

# Form ADV Part 2A

---

## Uniform Application for Investment Adviser Registration

### PEAK CAPITAL MANAGEMENT LLC

9250 E. Costilla Avenue, Suite 110  
Greenwood Village, Colorado 80112



P: (720) 361 - 4016

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

March 28, 2024

This brochure provides information about the qualifications and business practices of Peak Capital Management LLC, hereinafter referred to throughout this brochure as “PCM”, “We”, “Us” and “Our”. If you have any questions about the contents of this brochure, please contact us at (720) 361-4016 and/or [bdodge@sk-llc.com](mailto:bdodge@sk-llc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Peak Capital Management also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with PCM who are registered, or are required to be registered, as investment advisor representatives of PCM. You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 141488. PCM is a registered investment advisor. Registration as an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

## Item 2 - Material Changes

Peak Capital Management LLC is hereinafter referred to throughout this brochure as “PCM”, “We”, “Us” and “Our”. This version of the brochure includes changes, which may be material, to the version of the brochure in the annual amendment of Form ADV dated March 31, 2023, previously filed:

Items 8 and 15 have been revised to remove information to the PCM Tax Lien Fund, LP, which was fully liquidated and wound down as of December 9, 2022.

### Item 3 - Table of Contents

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 .....	8
Item 7 - Types of Clients .....	8
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9 - Disciplinary Information .....	10
Item 10 - Other Financial Industry Activities and Affiliations .....	11
Item 11 - Code of Ethics .....	14
Item 12 - Brokerage Practices .....	20
Item 13 - Review of Accounts .....	22
Item 14 - Client Referrals and Other Compensation .....	23
Item 15 - Custody .....	23
Item 16 - Investment Discretion .....	23
Item 17 - Voting Client Securities .....	23
Item 18 - Financial Information .....	24

## Item 4 - Advisory Business

### Business Background

Peak Capital Management, LLC (“PCM”) was formed in June 2007 as a Limited Liability Company (LLC) and is registered as an investment advisor with the Securities and Exchange Commission. Effective April 2013, the principal owners were Brian Lockhart and Geoff Eliason.

In February 2020 PCM was acquired by Shepherd Kaplan Krochuk, LLC (“SKK”), a Boston-based investment adviser registered with the SEC, which is now PCM’s sole Managing Member. Brian Lockhart remains as Chief Investment Officer and also became Chief Executive Officer of PCM following the acquisition, and he also holds an indirect minority membership interest in SKK, a direct membership interest in SKK Group, LLC, which serves as the managing member of the general partners or managers of a number of SKK-affiliated funds and is a member of SKK’s Management Board. Although service enhancements have been implemented, the PCM team remains in place and the acquisition has not resulted in material changes to the services being provided by PCM to its clients. More information can be obtained about SKK in its Form ADV Part 2A brochure available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Also, see Items 10 and 11 of this brochure for additional information regarding our relationship with SKK.

PCM develops investment strategies designed to manage risk utilizing an absolute return philosophy. The basis of these strategies is to seek an investment return less dependent on the returns in the stock and fixed income markets, while seeking to reduce volatility.

Effective in March 2023, Bayard Dodge has replaced Peter J. DiLorenzo as Chief Compliance Officer of PCM.

### Advisory Services

#### Investment Management

Advisory services are tailored to meet the individual needs of clients with the use of Risk Profile Questionnaire (“RPQ”), which is a tool that PCM uses to classify each client into risk tolerance levels including: growth, balanced, and income. Client funds are invested into models or other investments that are appropriate to their specific risk tolerance. In limited circumstances, PCM may recommend allocations to models and/or investments with a different risk profile than the one identified in the client’s RPQ, such as when the client holds other assets not managed by PCM, which PCM’s recommended allocation seeks to counterbalance, e.g., PCM might recommend conservative investments to a client which expressed a moderate risk tolerance, to balance a client’s holding of aggressive assets held outside PCM managed accounts. PCM’s models are diversified, multi-strategy equity and fixed income portfolios that are tactical in nature and hold combinations of individual stocks, exchange-traded funds (“ETFs”), mutual funds, U.S. treasury obligations, and/or short funds.

#### Sub-Advisory and Research Services

PCM’s management of diversified portfolios primarily utilizing exchange-traded funds, individual stocks, and mutual funds enables other registered investment advisors to engage PCM in a sub-advisory and/or signal provider capacity, which permits them to allocate their clients’ assets into model investment portfolios designed and managed by PCM. These models incorporate ETFs, individual stocks, mutual funds, U.S. treasury obligations, and/or short funds. Such advisors retain fiduciary responsibility for their clients, and PCM’s services are provided pursuant to agreements with such advisors and not with their clients. In these

circumstances, PCM typically charges a sub-advisory or signal provider fee to the advisor that is a percentage of the assets allocated to PCM models, but its fee may include minimum fees and/or fixed amounts. These sub-advisory arrangements may be negotiated directly with advisors, or in other circumstances PCM may allow advisors to allocate client funds into PCM models through third-party platforms facilitating such allocation.

#### Financial Planning

As part of its service offerings, PCM offers financial planning with respect to estate, retirement, and tax plans. Clients are under no obligation to contract for a financial plan service in order to receive investment management and may contract for financial planning without utilizing investment management services.

The initial financial planning engagement will include the following services:

- Review of the Client's personal and financial goals
- Net worth calculations and cash flow analysis
- Projection and estimation of federal and state income taxes
- Estate planning review
- Retirement income planning
- Investment portfolio evaluation and recommendations
- Education and succession planning, where appropriate

#### **Tailored Services**

We offer investment advice to every client based upon their specific circumstances, including investment objectives, financial goals, and risk tolerance. Clients may impose restrictions on investing in certain securities or types of securities by providing in writing, and within 30 calendar days of advance notice, specific restrictions they wish to impose.

#### **Participation in Wrap Fee Program**

We do not participate in a wrap fee program.

#### **Regulatory Assets Under Management**

As of December 31, 2023, PCM managed client assets totaling approximately \$155,703,109. Approximately \$109,089,276 are managed on a discretionary basis and approximately \$46,613,833 are managed on a non-discretionary basis.

#### **Assets Under Advisement**

Assets under advisement refer to assets on which our firm provides advice or consultation but for which we either do not provide regular and continuous supervisory or management services or do not arrange or effectuate the transaction.

There is no requirement to disclose the assets under advisement figure, but we have opted to include the figure to give prospective clients a more complete picture of the firm's responsibilities.

The Firm had approximately \$58,625,654 in assets under advisement for 20 accounts.

## Item 5 - Fees and Compensation

### **Advisory Fees**

Generally, PCM is compensated for its services with a fee based on assets under management, which generally include securities and cash, paid quarterly in advance. Annualized fees generally range from 60 basis points or .6% to 100 basis points or 1% of assets under management or advisement based on the level of assets under management or advisement and other considerations. All fees are subject to negotiation. In order to effectively execute its investment strategies PCM requires a minimum investment of \$500,000. In certain situations, PCM may waive this minimum.

Some custodians do not facilitate billing in advance, and as a result, clients whose assets are held at such custodians will be billed in arrears. For example, for clients whose assets are held at SEI, PCM is compensated for its services with an asset-based fee, paid quarterly in arrears.

