



# 300 North Capital, LLC

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## Form ADV, Part 2A Brochure

March 30, 2012

This Brochure provides information about the qualifications and business practices of 300 North Capital, LLC ("300NC" or "Firm"). If you have any questions about the contents of this brochure, please contact us at (626) 449-8500. 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.

300 North Capital, LLC is a registered investment adviser. As a registered investment adviser with the SEC, 300NC is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Registration as an Investment Adviser is not an indication that 300NC or its directors, officers, employees or representatives have attained a particular level of skill or ability. The oral and written communications of an adviser provide you with information for use in determining whether to hire or retain an adviser.

Additional information about 300 North Capital, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

The purpose of this section is to provide details of any material changes since the last annual update of the brochure, which was last updated on March 31, 2011. If you are receiving this Brochure for the first time this may not be relevant to you.

There are no material changes to report since our last amendment.

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## **Advisory Business**

### **Description of Advisory Firm**

300 North Capital, LLC (“300NC”) is a Delaware limited liability company headquartered in Pasadena, California. 300NC is registered as an investment adviser with the SEC.

300NC evolved from a predecessor firm, Provident Investment Counsel, founded in 1951 and is majority owned by Old Mutual (US) Holdings, Inc. and partially owned by key employees.

### **Types of Advisory Services**

300NC offers investment management services to institutions and specializes in long-only small capitalization, small-mid capitalization (“SMID”), and mid-capitalization U.S. growth equity strategies. 300NC also manages a long/short U.S. equity strategy and a global macro strategy. The advice given by 300NC is limited to only these strategies. The long-only small, SMID, and mid-cap growth strategies are available to individuals through a wrap fee program described below in the ***Wrap Fee Program*** section of this Brochure.

300NC generally acts as a fully discretionary investment manager with a focus on growth equity investing. Clients may, however, impose restrictions on the types of securities to be held in their portfolios. We devote our resources to developing and maintaining investment portfolios consistent with our investment strategies and the goals and objectives of our clients.

We discuss our discretionary authority in the ***Investment Discretion*** section. For more information about the restrictions clients may place on their accounts, see ***Tailored Advisory Services and Client Imposed Restrictions***, below.

We describe the fees charged for our investment management services in the ***Fees and Compensation*** section of this Brochure.

### **Tailored Advisory Services and Client Imposed Restrictions**

300NC manages portfolios in accordance with its clients’ investment strategies. We make investment decisions for clients based on information provided to us by clients about their financial situations, goals, and risk tolerance. It is a client’s responsibility to provide 300NC with accurate and complete information about these factors and to keep us informed of any changes to his/her investment objectives or restrictions so that 300NC can provide, and

continue to provide, the client with investment advisory services tailored to the client's circumstances and investment goals.

Clients may also impose investment restrictions on their accounts. For example, a client may require a minimum level of cash be maintained in the account or that specific securities or security types not be bought or sold for the account. 300NC reserves the right to not accept and/or terminate management of a client's account if it believes the client-imposed restrictions would limit or prevent 300NC from meeting or maintaining the client's investment objective.

### **Wrap Fee Program**

300NC manages accounts in a wrap fee program, *Access*, offered by Charles Schwab & Co. The client establishes an account directly with Schwab and pays a bundled, or wrap fee, to Schwab for portfolio management, commissions on transactions, custodian fees and other related fees. Schwab in turn, pays 300NC an advisory fee for management of the assets in the wrap program.

300NC generally manages assets in the wrap program in the same manner as it manages other client accounts.

### **Assets Under Management**

300NC manages assets on a discretionary basis. As of December 31, 2011, the total assets under management were:

	U.S. Dollar
Discretionary:	\$438 million
Non-Discretionary:	\$0
Total:	\$438 million

## **Fees and Compensation**

300NC charges advisory fees for investment management services. Each client's fee is established in a written agreement with 300NC. Our fee schedules are detailed below:

### **Separately Managed Accounts:**

Mid Cap Growth Equity Fee Schedule (on an annual basis):

0.875% on the first	\$20,000,000
0.75% on the next	\$30,000,000
0.60% on the next	\$50,000,000
0.50% above	\$100,000,000

Small Cap Growth Equity Fee Schedule (on an annual basis):

1.00% on the first	\$20,000,000
0.90% on the next	\$30,000,000
0.85% on the next	\$50,000,000
0.80% above	\$100,000,000

SMID Cap Growth Equity Fee Schedule (on an annual basis):

0.90% on the first	\$20,000,000
0.80% on the next	\$30,000,000
0.75% above	\$50,000,000

Management fees are based on the market value of the portfolio, computed as of the end of the quarter, and are generally payable quarterly in advance. 300NC may aggregate client accounts that have a family or business relationship for the purpose of calculating advisory fees.

