

**Item 1 – COVER PAGE**

**FORM ADV  
Part 2A Brochure**

**BAU Advisors LLC**

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March 31, 2023

This brochure provides information about the qualifications and business practices of the Investment Adviser. If you have any questions about the contents of this Brochure, please contact us. 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. If you have any questions about the contents of this Brochure, please contact us at 305-425-1494 or francisco@bauadvisors.com.

Additional information is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for the firm is: 301667

Any references as an investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.

## **Item 2 - MATERIAL CHANGES**

BAU Advisors LLC (“BAU”) is submitting this annual amendment which updates BAU’s previous Brochure dated November 3, 2022. Since the filing of BAU’s 2022 Form ADV annual amendment, Items 4, 5, 6, 7, 12, 15, and 15 have been amended to provide disclosures and clarity related to the Firm’s advisory clients. Item 4 has been amended to report regulatory assets under management as of December 31, 2022. Items 5 and 6 have been amended to disclose the potential for performance-based compensation in certain advisory relationships.

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## **Item 4 – ADVISORY BUSINESS**

The firm, BAU Advisors LLC (“BAU” or the “Firm”) is an investment advisory firm which serves primarily as an investment adviser to pooled investment vehicles with investment programs focused on real estate and other asset-backed opportunities, globally, through credit and equity instruments. Certain of BAU’s advisory relationships are non-discretionary in nature. In such circumstances, investment opportunities must be approved by the applicable pooled investment vehicle’s board of directors. As of December 31, 2022, BAU managed approximately \$396,074,726 regulatory assets under management, of which approximately \$282,749,895 are on a non-discretionary basis and \$113,324,831 are on a discretionary basis.

The firm was established in May 2015. The members of this firm are Francisco Salonia-Ruzo and Fernando Moncho Lobo. BAU’s advisory services to its clients are detailed in the applicable offering memorandum, prospectus, investment management agreement, and/or other materials (collectively, “Offering Documents”).

Detailed information about the clients are located in their respective Offering Documents. All references to the pooled investment vehicles herein, including but not limited to their investments, strategies, services, fees, expenses, costs, and other terms, are qualified entirely by reference to each pooled investment vehicles’ Offering Documents. Investment advice is provided directly to the pooled investment vehicles and not individually to investors in each pooled investment vehicle.

BAU may invest client assets in real estate and other asset-backed opportunities globally through credit and equity instruments. Additionally, non-investment grade securities or non-rated securities, may be included in the investments recommended. Such securities may be more volatile and less liquid than investment grade securities. Investment allocation is determined among various businesses, securities and funds reflecting different geographic and economic sectors.

The advice offered by BAU is not to be considered legal or tax advice. Investors should coordinate and discuss the impact of financial advice with their attorney, accountant, or personal investment advisers.

BAU does not participate in a wrap fee program.

## **Item 5 - FEES AND COMPENSATION**

Generally, BAU receives management fees as well as certain performance-based compensation, all of which are described in detail in each pooled investment vehicles Offering Documents. The management fee is typically paid in arrears at the end of the relevant quarter.

BAU may receive performance-based compensation or performance advisory fees with respect to certain of the pooled investment vehicles. The performance-based compensation is generally equal to a percentage of net profits, subject to a preferred return or hurdle return, as fully described the applicable pooled investment vehicles' Offering Documents. For certain pooled investment vehicle clients, the performance advisory fee shall only be paid to BAU provided that the minimum interest amount has been paid to investors and is only payable at the pooled investment vehicle's maturity date.

In addition to the fees and performance compensation enumerated above, subject to the relevant Offering Documents, the Firm's clients may pay (or reimburse BAU) for expenses relating to the pooled investment vehicle, including, but not limited to, all or some of the following: organizational expenses, legal fees, administrative and/or auditor expenses, statutory, tax, or regulatory fees or charges or expenses payable on behalf of the applicable pooled investment vehicle. However, expenses or reimbursements are subject to approval through the relevant pooled investment vehicles board of directors. Where BAU is reimbursed for expenses the Firm will send the invoice to the pooled investment vehicles administrator. The administrator will seek approval from the pooled investment vehicle's board of directors. If approved, the administrator will then process the reimbursement.

