

## BROCHURE

*March 28, 2023*

BAYSHORE CAPITAL ADVISORS, LLC  
1700 S. MACDILL AVENUE, SUITE 340  
TAMPA, FL 33629

(813) 221-3400

[www.bayshorecap.com](http://www.bayshorecap.com)

This Brochure provides information about the qualifications and business practices of Bayshore Capital Advisors, LLC ["Bayshore"]. If you have any questions about the contents of this Brochure, please contact us at (813) 221-3400. 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.

Bayshore Capital Advisors, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Bayshore Capital Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2. MATERIAL CHANGES

The following items are material changes to the Form ADV Part 2a previously issued on March 29, 2022 (the most recent version prior to this release dated March 28, 2023):

### **ITEM 4. ADVISORY BUSINESS**

This section updates the current assets under management as of December 31, 2022.

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

This section updates Bayshore's investment strategies and the risk of loss disclosure.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Mike Barton, Wealth Strategist, at (813) 221-3400, extension 305 or [mbarton@bayshorecap.com](mailto:mbarton@bayshorecap.com).

Additional information about Bayshore Capital Advisors, LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Bayshore who are registered, or are required to be registered, as investment adviser representatives of Bayshore.

## ITEM 3. TABLE OF CONTENTS

Item 1.	COVER PAGE.....	1
Item 2.	MATERIAL CHANGES.....	2
Item 3.	TABLE OF CONTENTS.....	3
Item 4.	ADVISORY BUSINESS.....	4
Item 5.	FEES AND COMPENSATION .....	6
Item 6.	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	7
Item 7.	TYPES OF CLIENTS .....	7
Item 8.	METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS.....	8
Item 9.	DISCIPLINARY INFORMATION .....	9
Item 10.	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	9
Item 11.	CODE OF ETHICS .....	10
Item 12.	BROKERAGE PRACTICES .....	11
Item 13.	REVIEW OF ACCOUNTS .....	12
Item 14.	CLIENT REFERRALS AND OTHER COMPENSATION .....	13
Item 15.	CUSTODY.....	13
Item 16.	INVESTMENT DISCRETION.....	13
Item 17.	VOTING CLIENT SECURITIES.....	14
Item 18.	FINANCIAL INFORMATION .....	14

## ITEM 4. ADVISORY BUSINESS

### Introduction

Bayshore began operations in 2001. The principal owner and managing member of Bayshore is M. Tready A. Smith (90%).

### Investment Services

Bayshore supervises investments for clients with their own separate accounts ("Consulting Clients") and for pooled investment vehicles (the "Funds") including:

- BCA Partners Fund, LP ("BPF"), an investment partnership;
- BCA Alternative Income Fund, LP ("BAIF"), an investment partnership;
- Bayshore Partners Fund II, LP ("BPF II"), an investment partnership;
- Bayshore Alternative Income Fund II, LP ("BAIF II"), an investment partnership;
- Bayshore Rare Earths II, LLC ("BRE II"), an investment limited liability company; and
- Bayshore Partners Fund III, LP ("BPF III"), an investment partnership.

Bayshore makes the investment decisions for Consulting Clients and for the Funds. Bayshore serves as general partner of BPF, and affiliates of Bayshore act as general partners to the other Funds. Bayshore also has arrangements with other advisory firms ("Subadvisory Clients") wherein Bayshore is not the client's primary adviser and instead acts in a non-discretionary subadvisory capacity ("Subadvisory Services"). Consulting Clients, Funds and Subadvisory Clients are all "Clients" of Bayshore.

### Consulting Clients

Bayshore supervises investments for Consulting Clients by making investment decisions based on the individual needs of each Consulting Client. Bayshore determines each Consulting Client's needs by thoroughly reviewing the Consulting Client's overall financial objectives, tolerance for risk, and specific investment goals. Bayshore then chooses investments for the Consulting Client based on potential returns adjusted for risk. Bayshore also considers the impact of taxes and fees on the returns that the Consulting Client can expect.