For new client accounts, fees are pro-rated to the date of the deposit of funds.

Under certain circumstances, 300NC may negotiate fees with clients that differ from those reflected in the fee schedules listed above. 300NC is managing certain accounts for its parent company for which it does not collect a fee. 300NC may participate in most favored nation's clauses under certain circumstances. In some instances, fees may be waived.

Under limited circumstances, 300NC may also negotiate a fee based on performance that includes realized as well as unrealized gains and losses. To the extent our performance may

exceed the performance target dictated by the agreement, our compensation may be higher than it otherwise would be. A fee based on performance may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee. All performance-based fees are established in accordance with applicable rules and regulations. See ***Performance-Based Fees and Side-by-Side Management***, below.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, 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. Exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. See more information under ***Brokerage Practices***.

### **Other Compensation**

300NC provides investment management services to certain U.S. private investment funds (the "Fund(s)"), including the 300 North Capital Long/Short Fund, LLC and the 300 North Capital Global Macro Fund, LLC. 300NC may decide in the future to manage additional private investment funds. For providing investment management services to the Funds, 300NC receives from each Fund a management fee of 0.5% (approximately 2.0% on an annual basis) of the net asset value of such Fund. In addition, an affiliate of 300NC receives an annual 20% performance-based fee or allocation from each Fund subject to a high water mark.

### **Termination**

Clients may terminate our services upon written notice at any time. The Funds may terminate the investment management services of 300NC upon written notice at any time. For Fund investors, please refer to each Fund's Private Placement Memorandum. If a client terminates its investment management agreement on a date other than the end of a calendar quarter, any unearned portion of the management fee paid at the beginning of the quarter will be refunded to the client.

Clients invested in the Schwab Wrap Fee program may terminate the investment advisory services of 300NC based on the rules set forth in the wrap fee program guidelines. See the Schwab Wrap Fee Program brochure for additional information.

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

In some cases, 300NC has entered into performance-based fee arrangements with qualified clients. These fees are subject to individualized negotiation with each such client.

300NC will structure any performance-based or incentive fee arrangement subject to the regulatory requirements of the Investment Advisers Act. In measuring clients' assets for the calculation of performance-based fees, 300NC shall include realized and unrealized capital gains and losses. Performance-based fee arrangements may create an incentive for 300NC to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. 300NC has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

### **Side-by-Side Management**

300NC is an adviser to and has invested its own seed capital in the Long/Short and Global Macro strategies ("Alternative Strategies"). Old Mutual (US) Holdings, Inc., the parent company of 300NC, has also invested its seed capital in the Long/Short Strategy. Potential conflicts of interest could exist when 300NC buys/sells securities for both client accounts and the Alternative Strategies. In an effort to ensure that no client is disadvantaged due to side-by-side management of these strategies and other clients, 300NC has adopted policies and procedures to help ensure that we adhere to the highest fiduciary standards when serving all our clients.

300NC's portfolio managers generally manage multiple portfolios for various clients. When a portfolio manager manages more than one account, a potential exists for the portfolio manager to intentionally or unintentionally treat one account more favorably than another. This potential conflict can be most apparent when one portfolio has a higher fee than another portfolio, including a performance-based fee. Another potential for conflict exists with 300NC's management of certain affiliated accounts, including the account with its parent company's assets. 300NC seeks to manage this potential conflict through internal review processes, and oversight to ensure that no one client, regardless of type, is intentionally or unintentionally favored at the expense of another.



## **Types of Clients**

300NC provides portfolio management services to high-net-worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable organizations, foundations, endowments, municipalities, private investment funds, and other U.S. institutions. 300NC also serves as an investment adviser to several pooled investment vehicles.