### Sub-Advisory Services

PCM is compensated via third-party investment advisors as a portion of a percentage of assets under management (AUM) paid by their client for sub-advisory services. Fees paid to PCM by other advisors are generally 25 basis points on an annualized basis but can go up to 55 basis points with certain strategies.

PCM services as a provider of research and/or trade signals to certain third-party investment advisors. Its fee for such services generally ranges from 10 basis points to 35 basis points billed quarterly on an annualized basis.

### Financial Planning

The fees for financial planning are billed under a flat rate based on the extent and nature of the plan. Typically, fees for financial planning range from \$500 to \$15,000 based on the complexity of the services to be rendered and/or written financial plan. These services are provided under a separate agreement outlining the scope of the services, fees agreed upon and terms/conditions.

### **How Fees are Paid**

#### Investment Management

The custodian that holds a particular clients' assets can determine the procedure by which PCM may deduct fees from such account. On a quarterly basis, each client billing group's assets are measured relative to the fee schedule. Quarterly fees will be calculated and applied each quarter based on the billing group balance.

For clients whose assets are held at Charles Schwab, fees are automatically deducted from account balances on the first business day of each quarter, billed in advance, based on the assets under management on the last trading day of the prior quarter. Fees are calculated by multiplying the Client's account value as of the last day of the previous quarter by the Annual Fee Percentage stated on the Investment Management Agreement, divided by 4.

For clients whose assets are held at SEI, fees are automatically deducted from account balances on the last business day of each quarter, billed in arrears, based on the assets under management on the last trading day of the current quarter. Fees for these clients are calculated by multiplying the Client's account value as of the last day of the current quarter by the Annual Fee Percentage stated on the Investment Management Agreement, divided by 4.

For assets held outside the custodian (typically private fund holdings), valuations reported by the fund manager are used to determine the account value multiplied by the annual fee percentage divided by 4 and billed in arrears each quarter.

PCMs clients receive itemization of fees paid via the custodian-provided statements. Clients also receive, at least quarterly, statements from the custodian showing all disbursements and advisory fees.

#### Financial Planning

This fee will be payable, in full, when the Client receives the final version of their financial plan.

#### **Other Fees/Expenses**

PCM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investment advisors and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs also charge internal management fees, which are disclosed in each funds' prospectus/disclosure document. Such charges, fees and commissions are exclusive of and in addition to PCM's fee, and PCM shall not receive any portion of these commissions, fees, and costs.

Advice offered by PCM may involve investment in mutual funds. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees, named after the statutory section authorizing such payments. These 12b-1 fees may be paid to the account custodian but are never transmitted to PCM. Recommendations made by PCM and its Investment Advisor Representatives (IARs) are designed to be consistent with the best interest of the client.

Please see Item 12 for further description of the factors that PCM considers in selecting or recommending custodians for client transactions and determining the reasonableness of their compensation (e.g., transaction costs).

#### **Termination**

##### Investment Management

PCM will refund to the client any unearned fees within five (5) business days of receipt, in writing, of the desire to terminate the Investment Management and Fee Agreement. Fees will be determined on a prorated basis. The client may terminate the Investment Management and Fee Agreement without penalty within five (5) business days of signing the Agreement. Business days do not include federally recognized holidays.

##### Sub-Advisory Services

PCM will refund to the primary advisor any unearned fees upon the termination of the Sub-Advisory Agreement, given thirty (30) days written notice. Fees will be determined and refunded on a prorated basis.

##### Financial Planning

The client may terminate the financial planning agreement within five business days of the date of acceptance without penalty to the client. After the five (5) day period, the financial planning agreement may be terminated in writing before the completion of the plan. The fee will be determined by the percentage of the plan that has been completed.

**Commissionable Securities Sales**

We do not sell securities for a commission.

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

PCM does not charge any performance-based fees.

## Item 7 - Types of Clients

**Type of Clients**

PCM provides portfolio management services to individuals, high net worth individuals, pension and profit-sharing plans, charitable institutions, foundations, endowments, trust programs, third-party investment advisors and corporations and other businesses.

**Account Minimums**

In order to effectively execute its investment strategies, PCM requires a minimum investment of \$500,000. In certain situations, PCM may waive the investment minimum.

**Pension & Retirement Plans**

If a managed account(s) is for (1) a pension or other qualified employee benefit plan, including a 401(k) plan, governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”); (2) a tax-qualified retirement plan under section 401(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and not covered by ERISA; or (3) an Individual Retirement Account (“IRA”) under section 408 of the Code, then PCM assumes fiduciary status to the extent required by applicable law. In the case of IRA clients, PCM and the client may enter into different agreements regarding PCM’s fiduciary status for the purposes of ERISA. Customarily, where PCM manages a discretionary account, it will assume the role of Investment Manager as defined in Section 3(38) of ERISA.

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

**Methods of Analysis**

PCM’s securities analysis methods include charting, fundamental, technical, and cyclical analyses (defined below). Investing in securities involves risk of loss that clients should be prepared to bear.

- Charting – analysis performed using patterns to identify current trend reversals to forecast the direction of prices;



- Fundamental – analysis performed on historical and present data, with the goal of making financial forecasts;
- Technical – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices; and,
- Cyclical – analysis performed on historical relationships between price and market trends.

PCM's advisory services are designed to build long-term wealth, while maintaining risk tolerance levels acceptable to clients. PCM combines investment objectives, time horizon and risk tolerance to yield an effective investment allocation strategy and then matches the strategy with our investment programs. Our program investments are typically made in open-end mutual funds, ETF's, closed-end funds, individual equities, and occasionally options and individual bonds.

In analyzing and executing our various programs' strategies, we use a technical approach to guide our buy/sell decisions within our allocation process. Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend lines, among others.

### **Investment Models**

We are not bound to a specific investment strategy or ideology for the management of investment portfolios except for how such strategy might affect the pre-designed risk tolerance levels. Each strategy may use cash as a position if volatility exceeds a certain threshold. There are no guarantees that any strategy will achieve its stated objectives.

PCM offers the following investment strategies which incorporate the following methodologies:

#### **Dynamic Risk Hedged - U.S. Growth**

The strategy's primary objective is long-term growth of capital. Generally, the strategy will allocate capital to U.S. equities and Treasuries based on a risk budget. Roughly 95% of total portfolio risk is allocated evenly to five U.S. equity factors - momentum, value, size, quality, and volatility. Roughly 5% of total portfolio risk is allocated to U.S. Treasuries. The strategy dynamically allocates as the correlations and volatilities of the underlying exposures changes over time. Under certain scenarios, if equities and Treasuries become highly correlated, the strategy can use a short position to the S&P 500 as a source of uncorrelated risk.

#### **Dynamic Risk Hedged - Global Growth**

The strategy's primary objective is long-term growth of capital. Generally, the strategy will allocate capital to global equities and U.S. Treasuries based on a risk budget. Roughly 95% of total portfolio risk is allocated evenly to five U.S. equity factors - momentum, value, size, quality and volatility, and geographic regions outside the United States. Roughly 5% of total portfolio risk is allocated to U.S. Treasuries. The strategy dynamically allocates as the correlations and volatilities of the underlying exposures changes over time. Under certain scenarios, if equities and U.S. Treasuries become highly correlated, the strategy can use a short position to the S&P 500 as a source of uncorrelated risk.