### Funds

The Funds' advisory services are tailored to the specific investment objectives and restrictions as set forth in their offering documents. Bayshore may, in its absolute discretion, provide co-investment opportunities to one or more of the Funds' limited partners and/or other persons, in each case on terms to be determined by Bayshore in its sole discretion; provided, however, that the terms relating to the co-investor's acquisition of such fund investment are no more favorable than the terms offered to the Fund with respect to its acquisition of the fund investment. In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and the terms of such co-investment, Bayshore may consider some or all of a wide range of factors, including, where the Fund is limited in its ability to make further Investments due to the expiration of its investment period or due to a limited amount of remaining capital commitments. Any such co-investment opportunities may be made available through limited partnerships or other entities formed to make such investments (a "Co-Investment Fund"). Bayshore may also organize parallel investment vehicles to facilitate, from a legal, tax or regulatory standpoint, investments in the Funds for certain classes of investors. Generally, in such event, each participating person would invest in such parallel investment vehicle on substantially the same terms and conditions as it participates in the Fund. To the extent feasible, investment opportunities and related fees and expenses will be allocated between a Fund and such parallel investment vehicle pro rata based upon the aggregate capital commitments of each entity.

## For Consulting Clients and Funds

Bayshore expects to invest mostly in pooled vehicles. A pooled vehicle is an organization that combines capital from many investors in order to invest in a particular strategy. Examples of pooled vehicles include mutual funds, exchange traded funds, unit investment trusts, private investment partnerships, hedge funds and similar pooled vehicles managed by third parties not affiliated with Bayshore. These pooled vehicles may be passively managed (the capital is invested the same way a particular index is constructed) or they may be actively managed (the manager of the pooled vehicle decides how the capital will be invested). Some of these pooled vehicles are not offered to the general public; they are offered only to investors who meet certain eligibility requirements and they may not be registered with the SEC. While all pooled vehicles have their own risks and an additional layer of fees and expenses borne by the investor, private funds may have higher fees and risks, including exotic investment strategies, conflicts of interest and illiquidity restraints that impose a waiting period before investors can get their capital returned to them. Bayshore expects that, in most cases, pooled vehicles will be managed by outside investment managers who are experts in various niches of the financial markets. Bayshore believes that it can provide the most value to its Clients by finding best-in-class managers in each asset class in which the Client is invested.

The members of Bayshore's Investment Committee have extensive experience in analyzing individual securities, and they may choose to invest Client capital in individual securities instead of pooled vehicles. In particular, Bayshore may manage individual securities for a Client when Bayshore takes over an account from a previous adviser or when the individual securities are already owned by the Client when the Client first hires Bayshore.

In addition, Bayshore may hire one or more sub-advisers to manage Client accounts by selecting individual securities.

Bayshore may also use short sales, sell covered call options, and enter into forward currency contracts, primarily to reduce risk but also for opportunistic speculation. Bayshore also holds cash reserves and securities that are similar to cash including but not limited to money market instruments.

The policies and procedures, fees and expenses of the investment advisers of pooled vehicles used by Bayshore may be different from those described in this brochure, as this brochure relates only to Bayshore. Information about each publicly offered pooled vehicle is available either through the prospectus or the Form ADV of the pool's adviser. Bayshore maintains records of such information for private pooled vehicles, and Clients may request this information from Bayshore at any time.

The Investment Committee makes investment decisions for Consulting Clients and the Funds. Bayshore does not offer custody and safekeeping services.

### Subadvisory Services

Other advisory firms engage Bayshore to assist, on a non-discretionary basis, with the investment, reinvestment and disinvestment of the assets of accounts under management of these other advisory firms. Such Subadvisory Services cover a range of options and are tailored to meet the needs of the other advisory firms.

### Other Advisory Services

Bayshore may offer limited financial planning services, including coordinating Consulting Clients' selection of insurance and estate planning services from third parties unrelated to Bayshore and other similar services typically offered by a "family office" business. Bayshore generally provides such services only on rare occasions and does not charge a fee. However, Bayshore may in the future offer such services more frequently and charge a fee.

### Assets Under Management

As of December 31, 2022, Bayshore's regulatory assets under management were approximately \$415,627,000 and assets under advisement were approximately \$19,774,000.