## **Minimum Account Requirements**

300NC generally requires a minimum account of \$5 million for separately managed accounts and \$100,000 for Wrap Programs. Please refer to Private Placement Memorandums for Fund minimums.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### Small Cap, Mid Cap, and SMID Cap Growth Equity

300NC's investment approach for small cap, mid cap, and SMID strategies, focuses primarily on fundamental, bottom-up research. In addition, we overlay a top-down strategic outlook. Our equity universe consists of U.S. companies, American Depository Receipts, and relevant U.S. traded foreign companies with market capitalizations in the range of the relative Russell growth index.

Our philosophy is driven by five fundamental beliefs: higher quality companies outperform lower quality companies; relative to its growth rate, less expensive stocks outperform more expensive stocks; higher growth companies outperform lower growth companies; companies with accelerating fundamentals outperform companies with decelerating fundamentals; and minimizing losses and managing exposure (risk management) are crucial components of performance. We also incorporate top-down, strategic, and thematic views.

300NC believes the earnings power and durability of high quality growth companies with sustainable competitive advantages are often under appreciated by Wall Street. We exploit this phenomenon through a research intensive process designed to identify competitive advantages, and assess the opportunity when Wall Street underestimates a company's intrinsic earnings power.

Our process begins with idea generation. We search/screen the respective growth universe for companies exhibiting primarily superior growth rates, earnings consistency, and earnings quality. Once the universe is reduced, we use a team of sector and industry

specialists to conduct proprietary fundamental research. The security analysis which is performed is primarily qualitative in nature.

300NC employs a team approach to investment management. Each member of the investment team is assigned specific sector coverage and each member is responsible for presenting buy recommendations to the team for peer review analysis. All buy and sell decisions are ultimately made by the lead portfolio manager(s), and the managers are also responsible for managing and meeting client objectives and guidelines.

Risk management is a crucial part of the 300NC's investment process and is based on three key areas: sector risk and position size, monitoring of risk factors, and a proprietary maintenance process. Our monitoring of risk factors includes a correlation analysis whereby we closely monitor correlations between portfolio and economic factors (also correlations within the portfolio's positions). Our proprietary maintenance process was developed to better manage risk during earnings season, when a stock is most vulnerable to increased volatility.

#### Global Macro

300NC's global macro product is a variable biased global macro strategy that primarily invests in equities, fixed income securities, commodities, and currencies. The strategy holds only listed, liquid securities, and maintains a gross invested position generally between 100% and 200% and net exposure generally between -100% and +100%, in normal capital market environments.

300NC's global macro philosophy is driven by five fundamental beliefs: cyclicalities, economies and markets move in recurring cycles; valuation, relative valuation between asset classes reverts to a mean over long periods of time; sentiment, useful contrary indicator, especially at extremes; momentum, cyclical trends can develop their own sustainable momentum, over the medium term; and risk management, minimizing losses and managing exposures are crucial components of positive returns. We believe that significant alpha can be derived by identifying the current position in an economic/market cycle and purchasing assets that possess attractive valuations with improving momentum and sentiment, while selling assets that exhibit unattractive valuations with deteriorating momentum and sentiment.

The global macro investment process combines a systematic approach with fundamental research. The process begins with a thorough analysis of the business cycle, and includes developing and maintaining a global economic and market outlook. A number of economic indicators are analyzed to determine the current position in the business cycle; proprietary

models are used to determine the correlations between investments and the business cycle, and to identify the most attractive opportunities. Current valuations relative to historical valuations of various asset classes are analyzed to assist in determining whether each investment is over, under, or fairly valued given the current position in the business cycle. A determination is established regarding the momentum trend (short, medium, or long term) of investments as well as the market sentiment toward investments.

The global macro strategy is managed by a portfolio manager and senior portfolio adviser who have extensive expertise spanning a wide spectrum of asset classes and investment vehicles. The portfolio manager and senior portfolio adviser communicate daily to discuss a number of factors which lead to an assessment of the optimal construction of the portfolio. Topics include a review of the economic and market outlook; changes in the business cycle, valuation, momentum, and sentiment; secular themes; current positions; new opportunities; and portfolio risk. Additional input is garnered from 300NC's investment team during formal weekly research meetings.

Risk management is an important part of the investment process with respect to both the overall portfolio and individual positions. Value-at-risk models and proprietary economic factors and portfolio correlation models are used to measure and control risk. Risk matrices are also maintained to monitor correlations across specific investments, between specific investments and macro factors, and between the portfolio and macro factors. At the position level, risk is managed by limiting position sizes. Strict sell disciplines based on changes in macro fundamentals are employed, and a stop loss strategy on both the long and short positions is enforced.