#### **Dynamic Risk Hedged - Income**

The strategy's primary objective is income generation. Generally, the strategy will allocate capital to traditional and non-traditional assets that provide current income. Total portfolio risk is

roughly equally allocated to investment grade bonds, REITs, preferred stocks, high- yield bonds and dividend-paying stocks. The strategy dynamically allocates across the assets as correlations and volatilities change. Under certain conditions, if correlations rise, the strategy can use a short position to U.S. Treasuries as a source of uncorrelated risk.

#### **Dynamic Risk Hedged - Balanced Income**

The strategy's primary objective is income generation with capital appreciation as a secondary objective. Generally, the strategy will allocate capital to assets that provide current yield. Total portfolio risk is equally allocated to dividend-paying stocks, REITs, and high-yield bonds. The strategy dynamically allocates across assets as correlations and volatilities change. Under certain conditions, if correlations rise, the strategy can use a short position to the S&P 500 as a source of uncorrelated risk.

#### **Dividend Equity**

This non-diversified strategy seeks maximum capital appreciation from the equity markets by investing 100% in individual stocks believed to offer a risk/return relationship more attractive than the overall market. Risk is managed by utilizing cash during periods of high market volatility.

### **Alternative Investments**

PCM, in certain situations, recommends investments in selected private equity funds, hedge funds and/or commodity pools with various investment strategies described in their offering materials ("Alternative Investments"). These types of investments may present enhanced risks due to their customized strategies, use of leverage and lack of liquidity. In addition, such recommendations may be limited only to those clients that are deemed to be termed as "Accredited Investors" as defined in Regulation D under the Securities Act of 1933 or "Qualified Purchasers" as defined in the Investment Company Act of 1940, each as amended. These types of investments also have varied and distinct fee structures of their own. Due to the complex nature and risks of these investments, clients will receive a separate disclosure prior to any investments being made. Additionally, PCM's parent company, Shepherd Kaplan Krochuk, LLC (SKK), and its affiliates, manage and advise certain Alternative Investments in which some PCM clients have invested and in which PCM clients may invest in the future. SKK has certain business relationships with third party managers of other Alternative Investments which PCM may in some circumstances recommend to its clients. Additional information regarding SKK's relationship with PCM and Brian Lockhart and conflicts involved in recommendations of SKK's Alternative Investments to PCM clients is provided in Items 10 and 11 of this brochure.

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

In February 2020, Brian Lockhart ("Lockhart") entered into a Stipulation for Consent Order with the Colorado Division of Securities ("Stipulation"). In the Stipulation, the Staff of the Division (the "Staff") alleged that in 2012 and 2013 Lockhart recommended an investment in a movie production company to some advisory clients and others regarding which he, as an Executive Producer, had a material conflict of interest that he maintains he disclosed orally to all of the clients. Multiple clients acknowledged such oral disclosure. The Staff determined that this recommendation was inconsistent with Lockhart's obligations under Division Rule 51-4.8(IA)(K), which requires such disclosures to be made in writing. Under the Consent Order, Lockhart agreed not to violate Rule 51-4.8(IA)(K). No fine or other penalty was assessed. In September 2021, the Certified Financial Planner organization suspended Lockhart's authorization to use the CFP® credential for a period of one year and one day in connection with the events addressed in the Stipulation.

## Item 10 - Other Financial Industry Activities and Affiliations

As a result of its acquisition by SKK, PCM now has relationships with related persons engaged in certain financial businesses that are material to the advisory business and clients of SKK, and therefore to PCM, as set forth below. Related persons include entities, members, officers, and employees (except administrative staff) controlled by or under common control with SKK. These related persons are primarily the investment advisory subsidiaries of SKK (Shepherd Kaplan LLC (“SK”) and PCM) and entities related to the funds that SKK manages and advises.

Where SKK or one of its investment advisory subsidiaries, such as PCM, recommends investments to its or their clients in related businesses, or if SKK and its related persons (including PCM and its officers and employees) invest alongside clients of PCM or investors in businesses or private investment funds, including private investment funds that they manage, or participate in the management or governance of, or receive compensation, including securities, for services from, such businesses or private investment funds, conflicts of interest arise because SKK and its related persons may have interests different from those of PCM’s clients. These potential conflicts of interest with clients and investors are described further below in Item 11.

Entity	Function	Entity – Private Investment Company
Shepherd Kaplan Krochuk, LLC	Primary Investment Adviser	
Shepherd Kaplan, LLC	Sub-Investment Adviser	
PCF Capital Markets, LLC	Broker Dealer	
SKK Syntax, LLC	Advisory Affiliate	
Altair Wealth Systems Holdings, LLC (and subsidiaries)	Affiliate technology vendor	
Trellis Software, Inc.	Affiliate technology platform joint venturer	
SKK Group, LLC	Manager of each GP or Manager listed in the column to the left	
SKK Provident Investors GP, LLC	General Partner of	SKK Provident Investors, LP
SKK Real Estate GP II, LLC	General Partner of	SKK RE Ventures Fund II, LP SKK RE Ventures Fund PFD II, LP
SKK Ventures Manager, LLC	Manager of	SKK Ventures, LLC
SKK Ventures QP Manager, LLC	Manager of	SKK Ventures QP, LLC
SKK 9i Ventures Manager, LLC	Manager of	SKK 9i Ventures, LLC
SKK 9i Ventures QP Manager, LLC	Manager of	SKK 9i Ventures QP, LLC
SKK Opportunity Zone Fund I Manager, LLC	Manager of	SKK Opportunity Zone Fund I, LLC
Kairos SKK EnviroKure GP, LLC	General Partner of	Kairos SKK EnviroKure Investors, LP
SKK Industrial GP, LLC	General Partner of	SKK-FHR Industrial Fund I, L.P.
SKK-FHR GP, LLC	General Partner of	SKK-FHR Industrial Fund I, L.P.
SKK-Global Partners Property Fund I GP, LLC	General Partner of	SKK-Global Partners Property Fund I, LP
SKK Opportunity Zone Fund II GP, LLC	General Partner of	SKK Opportunity Zone Fund II, LP SKK Cayo Largo Development, LP

Additional Related Party Information:

MRLM Group, LLC and MRLM Holdings, LLC (“MRLM Entities”) are indirect affiliates of SKK created to facilitate lending transactions among affiliates of SKK and certain lender/investors some of whom are not principals or employees of SKK. SKK’s indirect relationship to the MRLM Entities presents conflicts of interest due to their benefits to SKK and its affiliates and financing from external parties that have other relationships to SKK. These conflicts are described in more detail below and in Item 11 of this brochure.

Stephen Brackett, President, indirect owner of SKK, and a member of its Management Board, is a board member of Global Partners Property Fund I (CEIC) Limited, an investment fund domiciled in Dubai which is the principal investment of a real estate strategy managed by SKK (“Global Partners Fund”). Mr. Brackett has a conflict of interest serving on the board of that fund, while also participating in the management of the SKK strategy, in that obligations he has as a board member may at times be inconsistent with his obligations to SKK and its clients. SKK believes those conflicts are mitigated by the policies and procedures of SKK, and by the fact that his role on the fund board is largely to coordinate and oversee that fund in relation to SKK’s strategy and clients. A senior member of Global Partners Fund’s manager has provided a loan to the MRLM Entities, which are described in more detail above and in Item 11 of this brochure. Conflicts of interest can arise in that this relationship may influence SKK Parties in deciding whether to recommend an investment by SKK’s clients in real estate funds that invest in the Global Partners Fund. SKK believes that its investment process, certain fee adjustments and disclosures in this brochure and to affected clients and investors adequately address such conflicts, See Item 11 below regarding conflicts of interest.