## ITEM 5. FEES AND COMPENSATION

### Consulting Clients

Bayshore offers services for a fee based on an annual percentage of assets under management. Performance-based fees are also available to qualified clients, and such fees are subject to individualized negotiation with each Consulting Client. Generally, the minimum account size is \$20,000,000 although Bayshore may waive the minimum account size under certain circumstances. There is no stated fee for Consulting Clients. Instead, the Consulting Client and Bayshore negotiate the fee.

Bayshore assesses fees on the last business day of the calendar quarter and determines fees based on the value of assets as of the last business day of the calendar quarter. Bayshore normally deducts fees from Consulting Clients' accounts. However, Bayshore may bill Consulting Clients for fees instead of having the fees deducted from Consulting Client accounts if Bayshore and the Consulting Client mutually agree to do so.

Either Bayshore or the Consulting Client may terminate the account at any time on 30 days' written notice. Bayshore and the Consulting Client may agree to terminate on shorter notice, as long as this agreement is in writing. The Consulting Client may also terminate the account without penalty within five business days immediately after signing the investment advisory agreement. In the event of a termination, Bayshore generally charges fees on a pro rata basis through the date of termination. If the account terminates within six months of the effective date of the investment advisory agreement (but after the initial five-day period), the Consulting Client, in order to pay Bayshore for up-front costs related to establishing the account, will pay the greater of either (1) the pro-rated amount owed through the termination date, or (2) the difference between \$20,000 and the amount of fees paid by the Consulting Client to Bayshore since the beginning of the account.

### Funds

Bayshore receives an annual management fee from the Funds, payable quarterly in arrears. The Funds' quarterly management fee is 0.25% (1.00% annually), with the exception of Class B of BAIF II which does not have a management fee. Generally, the management fee is calculated based on the value of the Fund investors' closing capital account balances as of the last day of the calendar quarter to which the management fee relates, pro-rated for any additions or withdrawals during the quarter (the "NAV fee"). However, for BPF II and BPF III, the management fee is calculated based on Fund investors' aggregate capital commitments until the earlier of (a) the expiration of the Fund's investment period and (b) the drawdown of all of the Fund investors' capital commitments. Thereafter, the management fee reverts to the NAV Fee. Management fees may be reduced or waived for Fund investors in Co-Investment Funds. The Funds' offering documents include further details concerning the management fees.

Bayshore has the right, in its sole discretion, to waive or reduce, by rebate or otherwise, all or part of the management fee otherwise due with respect to any Fund investor's investment or any class of interests, including, without limitation, Bayshore's affiliates, members, principals, and / or employees. The general partners' capital accounts will not be charged any management fees.

The Funds will bear all costs, fees, expenses, liabilities and obligations relating to their activities including, without limitation, organizational costs, legal costs, third-party administrator fees, tax preparation costs, auditing costs, due diligence costs, expenses in connection with transactions not consummated, taxes and filing fees, and expenses associated with regulatory compliance. Please refer to the Funds' offering documents for further details of the Funds' expenses.

### Subadvisory Services

Bayshore offers services for a fee based on an annual percentage of assets under management. Performance-based fees are also available to the primary adviser's qualified clients, and such fees are subject to individualized negotiation with each primary adviser. There is no stated fee for Subadvisory Services. Instead, the primary adviser and Bayshore negotiate the fee. Bayshore's fees for Subadvisory Services are separate from any other fee or expense incurred by the primary adviser's clients for the investment of their accounts, including but not limited to, fees, if any, charged by the primary adviser. The primary adviser's fees, if any, are negotiated between the primary adviser and its clients. Bayshore is neither a party to the advisory agreements between the primary adviser and its clients, nor generally privy to their primary advisory fee arrangements.

## Other Fees and Expenses

Clients pay the management fees exclusively to Bayshore. The management fees do not cover the fees and expenses charged by pooled vehicles and other investments, custodian fees and expenses, brokerage commissions, taxes, wire fees and other transaction costs; Clients pay these other investment fees separately. Clients who invest in mutual funds and/or use sub-advisers to manage a portion of their portfolio will pay more than one advisory fee. In that case, Clients will pay fees to both Bayshore and to the mutual fund managers and/or sub-advisers used. Clients who invest in mutual funds may pay additional fees such as administrative fees and 12b-1 fees. Bayshore is permitted to seek reimbursement for permitted expenses. However, Bayshore may choose not to seek reimbursement for certain of those permitted expenses. Expenses incurred on behalf of multiple Clients are allocated among the Clients for whom the expense was incurred. Bayshore bears the cost of shared expenses for certain Clients. Please see Item 6 below regarding performance-based compensation.

## ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Funds allocate a percentage of their profits, "Carried Interest," to their general partners as described in their offering documents. BPF, BPF II and BPF III allocate 10% of profits to the general partner following the return of limited partner invested capital plus an 8% annual preferred return. In respect to Class B limited partners, BAIF II allocates 12.5% of profits to the general partner each quarter. BRE II allocates 20% of profits to the general partner following the return of limited partner invested capital. Bayshore may waive or reduce Carried Interest at its sole discretion.

Performance-based fees are also available to qualified Consulting Clients and Subadvisory Clients, and such fees are subject to individualized negotiation with each Client.

Bayshore will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the "Advisers Act") in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring Clients' assets for the calculation of performance-based fees, Bayshore includes realized and unrealized capital gains and losses. Performance-based fee arrangements may create an incentive for Bayshore to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Bayshore has procedures designed and implemented to ensure that all Clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among Clients.

## ITEM 7. TYPES OF CLIENTS

Generally, Bayshore's Clients include, but are not limited to, pooled investment vehicles, individuals, retirement plans, trusts, estates, foundations, corporate entities, and other advisory firms.

The Funds are private offerings, are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") and are not offered through any form of general solicitation or general advertising. The Funds are offered only to sophisticated investors (a) who qualify as accredited investors as defined in Rule 501(A) of Regulation D under the United States Securities Act of 1933, as amended (the "Securities Act"), (b) who qualify as qualified clients within the meaning under the Advisers Act, (c) who do not require immediate liquidity for their investments, (d) for whom an investment in the Fund does not constitute a complete investment program, and (e) who fully understand and are willing to assume the risks involved in the Fund's investment program.

Typically, the minimum account size is \$20,000,000 for a Consulting Client. Details concerning minimum initial and additional subscription amounts for the Funds are found in the Funds' offering documents. Bayshore may waive minimums at its sole discretion.

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

### Investment Strategies

Strategies deployed for Fund Clients are directed by the specific investment objectives and restrictions as set forth in each fund's offering documents. Strategies deployed for Consulting Clients are directed by the investment policy statements agreed upon between Bayshore and each Consulting Client. Strategies deployed for Subadvisory Clients are non-discretionary in nature and are tailored to meet the needs of each Subadvisory Client.

### Methods of Analysis

Bayshore's Investment Committee assesses markets and global investment opportunities identified by team members and industry experts. Any allocation must pass separate investment and operational due diligence processes and requires unanimous approval of the Investment Committee.

Bayshore's investment process includes the following steps:

- Idea formulation and research;
- Investment due diligence;
- Operational due diligence for private investments;
- Manager allocation;
- Risk analysis and monitoring; and
- Exit.

### Risk of Loss

All Clients of Bayshore should understand that investing involves a risk of loss that Clients should be prepared to bear. Bayshore's investment strategies entail substantial risks and it cannot assure Clients that they will achieve their investment objectives. No one particular security, investment product, investment style or strategy is appropriate for all types of investors.

Bayshore deploys multiple investment strategies for its Clients. Clients should refer to the offering documents of private investments for risk disclosures relevant to each private investment's strategy. General investment risks include, but are not limited to, the following:

#### General Economic and Market Conditions

The success of a Client's investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of a Client's investments. Such volatility or illiquidity could impair a Client's investment performance or result in losses.

#### Volatility

Volatility is a measure of how much the price of an asset fluctuates over time. It concerns how quickly the price changes, how often it changes, and how much. For example, a stock's price might fluctuate wildly, but the underlying company's value can remain unchanged. What has changed is the price that market participants are willing to pay to own that company, and prices swing significantly depending on market conditions. Although volatility provides the opportunity for significant profits it also can result in equally significant losses.



## **Illiquidity**

Illiquidity carries significant risks, including the fact that an illiquid investment may be able to be sold only at a substantial discount to its fair market value. An investment in illiquid securities is therefore suitable only for Clients who can bear the risks associated with this limited liquidity, and illiquid securities should be viewed as long-term investments.