### Long/Short Equity

300NC's long/short strategy combines a systematic stock selection process with fundamental research to create a long/short domestic equity product that is variable biased and style agnostic. The product maintains a gross invested position generally between 150% and 200% and a net invested position generally between -50% and +100%, in normal capital market environments.

300NC's long/short philosophy is driven by five fundamental beliefs: higher quality companies outperform lower quality companies; less expensive stocks outperform more expensive stocks; higher growth companies outperform lower growth companies; companies with accelerating fundamental and stock price momentum outperform companies with decelerating fundamental and stock price momentum; and minimizing losses and managing exposure (risk management) are crucial components of positive returns. We believe that an arbitrage profit opportunity exists between purchasing a

basket of stocks that exhibit the above characteristics and shorting a basket of stocks that possess the opposite characteristics.

The universe primarily consists of U.S. traded companies with market capitalizations of \$1 billion and larger, and the vast majority of positions are companies that are included in the Russell 1000® Index.

Proprietary systematic algorithms are utilized to rank the securities, each producing a bell-curve type ranking. We only buy companies that fall in the attractive tail of the bell curve, and only short companies that fall in the unattractive tail of the bell curve. We apply fundamental analysis to assess investment positions and overall portfolio structure. Individual stock selection, net and gross investment position, sector, industry, and individual stock positioning are all actively determined. A team of seven investment professionals provides fundamental research; however, all investment decisions are made by the portfolio manager.

A disciplined risk management system is an important part of the process. Individual position sizes and sector weights are limited, and a stop loss strategy on both the long and short positions is enforced. The manager generally limits the magnitude of leverage in the portfolio as well.

### **General Risk of Loss Statement**

Prior to entering into an agreement with 300NC, you should carefully consider:

1. Investing in securities involves risk of loss, which you should be prepared to bear;
2. Securities markets experience varying degrees of volatility;
3. Over time your assets may fluctuate, and at anytime be worth more or less than the amount you invested; and
4. Commit to 300NC management only those assets that you believe you will not need for current purposes and that can be invested on a long-term basis, usually a minimum of five to seven years.

The management of risk for each strategy offered by 300NC is detailed in the above descriptions.

### General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include conditions affecting the general economy and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability, and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

### Equity Securities

Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of stocks and the income they generate (such as dividends) fluctuate based on, among other things, events specific to the company that issued the shares, conditions affecting the general economy and overall market changes, changes or weakness in the business sector in which the company does business, and other factors. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities.

### Private Funds

A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that typically is not registered under federal or state securities laws. As unregistered investment vehicles, issuers legally can make the funds available only to certain sophisticated or accredited investors and the funds cannot be offered or sold to the general public. Private funds are generally smaller in size than mutual funds because of the limited number of eligible investors. Many, but not all private funds, use leverage as part of their investment strategies. The management fees of private funds typically consist of a base management fee along with a performance component. In many cases, a fund's managers may become "partners" with their clients by investing their personal assets in the fund. Most private funds are offered through an offering memorandum known as a private placement memorandum or "PPM" for short. The PPM contains important information for investors. Investors should review this document carefully and consider conducting additional due diligence before investing in a private fund.

Private funds are subject to various other risks depending upon the types of securities in which the private fund invests in or the type of business issuing the private placement. Investors should review the PPM for a complete list of fund risks.

### Exchange-Traded Funds (ETFs)

An ETF is a type of investment company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market index. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

### Leverage

300NC may use leverage in an effort to increase portfolio returns, typically using call options on common stocks or stock indexes, employing leveraged ETFs, and/or through margin borrowing. The amount of leverage employed, and the precise techniques used, are determined based on each client's risk tolerance and overall financial situation, as well as current and anticipated future market conditions. While the use of leverage can increase returns, it can also magnify losses. Clients may specifically request that 300NC limit or avoid the use of some or all types of leverage in their accounts.

The above investment techniques may involve the use of derivative securities, including options and futures, in an effort to increase portfolio returns. Securities are considered derivatives when their value is determined by or derived from the performance of an underlying asset or index. A client's account would lose the premium and transaction costs related to the purchase of an unexercised option that expires worthless.