Timothy Krochuk, an indirect owner of SKK and member of its Management Board, and John Reading Wilson, an affiliate of SKK Group, are on the board of FBHC Holding Company, a bank holding company (“FBHC”). An affiliate of FBHC has previously provided banking services to SKK and its affiliates, including investment vehicles managed by SKK. In circumstances where that bank does business with SKK or its affiliates and clients, Mr. Krochuk and Mr. Wilson could have conflicts between their obligations as board members and their obligations to SKK and its clients. SKK believes conflicts are mitigated by the policies and procedures of both SKK and FBHC. Mr. Krochuk and Mr. Wilson are compensated for their service on the Board, but their compensation is not in any way based or conditioned on any relationship with between the bank and SKK or its clients.

PCF Capital Markets, LLC (“PCF Capital”) is a registered broker dealer and is owned primarily by Provident Healthcare Partners, LLC (“Provident Healthcare”), a minority equity interest which is held by SKK Provident Investors, LP, a private investment fund managed by SKK. Stephen Brackett, President and Co-Head of Alternative Investments of SKK, represents the fund on the Board of Directors of Provident Healthcare. SKK’s indirect relationship with PCF Capital creates potential conflicts of interest where, among other things, clients of PCF Capital may invest in SKK private investment funds, for which PCF Capital is compensated. PCF Capital’s parent company, Provident Healthcare, which primarily provides M&A consulting services to private healthcare companies, also receives compensation if it refers wealth management clients to SKK. Provident Healthcare provides M&A consulting services to certain portfolio companies of SKK-affiliated funds, for which it is entitled to receive compensation in the event that the portfolio companies experience a liquidity event. The principal owner of Provident Healthcare has invested in certain SKK-affiliated funds and provided financing to SKK in connection with such investments. SKK believes that its investment process and disclosures in this brochure and to affected clients and investors adequately address such conflicts. See Item 11 below regarding conflicts of interest.

Kairos SKK EnviroKure GP, LLC (“EnviroKure GP”) is the General Partner of Kairos SKK EnviroKure Investors, LP (“EnviroKure Investors”), a private investment company that invests in the equity of EnviroKure, Inc., a company that has developed and commercialized a process for turning chicken manure into biofertilizers. EnviroKure Investors has investment advisory agreements with SKK and with Kairos Investment Management Company, LLC (“KIMC”). EnviroKure GP is governed by a board of managers

equally controlled by SKK and KIMC. SKK recommends to appropriate clients investments in various KIMC-affiliated real estate funds. Senior officers of KIMC have invested in certain SKK-affiliated funds and a portfolio company of an SKK fund. In addition, a senior member of KIMC has provided a loan to the MRLM Entities, which are described in more detail above and in Item 11 of this brochure. Conflicts of interests can arise in that this relationship may influence SKK Parties in deciding whether to recommend an investment by SKK's clients in real estate funds affiliated with KIMC and EnviroKure Investors. SKK believes that its investment process, certain fee adjustments and disclosures in this brochure and to affected clients and investors adequately address such conflicts See Item 11 below regarding conflicts of interest.

SKK-FHR, LLC is a joint venture between SKK and its affiliates and FHR Capital, LLC for the purpose of managing an industrial real estate investment strategy. Principals of FHR Capital, LLC have previously invested in other investment products sponsored by SKK. The preexisting relationship between SKK and FHR Capital, LLC presents a conflict of interest in that it may in some cases influence SKK to either treat those principals more favorably with respect to their investments in other products with respect to their arrangements with SKK-FHR, LLC and related strategies. SKK believes the ongoing relationship and familiarity between the groups are generally beneficial to each of them and to SKK's clients, and that any conflicts of interests are mitigated by SKK's investment process, policies and procedures.

Trellis Software, Inc. ("Trellis") is a technology company that provides services to persons and enterprises that make investments in private securities and/or provide other services of a financial nature. SKK and Timothy Krochuk are minority owners in Trellis. Timothy Krochuk is also the CEO of Trellis and Steve Brackett and David Kaplan are on Trellis' board of directors. Timothy Krochuk, Steve Brackett and David Kaplan are also indirect owners and on the Management Board of SKK. Krochuk, Brackett and Kaplan receive cash and noncash compensation in exchange for their service to Trellis. SKK expects that Trellis will provide technology services to SKK related to investments by SKK wealth management clients and/or third parties in private securities, (i) which SKK may recommend for investment, (ii) as to which SKK may provide consulting or other services to the issuer, and/or (iii) as to which SKK may establish, manage, or advise private investment funds to facilitate investment in the securities of the issuer.

Altair Wealth Systems Holdings, LLC ("Altair") is a financial technology company that provides SaaS solutions, based in part on a product developed by SKK, and expert services to support financial institutions. The owners of SKK also hold substantial interests in Altair and certain officers of SKK are also officers of Altair, including David Shepherd and Pete DiLorenzo. In addition, certain employees of SKK have provided, or may provide in the future, services to Altair. Altair provides services to SKK and SKK pays fees directly to Altair for these services, however PCM clients are not charged by Altair, PCM or SKK for SKK's use of Altair software to support their accounts other than the advisory fees paid by clients to PCM or SKK.

In 2019 PCM entered into a contract with CFRA Research pursuant to which PCM provided separate accounts, marketing, and distribution services, and received certain research, analysis, trade signals, and similar services from CFRA. PCM and CFRA engaged in certain joint marketing and business development activities, which were intended to benefit both businesses. PCM and CFRA have terminated this arrangement as of December 31, 2022, and PCM is in the process of allocating client assets out of products and strategies co-sponsored by CFRA. Accordingly, these strategies are no longer material to PCM's advisory business.

In 2020, and continuing into 2021, PCM has established relationships with certain third-party platforms that facilitate the allocation of client funds by registered investment advisors to other investment strategies, models, and/or investment products made available by other financial professionals, including PCM. As of March 30, 2021, PCM has established several such relationships, including Orion Communities, Envestnet, Adhesion, and UX Wealth.

In addition to his equity interest in SKK and SKK Group, LLC, Brian Lockhart has additional personal financial interests in SKK Opportunity Zone Fund I Manager, LLC and the SKK Opportunity Zone Fund I, LLC, so he would benefit personally in this regard from a PCM client's investment in that Fund. See Item 11 below regarding conflicts of interest.

## Item 11 - Code of Ethics

### **Description of Code of Ethics**

The Code of Ethics includes provisions reminding employees of their obligations to clients including being objective, disclosing conflicts of interest, confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at PCM must acknowledge the terms of the Code of Ethics annually, or as amended.