Should either one of the parties terminate the advisory agreement BAU has entered into before the end of a billing period, a pro rata portion of the advisory fee will typically be due from the client based on the number of days elapsed in the quarter prior to the receipt of the notice of termination.

Complete details of these internal charges are explained in the prospectuses and Offering Documents for each investment. Investors are strongly encouraged to read these explanations before investing any money. BAU encourages investors to review the Offering Documents in detail.

Advisory fees are generally charged in arrears (i.e., at the end) of each calendar quarter. The quarterly advisory fee will be calculated based on the average gross market value of the investment account on the last business day of each month of the calendar quarter. Fees for partial periods are generally pro-rated. The treatment of advisory fees where an advisory

contract is terminated will be subject to the Offering Documents and terms and conditions therein.

## **Item 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

Certain clients may be subject to performance-based compensation. Where applicable, BAU will receive performance advisory fee consisting of a percentage of variable return where variable return is defined as the net available profits (net of taxes) arising from target assets minus any expenses, operational costs, and tax provisions.

The potential for performance-based compensation creates a conflict of interest in that it creates an incentive for BAU to make riskier or more speculative investments, or to dispose of an investment sooner or later than otherwise would be the case, with the aim to attempt to increase performance-based compensation paid. This conflict is mitigated by the fact that losses would reduce client performance and thus the fees earned. BAU recognizes that it is a fiduciary, consequently, it must act in the best interests of its clients. Investors in the pooled investment vehicles are provided with clear disclosure in the relevant client's Offering Documents as to how performance-based compensation is charged.

## **Item 7 - TYPES OF CLIENTS**

BAU's services are geared toward European pooled investment vehicles. The clients consist of European pooled investment vehicles which qualify as non-regulated securitization vehicles under the laws of Luxembourg or as designated activity companies domiciled in Ireland and certain series or compartments of such vehicles for which only non-U.S. investors are eligible. Certain of these vehicles issue Euroclearable asset backed bearer notes (the "Notes") for which only non-U.S. investors are eligible. The Notes are not offered in the U.S. nor are they offered to U.S. persons. The issues of each pooled investment vehicle are private, restricted, and reserved to a limited number of subscribers, particularly knowledgeable in investment matters, individually accepted by the issuers, and who are "qualified investors" as defined in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017.

## **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. METHODS OF ANALYSIS**

BAU's investment strategy focuses on an array of real estate and other asset-backed opportunities globally through credit and equity instruments seeking careful selection of investments. BAU also analyses credit instruments across a broader spectrum mainly through direct lending where thematic opportunities arise from sustained and systemic constraints to bank lending. In doing so, BAU seeks to employ a strict selection process based on the borrowers' tax credit use, track record, and sector-established guidelines. Underlying loans generally bear a fixed interest rate priced in line with mezzanine or preferred debt financing for an underlying project. Equity instruments rely on underlying asset valuations including both internal analysis and external sources.

### **B. RISK OF LOSS**

Investing in certain businesses and in securities involves risk of loss, including the potential loss of principal. Therefore, investor participation investment in any pooled investment vehicle will require investors to be prepared to bear the risk of loss and fluctuating performance. BAU does not represent, warrant or imply that the services or methods of analysis used by BAU can or will predict future results, successfully identify market tops or bottoms, or insulate investors from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that investment program goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by investment advisers recommended by BAU will provide a better return than other investment strategies or investment advisers.

No investment strategy can avoid loss. Investing in businesses and in securities involves risk of loss that investors need to be prepared to bear.

As part of the investment strategy, BAU may invest in non-U.S. bonds, non-U.S. equities, non-investment grade securities, Euro bonds or similar securities, loans and private securities. Some of these securities may be illiquid and not have a readily available market.