The price movements of derivatives may be more volatile than the price movements of other securities, and therefore may result in more than ordinary investment risk. Many of these investments may not enjoy as much liquidity as other securities, although 300NC seeks to invest in liquid derivative contracts to the extent possible and consistent with our investment strategy.

The use of the strategies discussed above may increase the recognition (for income tax purposes) of gains and losses and increase other expenses (such as brokerage charges) compared to accounts that do not use these techniques.

### Margin

Some clients of 300NC maintain margin accounts. Accordingly, we may use margin transactions to implement investment advice given to these clients. Clients are responsible for any brokerage or margin charges in addition to advisory fees.

While the use of margin borrowing can increase returns, it can also magnify losses. Clients may specifically request that 300NC limit or avoid the use of margin transactions in their accounts.

### Inverse/Enhanced Market Strategies

300NC may also use leveraged long and short exchange-traded funds that are designed to perform in either an:

1. inverse relationship to certain market indices (at a rate of one or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; or
2. enhanced relationship to certain market indices (at a rate of one or more times the actual result of the corresponding index) as an investment strategy and/or in an effort to increase gains in an advancing market.

There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct 300NC, in writing, not to employ any or all such strategies for the client's accounts.

## **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of 300NC or the integrity of 300NC's management. 300NC does not have any disciplinary events to report.

## **Other Financial Industry Activities and Affiliations**

300NC is a subsidiary of Old Mutual (US) Holdings Inc., which provides investment advisory and sub-advisory services through other affiliated investment advisers.

300NC has a written agreement with Zulauf Asset Management AG ("ZAM"), an SEC-registered investment adviser, to provide consulting services to 300NC with respect to the 300 North Capital Global Macro Fund, LLC. Under this agreement, 300NC pays

ZAM specified percentages of the management fees and performance-based fees paid to 300NC by the 300 North Capital Global Macro Fund, LLC.

300NC serves as an investment adviser to several pooled investment vehicles. Clients and perspective clients may invest in these vehicles.

300NC may consider the referral of investment adviser clients in its brokerage allocation decisions subject to best execution. For details please refer to the **Brokerage Practices - Best Execution** section of this Brochure.

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

300NC has adopted a Code of Ethics for all supervised persons of the firm which describes its high standard of business conduct and fiduciary duty owed to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on 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 300NC must acknowledge the terms of the Code of Ethics annually, or as amended.

300NC anticipates that it will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which 300NC its affiliates and/or clients, directly or indirectly, have a position of interest. 300NC's employees and persons associated with 300NC are required to follow 300NC's Code of Ethics. Officers, directors and employees of 300NC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for 300NC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of 300NC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the code, certain classes of securities have been designated as exempt transactions, based on a determination that transactions in these securities would not materially interfere with the best interest of 300NC's clients. In addition, the code requires pre-clearance of many transactions, and generally restricts trading on the same day of client trading activity. The Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, and there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Under the Code of Ethics, employee trading is continually monitored to reasonably prevent conflicts of interest between 300NC and its clients.



Certain affiliated accounts may trade in the same securities as client accounts on an aggregated basis when consistent with 300NC's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. 300NC 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.

### **Employee Transaction Restrictions**

300NC recognizes that the personal investment transactions of members of the organization demand the application of a Code of Ethics of the highest standards. All such transactions are required to be carried out in a way that does not conflict with the interest of any client. At the same time, we believe that if investment goals are similar for both clients and employees of 300NC, it is logical and even desirable that there be a common ownership of some securities.

Therefore, in order to prevent conflicts of interest, 300NC has adopted a set of procedures under its Code of Ethics (including a pre-clearing procedure) with respect to transactions effected by its officers, directors, and employees (hereafter, "Employees") for their "personal accounts." The foundation of 300NC's personal trading policy is that the interests of 300NC clients are always given priority over that of 300NC Employees in all transactions. In order to monitor compliance with its personal trading policy, 300NC has adopted a quarterly securities transaction reporting for all of its Employees via Personal Trading Assistant (PTA) third-party software. (For purposes of the policy, an Employee's "personal account" generally includes any account (a) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which the Employee is a trustee or executor, or (c) which the Employee controls, including 300NC's client accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest.) 300NC's procedures contain sanctions for violations of its personal trading policy.

300NC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting our Chief Compliance Officer, Erin Chetwood at (626) 449-8500.