#### Personal Trading by Associated Persons

Officers, employees, and contractors of PCM are allowed to maintain outside securities accounts and participate in PCM programs and therefore may buy or sell securities that PCM is recommending to its clients. In order to monitor such investments, the Code of Ethics establishes certain procedures to follow. Officers, employees, and contractors of PCM who have access to non-public information regarding clients' purchases or sales of securities, are involved in making securities recommendations to clients or who have access to such recommendations that are non-public are considered "access persons". Access persons are required to report transactions and holdings for non-exempt investments held outside of a PCM program. Purchases of non-exempt securities and private placements require pre-approval and purchases of initial public offerings are prohibited.

No access person may trade in a security, either personally or on behalf of others, while in the possession of material, nonpublic information about such security, nor may any personnel of PCM communicate material, nonpublic information to others in violation of the law. PCM and SKK have adopted policies and procedures to address known situations in which the risk of transmission of material non-public information is heightened.

#### Allocating Resources and Investment Opportunities

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with PCM's obligation of best execution. In such circumstances, the advisory affiliate and client accounts will share commission costs equally and receive securities at a total average price. PCM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

PCM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Bayard Dodge at [bdodge@sk-llc.com](mailto:bdodge@sk-llc.com).

### **Conflicts of Interest**

Our firm and/or a supervised person may recommend to clients, and buy or sell for client accounts, securities in which our firm or a related person has a material financial interest which may arise from personal



investment in other securities of the same issuer, some other employment or director position with the issuer, or a business relationship with the issuer. For example, in addition to his equity interests in SKK and SKK Group, LLC, Brian Lockhart has additional personal financial interests in SKK Opportunity Zone Fund I Manager, LLC and the SKK Opportunity Zone Fund I, LLC, so he would benefit personally in this regard from a PCM client's investment in that Fund. In order to eliminate or mitigate the risk to you associated with such conflicts, all such transactions, including any investments by PCM clients in SKK funds, must be submitted to our Chief Compliance Officer, for review and approval in advance. Conflicts and potential conflicts that relate to our affiliation with SKK and other conflicts are described below.

PCM and its access persons and SKK and its access persons may invest in hedge funds, private equity funds and other investments that are also recommended to PCM advisory clients, and PCM advisory client investments in such funds that are sponsored by SKK also benefits SKK and its related parties. PCM has significant conflicts of interest in providing such information because in many cases PCM or its affiliates will benefit financially or in other ways from an investment in such an opportunity. In such cases, PCM discloses its interests and the conflicts created by them to the client so that the client can make an informed decision in their evaluation of the information presented and determination whether to make an investment.

#### Conflicts Relating to SKK Private Funds and SKK Party Investments Alongside Clients and Investors

SKK, SK, PCM and their members, management board members, officers, employees, and affiliates (collectively called "SKK Parties") invest in private companies or funds alongside clients, participate in management and governance, and receive compensation, including securities, for services from such companies or funds. Conflicts of interest arise in such situations, including for instance:

- A client's investment in a private fund or company introduced or recommended by PCM increases the value of an investment held by an SKK Party;
- A client's investment in a private fund or company in which an SKK Party has also invested provides liquidity to, or otherwise benefits, the private fund or company concerned;
- An SKK Party, or other SKK/PCM client, who has invested alongside a client has access to more information about the investment than the client and sells its position or buys more securities on the basis of that information;
- An SKK Party holds a different position in the company's or fund's capital structure than a client which creates different incentives to vote or take other actions affecting the client's investment;
- An SKK Party's investment involves certain voting rights or confers other powers to influence or participate in the governance of the investee company or fund which may differ from those of a client investor. Those rights and powers can result from serving as a director or officer of an investee company or fund, in which case the member or employee would be obligated to serve the interests of the company or fund, in addition to the interests of any advisory client who has invested in that company or fund; or
- An SKK Party is compensated for serving on the board or as an officer of a company or fund in which PCM advisory clients have invested or serves in a consulting or advisory capacity. The receipt of such compensation, or the manner in which compensation arrangements are structured, may create incentives for such an SKK Party to act in a manner that does not prioritize the interests of advisory clients that are invested in the company or fund. For example, SKK serves as a co-developer of a real estate project in which an SKK affiliated fund invests and has provided consulting services and received compensation from a company in which SKK clients have invested and which subsequently

became a portfolio company of an SKK fund.

#### Outside Business Interests

PCM and its affiliates (“PCM Parties”), customarily seek exculpation and indemnification for services provided to clients and investors, including wealth management clients and private fund investors. Typically, PCM Parties are exculpated and indemnified for liability arising from their investment advisory services except to the extent of their gross negligence, recklessness, fraud, intentional wrongdoing, and/or incurrence of liability under federal or state law which is not subject to waiver or limitation. Investment management agreements with PCM-managed funds, or the limited partnership agreement or operating agreement of such funds, in some cases have different provisions related to exculpation and indemnification. Where applicable, these rights to exculpation and indemnification would require a plaintiff to satisfy a higher standard of proof to obtain a judgment in civil litigation against SKK Parties than that plaintiff would need to satisfy if these rights did not apply. These rights to exculpation and indemnification create conflicts of interest to the extent they remove risks of civil liability that could motivate greater care or caution in providing investment advisory services. PCM Parties will not pursue exculpation or indemnification to the extent prohibited by law, including without limitation to waive by contract any obligations under the Investment Advisors Act of 1940. Notwithstanding the existence or application of any right to exculpation or indemnification, the relationship between PCM and its clients remains fiduciary in nature.

Certain agents of PCM and SKK, typically Brian Lockhart and/or other members of SKK’s Management Board, serve as directors or in similar capacities for portfolio companies in which SKK’s private equity-oriented private funds invest. While the particulars vary depending on the portfolio company, this service is generally compensated by noncash compensation, including stock, options, and/or warrants, and sometimes involves cash compensation in the form of expense reimbursements and/or stipends. Some officers of SKK, who provide services to PCM, are employees of such portfolio companies and receive cash compensation in the form of salary and may in the future become eligible to receive stock and/or options. In their capacity as directors or in other relationships to portfolio companies, such SKK personnel may also receive personal indemnification or exculpation rights with respect to such companies, in addition to the provisions discussed above related to SKK.

To the extent that any SKK Party, including SKK itself, is involved in other businesses, occupations or relationships, potential conflicts of interest can arise with respect to the management of assets for investment advisory clients and investors in SKK-sponsored funds. For example, if an SKK employee is a director, officer or equivalent, or is otherwise a party to material non-public information of a publicly traded company, or of a privately held operating company recommended to, and held in the portfolio of, a client, the employee may be exposed to non-public, material information about the outside company or other companies which negatively affects the employee’s trading flexibility in managing client assets. Also, the employee is likely to receive compensation, including securities, from such company, which creates a bias in favor of the company. Conflicts of interest could arise because the employee could cause accounts managed by the employee to invest in a manner that favors his business interests, the interests of a company to which he owes a competing fiduciary duty, or the interests of a company in which he has received stock options or other compensation contingent on the success of the company. Accounts managed by the employee might acquire interests in businesses that are significant existing or potential customers or suppliers to an outside business of the employee. The accounts managed by the employee might seek to acquire assets that the other business also seeks to acquire.