## **Equity Investment Risk**

The value of equity securities in which a Client may directly or indirectly invest may decline or become worthless due to general market or economic conditions, perceptions of the industry in which a company operates, or company-specific circumstances, financial condition or performance.

## **Debt Investment Risk**

Debt securities (bonds) are subject to interest rate risk, maturity risk and credit risk. When interest rates decline, the values of debt securities generally rise. Conversely, when interest rates rise, the values of debt securities generally decline. The magnitude of the decline will often be greater for longer-term debt securities than for shorter-term debt securities. It is also possible that the issuer of a debt security will not be able to make interest and principal payments when due. As a result, investments in debt securities are subject to the risk of misjudging the financial condition or creditworthiness of the issuer. In the event of a significant decline in financial condition or bankruptcy of the issuer, the debt securities may lose a significant portion of their value or become worthless.

## **Passive Investment Risk**

Passive index or sector investments are subject to the total market risk of the relevant index or sector, so when prices of securities included in the index or sector rise and fall, the trading price of the related passive investment vehicle will rise and fall as well. Passive investment vehicles generally do not employ defensive measures during periods of market decline or volatility. As a result, passive investment vehicles are not expected to outperform their reference indices or sectors. Passive investment vehicles can be negatively affected by investor redemptions which can require the sale of underlying securities at disadvantageous times, or can result in general and indiscriminate sale pressure on companies included in the relevant index or sector.

## **Non-U.S. and Emerging Markets Investment Risks**

A Client may invest in assets located outside the United States. Such non-U.S. investments involve additional risks not involved in domestic investments. The value of non-U.S. investments could be materially adversely affected by inflation, currency devaluation, interest rate changes, exchange rate fluctuations, changes in government policies, more volatile and less liquid capital markets, different infrastructure and business environments, natural disasters, armed conflicts, political or social instability and other developments affecting such countries. In general, less information is publicly available with respect to foreign-based companies than is available with respect to U.S. companies. Most foreign based companies are also not subject to the uniform accounting and financial reporting requirements applicable to companies based in the United States.

# **ITEM 9. DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Bayshore or the integrity of Bayshore's management. Bayshore has no information applicable to this Item.

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

## **Other Business Activities**

As discussed in Item 4, Bayshore may offer limited financial planning services, including coordinating Consulting Clients' selection of insurance and estate planning services from third parties unrelated to Bayshore and other similar ancillary services

typically offered by "family office" businesses. Bayshore generally provides such intermediary services only on rare occasions and does not charge a separate fee, although Bayshore may in the future offer such services more frequently and charge a separate fee.

## Other Financial Industry Activities or Affiliations

Bayshore is a related person of certain private investment firms (some of which may be Clients of Bayshore). Such firms are operated separately from Bayshore, but may be deemed to be under common control with Bayshore. Bayshore and such private firms may share the following:

- certain human resource services (including administration of employee benefit programs);
- certain management information system services (including designing, maintaining, and operating the computing environment and the network infrastructure);
- centralized system services (mail sorting and processing, telephone systems, and technology support) and office quarters.

Bayshore is the investment manager of the Funds and Bayshore's Clients may be solicited to invest in the Funds. Bayshore or one of its affiliates serves as general partner or manager of each Fund. Bayshore's affiliates include BCA Alternative Income Fund GP, LLC (the general partner of BAIF and BAIF II), BPF II GP, LLC (the general partner of BPF II), BPF III GP, LLC (the general partner of BPF III) and Bayshore MGR, LLC (the manager of BRE II). Additional terms and disclosures regarding the Funds are contained throughout this Form ADV Part 2.

In addition to her position as Principal and Chief Executive Officer of Bayshore, Tready Smith is Managing Member of ASAP Capital Partners LLC, a family investment firm.