### Risks of High Yield Investing

BAU may invest assets in debt securities which are rated below the investment grade (“lower-rated securities”, sometimes referred to as “high yield” or “junk bonds”) or which are unrated but deemed equivalent to those rated below investment grade by BAU. The lower the ratings of such debt securities, the greater their risks. These debt instruments generally offer a higher current yield than that available from higher-grade issues but typically, involve greater risk. The yields on high yield/high risk bonds will fluctuate over time. In general, prices of all bonds rise when interest rates fall and fall when interest rates rise. Lower-rated and unrated securities are especially subject to adverse changes in general economic conditions and to changes in the financial condition of their issuers. During periods of economic downturn or rising interest rates, issuers of these instruments may experience financial stress that could adversely affect their ability to make payment of principal and interest and increase the possibility of default. BAU may have difficulty disposing of certain high yield bonds because there may be a thin trading market for such securities. To the extent that a secondary trading market for high yield bonds does exist, it is generally not as liquid as the secondary market for higher-rated securities. Reduced secondary market liquidity may have an adverse effect on market price and BAU’s ability to dispose of particular issues.

Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of these securities especially in a market characterized by only a small amount of trading.

### Risks of Global Investing

Global investing involves special economic and political considerations. Such considerations include changes in exchange rates and exchange rate controls (which may include suspension of the ability to transfer currency from a given country), currency devaluations, costs incurred in conversions between currencies, non-negotiable brokerage commissions, less publicly available information, different accounting standards, lower trading volume and greater market volatility, the difficulty of enforcing obligations in other countries, less securities regulation, different tax provisions (including withholding on dividends and interest paid to an account), war, expropriation, political and social instability, and diplomatic developments.

### Markets and Securities Traded May Be Illiquid

At various times, the markets for securities purchased or sold may be illiquid, making purchase or sale of securities at desired prices or in desired quantities difficult or impossible.

### Spread Trading and Arbitrage Trading May Involve Potential Risks

Investment operations may involve spread positions between two or more securities position. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, entail a substantial risk that the price differential could change unfavorably causing a loss to the spread position. The trading operations also may involve arbitrage between a security and its announced buy-out price or other forms or “risk arbitrage” between various securities. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position.

*Currency and Exchange Rate Risks* – Changes in currency exchange rates may affect the value of a portfolio and the unrealized appreciation or depreciation of investments.

Additional risks as discussed in greater detail in the topics Risks of High Yield Investing, Risks of Global Investing, and Special Risks Relating to Certain Investment Instruments may also be applicable to hedge fund investing and should be reviewed within that potential context also.

### Special Risks Relating to Certain Investment Instruments

*Currency Forwards* – Currency forwards may be purchased or sold in order to hedge the decline in value of securities or to invest in the currency of a foreign country. BAU may enter into contractual obligations to purchase a specific currency at an agreed upon price for a specific date with a known counterparty. There is the risk that the counterparty will not be able to perform its obligation (counter-party risk).

*Certificates of Deposit* – BAU may purchase certificates of deposit (“CDs”) issued by commercial banks that may be domiciled in a foreign country, or through an offshore branch of such a bank. CDs may settle domestically with a local custodian or sub-custodian or may settle via “Euroclear” (“EuroCDs”). CDs may be denominated in local currency or in a major currency such as the U.S. dollar or Japanese Yen or be linked to hard currency. CDs could be rated or unrated.

*Commercial Paper/Medium Term Notes* – BAU may purchase commercial paper (CP) or medium-term notes (MTNs) issued by a private sector enterprise domiciled in a foreign country or through its offshore entity via a special purpose vehicle or note program. CP/MTNs may settle either domestically with a local custodian, in “Euroclear” (EuroCP or EuroMTNs), or in other major markets (such as Asian

currency notes). CP/MTNs may be denominated in local currency or in a major currency such as the U.S. dollar or be linked to a hard currency. CP/MTNs could be rated or unrated.