#### Other Conflicts

PCM relies on outsourced due diligence and investment evaluation services provided by the SKK Investment



Committee with respect to certain alternative investments that PCM may consider for recommendation to its investment advisory clients. In general, PCM relies on the SKK Investment Committee to evaluate and approve or reject alternative investments and adopts those decisions as its own with respect to whether or not a particular alternative investment is eligible for consideration to recommend to PCM clients. However, PCM retains independent discretion to recommend or not recommend an alternative investment to particular PCM clients. Nevertheless, this reliance constitutes a conflict of interest to the extent that the SKK Investment Committee has incentives to favor some alternative investments over others, where SKK has conflicts of interest.

Many conflicts of interest arise between and among the various entities and persons involved in the investment advisory services provided by SKK Parties, including clients, investors in the SKK Funds, companies that issue securities acquired or sold by clients or the SKK Funds, or their respective employees, executives or affiliates, brokers who trade securities on behalf of clients or the SKK Funds, third parties such as custodians and administrators who provide services to the SKK Parties or the SKK Funds, third party issuers, investment managers, fund sponsors, and other persons or entities in the financial industry. Without limitation for example:

- an SKK Party, client or SKK Fund may invest in an unrelated company, mutual fund or private investment fund and an employee or principal of such unrelated company, mutual fund or private investment fund may be a client of SKK or PCM or invest in an SKK Fund, or co-invest alongside an SKK Fund or client. These relationships may influence SKK Parties in deciding whether to recommend an investment in the unrelated company, mutual fund, or private investment fund and whether and when to dispose of such investment.
- SKK acts as investment adviser to a registered closed-end investment company, which it may recommend to certain of its other clients.
- SKK and PCM clients and other investors have invested in an SKK-affiliated fund that invests in a company that provides financial consulting and investment banking services to other SKK-affiliated fund portfolio companies and whose affiliates provide financing to and invest in other SKK Parties. An affiliate of the same company has also been engaged by SKK to identify potential clients for SKK and investors for SKK funds for a fee to be paid by SKK. These relationships may influence SKK Parties in deciding whether to recommend to portfolio companies to retain or terminate their relationship with that service provider.
- SKK clients have provided financing or other forms of direct investment to portfolio companies of SKK-affiliated funds, and other affiliates of SKK. In some cases, SKK has provided advice or other assistance in identifying such an investment as part of its overall investment advisory or consulting services to the client and has received a fee for those services. The provision of financing by these clients may influence SKK Parties to favor one or more such clients over other clients, such as when allocating investment opportunities among clients, or to recommend investments by other clients in those companies to preserve the value of earlier investments.
- SKK and PCM have recommended and are expected to recommend in the future that clients invest in SKK-affiliated and unaffiliated private funds that (i) have or whose affiliates have directly or indirectly extended credit to or invested in SKK and its affiliates or a company in which SKK Parties have invested and (ii) through an affiliate of the recommended fund, invested in SKK Funds or joint ventured with SKK in other projects. These relationships may influence SKK Parties in deciding whether to recommend these private funds as an investment by PCM's clients. Lenders to the MRLM

Entities (described below) include persons affiliated with such recommended private funds. Please refer to SKK Form ADV Part 2A, Item 11 for specific information regarding these circumstances.

- PCM may recommend to some clients investments in certain ETFs in which SKK has an indirect economic interest and other business dealings with affiliates of the ETFs, including the past provision of loans by such affiliates to SKK and its affiliates (including a loan, since repaid, to the MRLM Entities), and, in connection with the MRLM loan, the current ownership of an equity-like interest in an affiliate of SKK. These loans and business dealings may influence SKK Parties in deciding whether to recommend an investment by PCM’s clients in one or more of the ETFs.
- SKK has guaranteed financing extended to a real estate project in which an SKK Fund has invested substantially all of its assets. SKK wealth management clients have invested in the SKK Fund. The lender for this financing (the “Lender”) is an unaffiliated third-party investment manager, which operates certain investment funds that SKK recommends to its wealth management and other advisory clients. SKK has also guaranteed performance of certain obligations of the primary holding of the SKK Fund with respect to a commercial lease agreement related to the real estate development project associated with the SKK Fund. The existence of this financing, which, as of the date of this Brochure is being renegotiated following its maturation, and of the guaranties by SKK, as well as the various additional business relationships among Lender, SKK and its affiliates, all of which are disclosed to clients at the time of investment, constitute conflicts of interest with respect to SKK’s recommendation of investments offered by the Lender to its clients, and/or investments in the SKK Fund, to the extent that such investments would benefit the underlying real estate development project, increase the likelihood of a successful extension of the financing, and reduce the likelihood of their guaranties being invoked.
- An SKK Fund has made an investment in a third-party commercial service provider (the “Service Provider”). The Service Provider, in turn, has certain commercial agreements with other portfolio companies of certain SKK Funds. The commercial agreements between the Service Provider and the portfolio companies provide that the Service Provider will provide capital raising services to them and be entitled to compensation as a percentage of the amount of funds raised, except where funds are raised from SKK affiliates or advisory clients, in which event the Service Provider’s right to compensation is waived. SKK has reviewed the terms of the commercial agreements and found them to be consistent with market terms available for similar services provided on an arm’s length basis. These commercial agreements nonetheless constitute a conflict of interest to the extent that they benefit portfolio companies in which SKK and its affiliates have a financial interest, and incentivize SKK or affiliates to exercise influence over the portfolio companies to continue to do business, or expand their business, with the Service Provider. The Service Provider is also party to a Promoter Agreement with SKK, whereby it would be eligible to receive a share of revenues obtained from any wealth management clients it refers to SKK. An affiliate of the Service Provider is also party to a brokerage agreement under which it may introduce interested investors to SKK Funds. This circumstance constitutes an additional conflict of interest to the extent that it incentivizes SKK to reciprocally refer business to the Service Provider.
- An officer of SKK (“the Officer”) formed a private fund that invested, prior to the investment by an SKK Fund, in a company that subsequently became a portfolio company of an SKK Fund. The Officer is thus positioned to receive information or exercise rights with respect to the portfolio company separately from his role with SKK. SKK has relied on the Officer for some of its due diligence concerning the portfolio company. These circumstances constitute a conflict of interest to the extent that SKK and/or the Officer are incentivized to exercise their influence as investors with the portfolio company to benefit one another instead of the portfolio company.