## ITEM 11. CODE OF ETHICS

### Code of Ethics

Bayshore adopted a Code of Ethics (the "Code") effective January 7, 2005, and as amended thereafter, that sets forth standards of conduct required of Bayshore, its employees and its principals. The Code requires compliance with Federal securities laws. Among other things, the Code includes policies and procedures relating to the personal investment activities of the persons subject to the Code, including transactions involving securities that Bayshore has recommended to its Clients and that are held by its Clients. Depending upon a person's functions, duties and obligations, these policies and procedures may require pre-clearance and/or reporting of personal securities transactions, timing and other restrictions on transactions, outright prohibitions and compliance certification. The Code also requires the maintenance and review of certain records as well as periodic meetings to familiarize persons subject to the Code with their responsibilities under it. A copy of the Code will be furnished, free of charge, to any person who so requests. Any such request should be directed to Catherine Sanders, Bayshore Capital Advisors, LLC, 1700 S. MacDill Avenue, Suite 340, Tampa, Florida 33629.

### Participation or Interest in Client Transactions

Bayshore or related persons may purchase securities from, or sell securities to, a Client of Bayshore. Bayshore may recommend that Clients buy or sell securities in which a related person has some financial interest. All such transactions will comply with applicable laws as well as with internal policies and procedures. Bayshore and its related persons may buy or sell similar or different securities than those purchased for, or recommended to, Client accounts.

Bayshore believes that to the extent its investments for Clients consist of private investments, its policy permitting simultaneous trading in the same security by related persons and Clients does not pose the potential for abuses that many advisers' more restrictive personal trading policies are designed to prevent. Moreover, for private investments, black-out periods and delayed purchases or redemptions by related persons are not feasible because of the often infrequent liquidity opportunities provided by such private investments. Bayshore also believes that simultaneous trading in open-end mutual funds and index products will

not unjustly enrich related persons. Therefore, Bayshore does not restrict personal trading of its related persons in these securities. Pursuant to the SEC requirements, certain personnel and other access persons are required to report personal securities transactions. Catherine Sanders as Compliance Officer reviews such reports on a quarterly basis. Bayshore has written procedures to ensure that its employees understand and follow the SEC's requirements, including Bayshore's Policy Statement on Insider Trading Prohibitions.

## Agency Cross Transactions

Bayshore may engage in agency cross transactions when it is considered to be in the best interest of its Clients, although such transactions are not expected to be frequent. An example of an agency cross transaction is when one Client of Bayshore sells a security to another Client of Bayshore. Bayshore does not receive any additional compensation in such transactions. All such transactions will comply with applicable laws as well as with internal policies and procedures.

## Allocation of Investment Opportunities

When limited opportunities for investments exist, Bayshore first allocates such opportunities among all eligible Funds fairly and equitably. Generally, Bayshore's allocation policy is as follows:

- Bayshore determines for which Funds the investment would be suitable. In determining suitability, Bayshore will consider such factors as investment objectives and restrictions, the relative amounts of capital available for new investments, relative exposure to short-term market trends, existing portfolio positions, and tax implications.
- For investments in third party private funds where Bayshore is notified of an oversubscription, all Fund subscriptions will be cut back pro rata based on their requested subscription amounts.
- If additional capacity remains in the investment opportunity, Bayshore may, in its absolute discretion, provide or commit to provide co-investment opportunities to one or more of the Funds' investors. Bayshore may then offer any remaining co-investment capacity to other persons.
- Any co-investment opportunity is subject to terms to be determined by Bayshore in its sole discretion; provided, however, that the terms relating to the co-investor's acquisition of the investment are no more favorable than the terms offered to the Fund with respect to its acquisition of the investment.
- The management fees and Carried Interest imposed upon a Co-Investment Fund or another co-investor in an investment may, in the sole discretion of Bayshore, vary from the management fees and Carried Interest paid by the Fund with respect to the same investment.

Bayshore's policy prohibits any allocation of trades in a manner that Bayshore's proprietary accounts or related persons' accounts receive more favorable treatment than other Clients.

## ITEM 12. BROKERAGE PRACTICES

Consulting Clients may, with Bayshore's consent, direct Bayshore as to the particular broker-dealer to be used in the execution of portfolio transactions for the account. Bayshore does recommend certain broker-dealers to its Clients. For the Funds, Bayshore will determine the broker or dealer to be used. In deciding which broker-dealers to recommend to Clients, Bayshore will evaluate broker-dealers' qualifications, paying particular attention to the following factors:

- Financial condition;
- Cost of execution;
- Knowledge of the market, specific securities and industries;
- Access to sources of supply or the market;

- Ability to handle block trades;
- Timely and accurate record keeping; and
- Record of good and timely delivery and payment on trades.