## **Material Financial Interests**

When permitted under applicable law, 300NC may effect third-party agency cross transactions between two or more accounts by moving a security from one account to another for a reduced brokerage commission. The net effect to the accounts involved is the establishment of the desired investment position for each account at a reduced cost. In these cases, 300NC will ensure that each client is receiving a benefit from the crossing transaction and will otherwise comply with 300NC's legal and fiduciary responsibilities. In effecting cross trades, 300NC will fully comply with applicable rules and regulations, including pre-authorization by clients through an investment advisory agreement or offering document. 300NC's authority to effect these cross trades for an advisory client may be terminated at any time by that client.

## **Brokerage Practices**

### **Investment and Brokerage Discretion**

300NC generally has full authority to determine (without obtaining client consent or consulting with the client on a transaction-by-transaction basis) which securities will be bought or sold, and the amount of such securities to be bought or sold, for the account of each client, subject to such client's investment objectives and limitations. A few clients however limit 300NC's discretionary authority.

### **Selection of Broker-Dealers and Determination of Commission Rates**

Each client's investment advisory agreement generally gives 300NC full authority to determine the brokers or dealers through which all transactions for the client's account will be executed. A client may, however, direct 300NC to execute all or a portion of transactions for the client's account through a specified broker or dealer (the "Specified Broker"). Although 300NC prefers to have the authority to select broker-dealers, many clients direct 300NC to execute their transactions through a Specified Broker.

### **Where 300NC Selects Broker/Dealers**

Where a client authorizes 300NC to select the brokers and/or dealers through which transactions for a client's account are to be executed, 300NC allocates such transactions to such brokers and/or dealers for execution on such markets, at such prices and at such commission rates (which may be in excess of the prices or commission rates that might have been charged for execution on other markets or by other brokers or dealers) as in the good faith judgment of 300NC are appropriate. 300NC takes into consideration in the selection of such brokers and/or dealers not only the available prices and rates of

brokerage commissions, but also other relevant factors which may include, without limitation: (a) the execution capabilities of the brokers and/or dealers; (b) research (including: research reports, economic and financial data, financial publications, quotation equipment and services, and research-oriented computer hardware, software, databases and services), custodial and other services provided by such brokers and/or dealers which are expected to enhance 300NC's general portfolio management capabilities; (c) the size of the transaction; (d) the difficulty of execution; (e) the operational facilities of the brokers and/or dealers involved; (f) the risk in positioning a block of securities; and (g) the quality of the overall brokerage and research services provided by the broker and/or dealer. 300NC may cause a client's account to pay a broker or dealer a commission for effecting a transaction for the client's account in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if 300NC determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by the broker or dealer, viewed in terms of either the particular transaction or 300NC's overall best execution and other responsibilities with respect to the accounts as to which 300NC exercises investment discretion. 300NC evaluates the reasonableness of brokerage commissions on an ongoing basis.

### **Client Directed Brokerage**

Where a client directs 300NC to affect all or a portion of its transactions for the client's account through a Specified Broker, 300NC does not negotiate brokerage commissions with respect to transactions executed by the Specified Broker for the client's account. Rather, the client and the Specified Broker agree on the commission rate that the Specified Broker will charge for transactions effected for the account. As a result, and depending upon (a) the client's arrangement with the Specified Broker, (b) such factors as the number of securities, instruments or obligations being bought or sold for the client, whether round or odd lots are being acquired for the client and the market for the security, instrument or obligation and (c) the fact that the client will be foregoing any benefit from savings on execution costs that 300NC could obtain for its clients through negotiating volume commission discounts on batched transactions, the client may pay higher commissions than those paid by 300NC's clients who have not directed 300NC to execute transactions through a specified broker or dealer. In addition, the client may not receive the lowest available price with respect to certain transactions effected for the client's account. For example, the 300NC may use "step outs," that is, transactions where a portion of a trade executed by one broker is directed by the 300NC to another broker. This procedure is generally used when a client directs brokerage so that the transaction is not part of the 300NC's block trade. The 300NC may "step out" that client's portion of the transaction from its regular broker to the directed broker to follow the client's direction.