- An SKK wealth management client (“the Client”) serves on the Board of Directors for a portfolio company (the “Company”) of an SKK Fund, and in this capacity the Client is eligible to receive cash and noncash compensation from the Company in exchange for this service. He is also in a position to receive information about the Company that differs from information available to other investors in the Company, including private funds affiliated with SKK and those funds’ underlying investors. The Client’s relationship with SKK poses conflicts of interest with respect to his service as a director for the Company, to the extent that he, or SKK’s other personnel serving as directors, are incentivized to exercise their influence as directors to benefit each other and the Company instead of the Company given their relationships with one another.
- Certain lenders including one SKK client have provided loans to the MRLM Entities, repayment of which is linked to receipt by SKK’s owners (the “Principals”) of carried interest in certain SKK Funds and proceeds from the sale of certain other investments held by SKK Group, LLC (the “Collateral”). The MRLM Entities currently anticipate the need to restructure the loan prior to its maturation in the third quarter of 2024. Two Principals responsible for the wealth management division of SKK have guaranteed repayment of the loans. Following repayment of the loans, the lenders retain certain equity-like rights to certain proceeds from the Collateral. These loans and their anticipated restructuring may cause SKK Parties to favor the client lender, such as with respect to the allocation of investment opportunities among investment advisory clients. The loan obligations and restructuring considerations may also influence SKK Parties to (i) recommend that clients, including PCM clients, make investments in the affected portfolio companies or recommend investments in SKK Funds or portfolio companies that are not so affected; or, (ii) as directors of affected portfolio companies, or in voting Fund-held shares of such companies, or in determining whether to retain or dispose of Fund investments, change the timing of payments that would be used to repay the loans. SKK Parties have current and potential business relationships with three of the lenders, including recommending that certain clients invest in a private fund affiliated with two lenders and ETFs affiliated with the other lender. Additional clients or affiliates of funds recommended by SKK or of entities with which SKK does business could become lenders to SKK and its affiliates under the loan facility or otherwise in the future. If SKK engages in such a transaction or another principal transaction with a client, SKK will make appropriate disclosures to the client and comply with all other applicable regulatory requirements.
- SKK, through its affiliate SKK Funds pursuing the Real Estate Strategy, has developed relationships with certain real estate developers in connection with real estate projects in which the SKK Funds invest. These developers may derive fees and/or incentive allocations from the SKK Fund investments. Certain developers have additional business relationships with SKK and its clients, including potential participation in other projects in which SKK Funds invest and providing assistance to certain wealth management clients of SKK or its affiliates who have negotiated, and continue to negotiate, certain transactions with the developers, including lending transactions. SKK and the developers are likely to do additional business in the future. Investments in the SKK Funds with these developer relationships will benefit the developers by providing funding for their real estate development, as well as additional fees and incentive allocations payable to the developers. SKK has a conflict in presenting investors with an investment that would benefit a developer with which it has other relationships.
- A Principal of SKK serves as a non-compensated advisor of a commercial service provider that has been engaged by SKK to provide professional services, including valuation services, to the SKK Funds and its affiliates. The Principal’s status with respect to the service provider presents conflicts of interest by potentially influencing SKK to utilize the services of the service provider and in

structuring compensation arrangements for such services, which are generally borne by the SKK Funds.

- SKK has recommended and expects to recommend in the future that its clients invest in publicly-listed securities of an issuer a control person of which has direct outside business relationships with SKK Parties. While these securities are in all cases determined to be appropriate for such clients' individual portfolios, a conflict of interest nonetheless exists when recommending transactions due to these relationships, since SKK Parties may seek to engage in other outside business with the issuer's control person. These conflicts are disclosed to clients at the time of any recommendations. Also, due to the public nature of the issuer's securities, a heightened risk exists that an SKK Party will come into possession of material non-public information by virtue of its relationship with the issuer's control person. The SKK Parties have adopted enhanced policies and procedures regarding identification and treatment of material non-public information as a result of these risks.

These examples are only indicative in general of the kinds of actual and potential conflicts that exist. With the various interrelationships among the SKK Parties, with clients, investors in the SKK Funds, companies in which investments are made, and third-party service providers on the one hand, and the changing nature of the relationships and circumstances on the other hand, further conflict scenarios will likely arise.

#### Conflict Mitigation

SKK, SK and PCM takes steps that they reasonably believe will mitigate any material conflicts noted above that might arise. SKK and SK believe that potential conflicts are mitigated by their investment process and appropriate fee adjustments, and they will provide disclosures to clients and investors regarding conflicts and potential conflicts, as necessary. Additionally, executive management and compliance personnel meet regularly to address conflicts and other compliance issues, which facilitates the identification, analysis, and remediation of perceived and potential conflicts. Any material conflicts of interest that arise are discussed and resolved on a case-by-case basis by senior personnel of SKK, SK and PCM.

## Item 12 - Brokerage Practices

### **Selecting or Recommending Broker-Dealers/Custodians**

PCM is authorized to determine the broker or dealer or custodian to be used for each securities transaction for the accounts under its discretionary management unless otherwise arranged with the client. PCM's policy is to seek the best overall execution of purchase or sale orders and the most favorable net prices in securities transactions, while giving due consideration to all the relevant circumstances that affect the trade, as more fully described below. In selecting brokers or dealers or custodian, PCM considers and gives weight as it deems appropriate to the integrity and financial responsibility of the broker or dealer or custodian, the execution capabilities and responsiveness of the broker or dealer or custodian, the market where the transaction is to be completed, and whether the transaction is a principal or agency trade. In addition, consideration is given to the specialized expertise that a broker or dealer or custodian has with a type of security (e.g., options, high yield bonds, or non-U.S. securities), the manner in which the broker or dealer or custodian may handle a less liquid security, and the market information available to the broker or dealer or custodian. PCM also considers the competitiveness of the commission rates in agency trades, or the net prices in principal trades, as well as the difficulty of the execution or security positioning in light of prevailing market conditions. The quality of the broker's or dealer's or custodian's back-office clearance and settlement systems, and the compatibility of their systems with the systems of PCM, are similarly important.

PCM may engage service providers to assist with brokerage determinations as it deems appropriate.

### **The Custodians and Brokers We Use**

PCM does not maintain custody of your assets that we manage (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account - see **Item 15 Custody**). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank.

### **Your Custody and Brokerage Costs**

For clients’ accounts, the Custodians we recommend generally do not charge you separately for custody services but instead are compensated by charging you commissions or other fees on trades that it executes or that settle into your account with them. These custodians’ commission rates and asset-based fees applicable to our client accounts were negotiated based on our commitment to maintain a minimum amount of our clients’ assets equity in accounts at the Custodian. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be if we had not made the commitment.

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

Some brokers or dealers provide additional brokerage and research services which supplement their execution services. In selecting a broker or dealer for a trade, PCM may give weight to such supplemental services that have been provided in the past or may be provided in the future. Such other research services may include, but are not limited to, research reports; software providing analysis of securities portfolios; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; data services (including company financial data); and advice from brokers on order execution. Such other brokerage services may include, but are not limited to, services and software related to the execution and settlement of securities transactions (e.g., connectivity services between an investment manager, a broker-dealer, and custodians, among others); trading software operated by a broker-dealer to route orders; and software that provides trade analytics. Brokerage and research services can include both proprietary services created or developed by the broker-dealer and third-party services created or developed by an unrelated source.

Some brokerage and research services may benefit PCM’s clients as a whole, while others may benefit only specific accounts or a limited number of accounts. In general, most services will benefit multiple accounts. Commissions generated by a given account may or may not be related to services directly benefiting it. PCM does not seek to allocate benefits to client accounts proportionately to the brokerage credits the accounts generate.

PCM has no binding contracts with any broker or dealer as to the amount of business which the broker or dealer will receive for brokerage or research services supplied to PCM. To the extent that commissions and/or fees are paid which are higher than commissions and/or fees in the industry for the same transaction in like circumstances, and to the extent such commissions and/or fees are for, or construed to be for, brokerage and research services which are over and above the trade execution services provided, PCM believes that such commissions and/or fees are not unreasonable and are permissible under Section 28(e) of the Securities Exchange Act of 1934, when viewed in terms of PCM’s overall responsibilities with respect to the accounts managed. In the case of the purchase of fixed income securities in underwriting transactions, PCM may similarly place orders with brokers or dealers which have provided PCM with brokerage and research



services. The commissions and fees include markups, markdowns, commission equivalents and any other fees or transaction costs paid to a broker or dealer in connection with the execution of an agency or principal trade, as allowed under the authority or regulatory guidance in this area.