Consulting Clients who direct Bayshore to a particular broker-dealer should understand that Bayshore may not have the authority to negotiate commissions or obtain volume discounts on behalf of the Consulting Client, and best execution may not be achieved. In addition, a disparity in commission charges may exist between Client accounts.

Consulting Clients subject to Bayshore's directed brokerage policy should understand that they may, if they desire, with Bayshore's consent negotiate commission rates with a brokerage firm. Such Consulting Clients should understand that unless the Consulting Client negotiates a lower rate on their own behalf, they should expect that the brokerage firm selected by Bayshore will charge commissions based upon the firm's established, non-discounted commission schedule. Such Consulting Clients should further understand that certain of Bayshore's Clients may have negotiated for and received commission discounts in varying amounts and, therefore, some Clients may pay lower commissions than other Clients in similar transactions. Bayshore may "bunch" or "block" transactions so that securities are purchased or sold for more than one Client, Bayshore and its affiliates in a single transaction.

To the extent that Bayshore's primary active investment supervisory services currently consist of selecting or recommending pooled vehicles, many of which may be purchased directly from the fund's principal underwriter without commissions, such transactions generally will not involve Bayshore's procedures for brokerage selection and trade allocation described above.

If a Consulting Client directs Bayshore to use any particular broker-dealer that Bayshore reasonably believes could hinder Bayshore from providing effective and quality advisory services and/or hinder Bayshore's fiduciary obligations to the Consulting Client, then Bayshore reserves the right to refuse that Consulting Client account.

## ITEM 13. REVIEW OF ACCOUNTS

### Account Reviews

At least one member of Bayshore's Investment Committee reviews each account on an ongoing basis during each quarter, and will continue to do so until the account base is large enough to make involvement in each account by the Investment Committee impractical, by which time Bayshore will have sufficient qualified staff for the task. Each account will undergo a formal review at the end of each quarter. This review begins with the generation of reports detailing periodic performance and current asset values. Bayshore then independently reconciles account information against bank and brokerage statements as further verification of account values. The review then focuses on the performance of the investments in each account and on whether the current asset allocation remains in line with the objectives outlined by the Client or, in the case of the Funds, in line with each fund's objectives.

Reviews address account investment objectives, account classification, account diversification, whether the investments meet the investment standards applicable to the account, and whether the retention or purchase of concentrations of securities of a single company are authorized by the terms of the account's contract with Bayshore, written objectives, governing instrument or local law. As part of each review, Bayshore monitors the proper implementation and execution of investment decisions with respect to purchases or sales for individual accounts.

### Account Reports

#### Consulting Clients

Consulting Clients receive a statement (no less frequently than quarterly) from the custodians they elect to use showing the securities held, cash balance, total value and a description of all transactions during the period. Generally, Bayshore provides reports to Consulting Clients on a quarterly basis which include a list of investments and their current market values, a summary of activity for the period, and each account's asset allocation. Investments are classified by category and grouped to determine whether portfolio risk targets are being met. Where the classification of an investment is unclear, Bayshore uses its best judgment

in determining the appropriate asset class for that investment. Finally, the reports provide performance information including both inception-to-date and year-to-date time-weighted rates of return for the total portfolio. For certain assets, internal rates of return may be provided when they are more appropriate measures of performance. All reports are written, and Consulting Clients have the choice of receiving reports as either physical copies or electronic copies.

## Funds

Fund investors receive capital account statements at least annually. For all but BRE II, a third-party administrator issues such capital account statements. Annually, investors receive financial statements audited by each Fund's independent accountants. Each Fund investor also receives information necessary for preparation of its respective tax returns (if applicable). Finally, Bayshore provides periodic performance reports and fund updates to Fund investors. All reports are written, and investors have the choice of receiving reports as either physical copies or electronic copies.

## ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Other than fees paid by Clients, Bayshore does not receive cash or any other economic benefit in connection with advisory services provided to Clients.

Bayshore does not currently engage third-party marketers to promote any of its Funds. In the event Bayshore engages third-party marketers in the future, such third-party marketers will have all required regulatory credentials and registrations.