If a Foreign Currency Constraint Event happens where under certain circumstances an issuer is restricted or prevented from paying the Specified Currency for amounts owing under the CDs, holders of CDs may elect to receive payment in the lawful currency of the pertinent country, i.e., Brazil. If a holder does not elect to receive payments in the lawful currency of the pertinent country, i.e., Brazil, after the termination of the Foreign Currency Constraint Event such holder will receive any payments in respect of the CDs in such Specified Currency. A Foreign Currency Constraint Event will not be deemed to be an event of default and holders of CDs containing a Foreign Currency Constraint provision shall have no recourse against the Issuer's assets and operations outside the pertinent country, i.e., Brazil, including, without limitation its assets and operations in another jurisdiction or country.

Structured Products – BAU may purchase structured products in various forms.

*Illiquid and Restricted Securities* – The absence of a trading market can make it difficult to ascertain a market value for illiquid securities. Disposing of illiquid securities may involve time-consuming negotiation and legal expenses, and it may be difficult or impossible for an account to sell them promptly at an acceptable price.

*Convertible Securities* - While convertible securities generally offer lower yields than non-convertible debt securities of similar quality, their prices may reflect changes in the value of the underlying common stock. Convertible securities generally entail less credit risk than the issuer's common stock.

An account may be required to permit the issuer of a convertible security to redeem the security and convert it into the underlying common stock or the cash value of the underlying common stock. Thus, an account may not be able to control whether the issuer of a convertible security chooses to convert that security. If the issuer chooses to do so, this action could have an adverse effect on an account's ability to achieve its investment objectives.

*Zero Coupon Securities* – Zero coupon securities are subject to greater market value fluctuations from changing interest rates than debt obligations of comparable maturities that make current cash distributions of interest.

*Derivatives* – This includes, without limitation, forward currency contracts, swap contracts, financial futures, index options, etc. The risks of derivatives include the possible default by the other party to the transaction, illiquidity and, to the extent BAU view as to certain market movements is incorrect, the risk that the use of such derivatives could result in losses greater than if they had not been used. Use of put and call options may result in losses to an account, force the sale or purchase of account securities at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation an account can realize on its investments or cause an account to hold a security it might otherwise sell. The use of currency transactions can result in an account incurring losses as a result of a number of factors including the imposition of exchange controls, suspension of settlements or the inability to deliver or receive a specified currency. The use of options and futures transactions entails certain other risks. In particular, the variable degree of correlation between price movements of futures contracts and price movements in the related account position of an account creates the possibility that losses on the hedging instrument may be greater than gains in the value of an account's position. In addition, futures and options markets may not be liquid in all circumstances and certain over the counter options may have no markets. As a result, in certain markets, an account might not be able to close out a transaction without incurring substantial losses, if at all. Although the use of futures contracts and options transactions for hedging should tend to minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in value of such position.

Finally, the daily variation margin requirements for futures contracts would create a greater ongoing potential financial risk than would purchases of options, where the exposure is limited to the cost of the initial premium. Losses resulting from the use of derivatives would reduce net asset value, and possibly income, and such losses can be greater than if the derivatives had not been utilized.

## **Item 9 - DISCIPLINARY INFORMATION**

Investment Advisors must disclose any legal or disciplinary events that would be material to the evaluation of BAU or the integrity of our services. There is no reportable disciplinary information required for BAU or its management persons that is material to the evaluation of BAU, its business or its management persons.

## **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

BAU is not and does not have a related person who is a: futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, BAU is not and does not have a related person who is an investment company or other pooled investment vehicle, futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

## **Item 11 - CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. CODE OF ETHICS**

BAU has a fiduciary duty to act in the best interest of its advisory clients. BAU takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as BAU's policies and procedures. As such, BAU maintains a code of ethics for its staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about client transactions. Further, BAU's Code of Ethics establishes BAU's expectation for business conduct. A copy of BAU's Code of Ethics can be provided upon request.

