of authorization (“SLOAs”), and to the extent clients may authorize the third-party qualified custodian to debit Bear Creek’s investment advisory fees directly from clients’ accounts. For the accounts where the investment advisory fee is debited from the clients’ account, the client must provide written authorization permitting the respective Qualified Custodian to debit Bear Creek fees from the client’s account.

The Qualified Custodian will provide account statements no less than quarterly. Clients should carefully review account statements received directly from the Qualified Custodian and Bear Creek urges you to compare the account statement you receive from your Qualified Custodian to the account statements provided by Bear Creek.

We have determined that we have custody over client funds or securities within the private funds disclosed on Section 7.B.(1) of Schedule D in Form ADV Part I *Private Fund Reporting*. Bear Creek serves as an investment adviser to the private funds. The general partners to the private funds and Bear Creek are affiliates as they are both 100% owned by BC Holding. Bear Creek and its affiliates have the ability to purchase and sell investments and move cash in and out of the private fund’s custodial account. As an investor in the private funds you will receive a quarterly account statement from the Qualified Custodian, unless the private fund is subject to an audit. Investors should carefully review account statements received directly from the qualified custodian and Bear Creek urges you to compare the account statement you receive from your Qualified Custodian to the account statements provided by Bear Creek. As we have custody of client funds or securities, Bear Creek will perform the following on private funds which we determine Bear Creek has enhanced custody:

- 1) Engage a qualified custodian to maintain all funds and securities.
- 2) Notify all clients when Bear Creek opens or closes an account with a qualified custodian on our client’s behalf or in the name of the private fund.
- 3) Obtain a reasonable basis, after due inquiry, that the qualified custodian sends an account statement, at least quarterly, to each of our clients; AND
- 4) Engage an independent public accountant to perform a surprise examination to verify the client funds and securities held by the private fund at least once during each calendar year; OR
- 5) Engage an independent public accountant to perform an annual audit of the private fund.

The above item will require disclosure in the Custody section of Part 1 of Form ADV.

The SEC staff recently provided interpretive guidance addressing SLOAs between an investment adviser and its client that provides an adviser with the ability to withdraw client funds from the client's custody account to a third-party.

The SEC staff, in a formal interpretive letter issued on February 21, 2017, determined that an investment adviser would have custody of its client's assets if an SLOA between the adviser and the client grants the adviser limited power to disburse funds to one or more third parties as specifically designated by the client, even when the client itself instructs the custodian to accept the adviser's instruction on its behalf to move the money to the designee. As a result, Bear Creek will verify we have the following policies and procedures in place for all SLOAs (if any) where Bear Creek has been granted limited power to disburse funds to one or more third parties by our clients:

- 1) The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- 2) The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- 3) The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- 4) The client has the ability to terminate or change the instruction to the client's qualified custodian.
- 5) The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- 6) The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- 7) The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

If Bear Creek is not able to meet all seven specific conditions listed above for any SLOA directed to a third-party, the account will be included in Bear Creek's annual surprise examination performed by an independent public accountant.

## **Item 16: Investment Discretion**

The client can determine to engage Bear Creek to provide investment advisory services on a discretionary basis. By granting Bear Creek investment discretion, a client authorizes Bear Creek to determine, without obtaining specific client consent for each transaction, the securities to be bought or sold, the amount of securities to be bought or sold, the broker or dealer to be used, and the commission rates

paid. Before Bear Creek assumes discretionary authority over a client's account, the client will be required to execute Bear Creek's Investment Advisory Agreement. Section III of the Bear Creek Investment Advisory Agreement between Bear Creek and each client states: *The Client authorizes Bear Creek to purchase and sell any securities consistent with the Client's stated investment objectives and risk tolerance.* Prior to assuming discretionary authority to manage security accounts on behalf of Bear Creek clients, Bear Creek receives a signed Investment Advisory Agreement between Bear Creek and the respective client.

Bear Creek's authority to invest is limited by the client's investment policy. You may change/amend your investment policy or limitations placed on Bear Creek at any time. All changes/amendments shall be submitted to Bear Creek in writing.

Clients also may limit Bear Creek's discretion by requesting that Bear Creek take certain actions relating to their accounts. Bear Creek also will seek to comply with other reasonable guidelines and restrictions set by clients.

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

If a client chooses to have Bear Creek vote proxies, Bear Creek will do so in the client's best interest, without regard to Bear Creek's interests. We have adopted proxy policies and procedures with respect to securities owned by you for which we have specifically delegated voting authority and discretion, in accordance with our fiduciary duties and Rule 206(4)-6 under the Advisers Act, which are reasonably designed to ensure proxies are voted in the best interests of clients. Clients may contact Bear Creek for a complete copy of our proxy voting policies and procedures upon request.

Clients may contact Bear Creek in writing to direct how to vote proxies. Clients may obtain information on how their proxies were voted by making a written request to Bear Creek.

We recognize that there can be a potential material conflict of interest when we vote a proxy on behalf of our clients. Similarly, there is a potential for a material conflict of interest when deciding how to vote on a proposal sponsored or supported by a shareholder group that is a client. When considering a proxy proposal, Bear Creek employees must disclose to the Chief Compliance Officer any potential conflict (including personal relationships) of which they are aware and any substantive contact that they have had with any interested outside party (including the issuer or shareholder group sponsoring a proposal) regarding the proposal. If an employee who is voting the proxy has a conflict of interest, he or she must also remove himself from the decision-making process.

## **Item 18: Financial Information**

Bear Creek is not required to provide further financial information because Bear Creek: (i) does not solicit pre-payment of more than \$1,200 in fees per client, six months in advance and (ii) has not been the subject of a bankruptcy petition at any time during the past ten years. Bear Creek does not have any

financial condition that is likely to impair Bear Creek's ability to meet its contractual commitments to its clients.