## ITEM 15. CUSTODY

Bayshore has the ability to deduct advisory fees from Consulting Client accounts. For this sole reason, the SEC considers Bayshore to have custody of Consulting Client assets. However, Consulting Clients should understand that Bayshore is not permitted to move assets belonging to a Consulting Client without the Consulting Client's consent for any purpose other than to pay agreed upon advisory fees to Bayshore.

Fund investors should understand that Bayshore is considered to have custody of fund assets. These funds are audited annually and the audited financial statements are delivered to partners or members in accordance with Rule 206(4)-2 of the Advisers Act. In the case of BRE II, audited financial statements are delivered within 120 days of its fiscal year end. For all other Funds, audited financial statements are delivered within 180 days of their respective year ends (260 days for top tier fund of funds).

Consulting Clients should receive, at least quarterly, statements from the broker-dealer, bank or other qualified custodian that holds and maintains the Consulting Client's investment assets. Bayshore urges Consulting Clients to carefully review such statements and compare such official custodial records to the account statements that Bayshore may provide to Consulting Clients. Bayshore's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## ITEM 16. INVESTMENT DISCRETION

Bayshore has discretionary authority to manage accounts for its Consulting Clients and to manage the Funds, including the authority to select the securities to be bought or sold, and to determine the prices and quantities of such securities. For Consulting Clients only, limitations on Bayshore's discretionary authority depend on the specific arrangement between Bayshore and the Consulting Client. Generally, Bayshore does not have discretionary authority for accounts under Subadvisory Services.

For Consulting Clients only, the Investment Advisory Agreement of each Consulting Client may specify the type of securities which may or may not be purchased for the Consulting Client's account, and may also place limits on the amount of the Consulting Client's assets which may be invested in certain securities, including limits on investments in certain types of securities, securities of certain issuers, and securities of certain industries. Any client-imposed investment guidelines and restrictions must be provided to Bayshore in writing.

As described earlier, Bayshore provides investment advice primarily through the selection of pooled vehicles advised by outside managers. Bayshore will negotiate on behalf of its Clients to attempt to secure admission into the lowest-price share class of the pooled vehicle, although the selection of pooled vehicles is based on assessment of the best risk-adjusted returns after fees and taxes have been paid by the Client. Bayshore does not expect to invest in pooled vehicles that charge Clients a load or sales charge, and will not invest in unaffiliated pooled vehicles that pay Bayshore a fee.

## ITEM 17. VOTING CLIENT SECURITIES

In compliance with Rule 206(4)-6 and rule amendments under the Advisers Act, Bayshore has adopted policies and procedures:

- to reasonably ensure that Bayshore votes proxies in the best interest of Clients;
- to disclose to Clients how they may obtain information on how Bayshore has voted their proxies;
- to describe how Bayshore addresses material conflicts between its interests and those of its Clients with respect to proxy voting;
- to identify the manner in which Bayshore maintains certain records related to proxy voting; and
- to disclose to Clients information about those policies and procedures.

Bayshore will vote proxies in the best interest of its Clients. Proxies will be voted in a timely manner. Bayshore will obtain the information necessary to make decisions on proxy issues through a number of measures.

Should a material conflict of interest arise in the matter of proxy voting, Bayshore will engage an independent third party to vote proxies for its Clients. A material conflict of interest is defined as any vote in which a principal of Bayshore or immediate family member of a principal of Bayshore has an interest in its outcome.

Bayshore maintains (i) records of votes cast on behalf of Clients, (ii) records of Client requests for proxy voting information, and (iii) any documents that were material to deciding on how to vote or that memorialized the basis for the decision. In accordance with general record keeping requirements, proxy records are kept in the office for the five years following the end of the applicable fiscal year.

Bayshore does not vote proxies in the case of accounts for which Subadvisory Services are provided.

Clients may obtain a copy of Bayshore's complete proxy voting policies and procedures upon request. Clients may also obtain information from Bayshore about how Bayshore voted any proxies on behalf of their account(s) by sending a written request to Catherine Sanders as Bayshore's Compliance Officer ([csanders@bayshorecap.com](mailto:csanders@bayshorecap.com)).

## ITEM 18. FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition. Bayshore has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its Clients, and has not been the subject of a bankruptcy proceeding.