### **B. PERSONAL TRADING WITH MATERIAL INTEREST**

Neither BAU nor its associated persons recommend to clients or buys or sells for client accounts any securities in which the Firm has a material financial interest.

### **C. PERSONAL TRADING IN SAME SECURITIES AS CLIENTS**

BAU and its employees and principals do not trade in the same securities as the Firm's clients. BAU and its associated persons will not put their interests before client interests. BAU and its associated persons may not trade ahead of clients or trade in such a way to obtain a better price for themselves than for its clients.

#### **D. PERSONAL TRADING AT SAME TIME AS CLIENT**

BAU is required to maintain a record of personal holdings for its associated persons and maintain procedures to supervise the trading activities of associated persons who have knowledge of client transactions. Further, associated persons are prohibited from trading on non-public information or sharing such information.

##### *Prohibition on Use of Insider Information*

BAU has adopted policies and procedures to prevent the misuse of “insider” information (i.e. material non-public information).

#### **Item 12 - BROKERAGE PRACTICES**

##### *Factors Considered When Selecting Broker/Dealer*

In the event BAU is requested to select a broker-dealer, BAU will use its best judgment to choose the broker-dealer most capable of providing the services necessary to obtain the best available price and most favorable execution. The full range of brokerage and research services applicable to a particular transaction will be considered when making this judgment. Currently, BAU is not provided authority to select a broker-dealer for its clients. The board of directors for each pooled investment vehicle currently selects its service providers and counter parties, subject to the provisions of the Offering Documents.

#### **Item 13 - REVIEW OF ACCOUNTS**

BAU continuously monitors portfolio investments on behalf of its clients. Investments are reviewed in the context of each pooled investment vehicle’s stated investment objectives and guidelines as set forth in the applicable Offering Documents and prospectus. Members of BAU’s investment team meet regularly to determine and review overall investment objectives, risk tolerance, and other information relevant to the investment programs of the pooled investment vehicles.

#### **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

BAU does not receive any economic benefits, such as sales awards or other prizes, from any non-client for providing investment advisory services to the Firm’s clients.

The Firm does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15 - CUSTODY**

BAU does not have custody of the pooled investment vehicles' assets. Where BAU provides investment advisory services it is appointed by the applicable pooled investment vehicle's board of directors. The board of directors selects custodians, service providers, and maintains authority to charge expenses or process the payment of fees, subject to the terms and conditions enumerated in the Offering Documents.

## **Item 16 - INVESTMENT DISCRETION**

BAU exercises broad investment discretion over certain of the pooled investment vehicles. This discretion is established in and subject to the terms of the Offering Documents. As a general practice, and except as provided in the applicable Offering Documents, BAU does not allow clients to place limitations on this authority. Investors endorse this discretionary authority by executing the subscription process in which they agree to be bound by the provisions of the Offering Documents and/or prospectus. BAU does not maintain discretionary authority over the sub-funds or compartments for which it serves as investment adviser. For such client relationships, investments must be pre-approved by the pooled investment vehicles board of directors.

## **Item 17 - VOTING CLIENT SECURITIES**

Upon receipt of proxy materials, BAU will abide by its proxy voting procedures as set forth by the policies and procedures adopted at that time. BAU has adopted and implemented written proxy voting policies and procedures reasonably designed to ensure that, when applicable, BAU will seek to diligently exercise proxy voting rights on behalf of clients and ensure that BAU acts in their best interest when exercising discretionary voting right.

In connection with BAU's duty to act in the best interests of clients when voting proxies, BAU would seek to identify and address material conflicts of interest, if any, between BAU and the applicable client with respect to the voting of any proxy on behalf of such client. In the event of a potential conflict, BAU will be able to engage third-party proxy voting service providers to provide an independent opinion on the appropriate proxy vote for clients.

## **Item 18 - FINANCIAL INFORMATION**

- A. BAU is financially stable. There is no financial condition that is likely to impair its ability to meet any contract actual commitment any other client.
- B. Neither BAU nor any of its management persons have been the subject of a bankruptcy petition.