When PCM uses client brokerage commissions (or markups or markdowns) to obtain brokerage or research services, PCM receives a benefit because PCM does not have to pay for the brokerage and research services. PCM may have an incentive to select a broker-dealer based on PCM's interest in receiving the brokerage or research services, rather than on the client's interest in receiving most favorable execution. The placement of transactions for client accounts with a particular broker-dealer can be very subjective based on a consideration of many factors as described above.

### **Brokerage for Client Referrals**

PCM does not receive brokerage commissions or transaction fees for client referrals. To the extent any broker dealer referred clients to PCM, PCM would have a conflict of interest in that it would have an incentive to direct orders to that broker dealer. PCM does not have standing arrangements with any broker dealer that it recommends to clients for that broker dealer to refer clients to PCM. To the extent that any broker dealer referred one or more clients to PCM in the course of their ordinary business relationship, PCM would not take those referrals into consideration in recommending that broker dealer to clients.

### **Directed Brokerage**

In the event that a client of PCM requests that orders for the client's account be directed to specific brokers or dealers, PCM will attempt to abide by the request to the extent practical under the circumstances. A client who requests the use of a particular broker or dealer may, however, lose the possible benefits (more favorable price or lower commission or other transaction costs), that other clients derive from the bundling of orders for multiple accounts.

### **Aggregation of Orders**

PCM will process block trades of securities in multiple client accounts where possible and when advantageous to the client. Block trading of assets from multiple client accounts may decrease costs and allows PCM to execute trades in a timely manner. The objective is to allocate the executions in a manner that is deemed equitable to the accounts involved. In addition, following the completion of a block trade, the transaction costs are shared equally amongst all client accounts included in the block trade.

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

Brian D. Lockhart, Chief Investment Officer, and Clint Pekrul, Head of Research are responsible for the formulation and implementation of investment strategies under the oversight of PCM's investment committee. As a result, they review accounts on a regular and continuous basis, including the confirmation of executed transactions. Individual accounts are reviewed no less than quarterly as to their position in relation to the overall strategy.

For alternative investments, PCM relies on the SKK Investment Committee and Private Equity Committee to conduct due diligence and approve most alternative investments as appropriate for recommendation to PCM clients. However, PCM retains ultimate discretion to recommend alternative investments to particular PCM clients where appropriate.

In addition, significant deposits and/or withdrawals of assets from accounts will trigger a review to confirm the security weightings within the overall strategy. At least annually, each client's financial position is reviewed to ensure that the investment strategy being pursued is accurate.

PCM will only deal with custodians that provide client statements, no less than quarterly and provide a complete transaction history during the reporting period, including all deposits withdrawals, purchases, and sales. Regular meetings and consultations with clients, in person or by telephone may be held as needed.

## Item 14 - Client Referrals and Other Compensation

### **Economic Benefits**

Other than described in Item 12 above, PCM does not receive any additional economic benefits.

### **Client Referrals**

In accordance with Rule 206(4)-1 of under the Investment Advisors Act of 1940, PCM may pay a promoter fee, at a rate to be negotiated, to registered broker-dealers, investment advisors or sales representatives in accordance with the terms of a written Promoter Agreement and after regulatorily required disclosures are provided to pertinent prospective clients. The promoter fees paid by PCM are done so from the investment advisory fee paid by the client. The payment of a promoter fee will not increase the investment advisory fee paid by the client, nor will the absence of paying a promoter fee decrease the investment advisory fee paid by the client.

## Item 15 - Custody

Clients should receive at least quarterly statements from the qualified custodian that holds and maintains client's investment assets. PCM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16 - Investment Discretion

Generally, clients provide written authorization to PCM and its advisory representatives to grant discretionary authority over the securities and the amount of securities bought or sold on the client's behalf. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Investment guidelines and restrictions must be provided to PCM in writing. PCM and/or its representatives may buy or sell securities for itself that it also recommends to its advisory clients. Alternative investments are customarily managed on a non-discretionary basis.

## Item 17 - Voting Client Securities

As a matter of firm policy and practice, PCM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Any ownership communications will be forwarded to the client for

review and/or voting. PCM may provide advice to clients regarding the clients' voting of proxies.

## Item 18 - Financial Information

**- END OF BROCHURE -**





# Shepherd Kaplan Krochuk, LLC Shepherd Kaplan LLC Peak Capital Management, LLC

## Confidentiality Disclosure / Privacy Policy

This Privacy Policy (“the Policy”) has been adopted by Shepherd Kaplan Krochuk LLC (SKK), Shepherd Kaplan LLC (SK), and Peak Capital Management LLC (PCM) (together as “us”, “we”, “our”, or “the Firms”) to maintain high standards of trust and fiduciary duty in the safekeeping and use of non-public personal and financial data of our prospective and current clients and investors in the private funds we manage (“Non-Public Personal Information”). To that end, we remain committed to maintaining the confidentiality of Non-Public Personal Information we collect. This policy applies to the Firms and the related private investment funds we manage. We follow the privacy policies and practices set forth below:

1. We do not sell any Non-Public Personal Information to any individual, company, or group, or provide such information to nonaffiliates except as described herein.
2. We may receive Non-Public Personal Information from prospective and current clients and investors themselves, and from financial and information service and consumer reporting firms when clients engage our services or investors invest in our funds. We also exchange Non-Public Personal Information with custodians, investment managers, brokers, administrators, and other nonaffiliated financial service providers as required or permitted by law in the course of providing services for the client or investor.
3. All Non-Public Personal Information is treated confidentially. Such information may only be disclosed when the disclosure is consistent with the Firms’ policy or upon direction from the client or investor. We do not share Non-Public Personal Information with any unaffiliated third parties, except with the consent of the client or investor, or in the following circumstances:
  - As necessary to provide the services that the client or investor has requested or authorized, or to maintain and service the account of the client or investor;
  - As required by any applicable law, including without limitation statute, regulation, official request for documents or information from a government or self-regulatory agency in the exercise of valid jurisdiction over the Firms, regulatory examination, the rules of any stock exchange, subpoena, or other judicial or arbitral process; and
  - To the extent reasonably necessary to prevent fraud, unauthorized transactions, claims or other liability.
  - We may use nonpublic personal information to market our own products and services to clients and investors.
4. We restrict access to our Non-Public Personal Information to only those employees or agents of the Firms who need to know that information to facilitate service to clients and investors.
5. We maintain physical, electronic, and procedural safeguards to protect Non-Public Personal Information.
6. Employees or agents with access to Non-Public Personal Information may not use or disclose such information except for business use. All of our employees or agents are required to safeguard such information as specified in their signed agreements with the Firms.
7. If there is a need to dispose of dated Non-Public Personal Information, we require our employees or agents to destroy, not discard, the data.
8. We continue to evaluate our efforts to protect Non-Public Personal Information and make every reasonable effort to keep our privacy policy and practices accurate and current.
9. These policies apply to natural persons who are deemed to be consumers or customers under applicable federal privacy regulations.