Conflicts may arise between the client's interest in receiving best execution on transactions effected for its account and 300NC's interest in receiving future client referrals from the Specified Broker. If a client directs the use of a Specified Broker, 300NC asks that the client also specify (1) the general types of securities for which the Specified Broker should be used and (2) whether the Specified Broker should be used for all transactions even though 300NC might be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. A client who designates the use of a Specified Broker, including a client who directs the use of a Specified Broker who will also serve as custodian, should consider whether, under that designation, commission expenses, execution, clearance and settlement capabilities, and whatever amount is regarded as allocable to custodian fees, if applicable, will be comparable to those otherwise obtainable by 300NC.

### **Aggregation of Sales and Purchase Orders**

As discussed above, 300NC has the duty to obtain "best execution" on each portfolio transaction. Best execution entails the efficient placement of orders, clearance, settlement and the overall quality of the execution, as well as the cost of the transaction. As part of its efforts to obtain best execution, 300NC may aggregate orders (a practice known as block trading) unless restricted by client directions, type of account or other account restrictions. Each client that participates in a block trade that is filled at several different prices through multiple trades, shall receive the average share price and will share the non-account specific transaction costs on a pro-rata basis. Before entering a block trade, 300NC determines the allocation to be made in connection with the order (as described below). If the order is only partially filled, to the extent practicable (a) the actual prices applicable to the block trade will be averaged, and each account participating in the block trade shall be deemed to have purchased or sold its share of the investment involved at the average price, and (b) all non-account specific transaction costs incurred in effecting such a block trade shall be shared on a pro-rata basis among all clients participating in such a block trade.

### **Allocation of Transactions Among Accounts**

When recommending or effecting a transaction in a particular investment for more than one client, 300NC shall allocate such recommendations or transactions among all clients for whom such recommendation is made or transaction is effected on such basis as 300NC deems equitable. Generally, all accounts that participate in a block transaction will participate on a pro-rata percentage, or other objective basis through our order management system. Adjustments in the number of securities acquired for, or sold by, a particular account may be made in order to meet certain requirements (e.g., maintain round lots, fill specific percentages, avoid crossing certain ownership thresholds). Unless

transactions for multiple clients are aggregated, transactions in a specific investment may not be recommended or effected at the same time or at the same price for all client accounts for which such transaction will be recommended or effected. No client account will be favored over any other client account.

### **Use of Research Services**

Research furnished by broker-dealers may be used in servicing any or all of 300NC's clients, and may be used in connection with accounts other than those which pay commissions to the broker-dealer providing the research. Not all such research services may be used by 300NC in connection with the client accounts that paid commissions to the brokers or dealers providing such services, and instances may arise where not all research services may be used by 300NC after payment of commissions by clients. Such research services do not reduce 300NC's customary research activities.

300NC receives research services from certain brokers and/or dealers who effect transactions for 300NC's client accounts. The receipt of such research services may be considered an economic benefit to 300NC.

### **Procedures Used to Direct Brokerage to Specified Broker-Dealers for Research**

300NC maintains a list of brokers ("Qualified Brokers") that meet 300NC's standards with respect to execution and research capabilities. Annually, 300NC's Chief Investment Officer (CIO) and the head of trading meet and review the execution and research capabilities of the Qualified Brokers. Brokers may be added to the Qualified Broker list throughout the year. 300NC also reviews, periodically, its research requirements. At least annually, the head of trading meets with appropriate 300NC personnel to review the various "research services" available and determine which services are the most useful to the performance of 300NC's investment decision-making responsibilities ("Approved Research"). Based on that review, a list is compiled of research priorities to guide the head of trading in the allocation of brokerage generated by discretionary client accounts ("Soft Dollars") to Qualified Brokers that used Approved Research. Soft Dollars may only be used to purchase Approved Research from Qualified Brokers. Cash or other forms of direct payment ("Hard Dollars") must be used to purchase Approved Research from anyone other than Qualified Brokers.

### **Soft Dollar Compliance Procedures**

If 300NC determines that products or services purchased from Qualified Brokers will have a mixed research/non-research use, then the Soft Dollar Committee, in consultation with appropriate 300NC personnel, will determine and document the relative proportions of the

service or product devoted to research and non-research uses. The allocation method used will be based on objective and readily ascertainable criteria, to the extent practicable. Based on this allocation, to the extent such products or services are purchased for non-research uses such as marketing or account administration, 300NC pays for them with hard dollars.

Soft dollar benefits are not limited to those clients who may have generated a particular benefit, although certain soft dollar allocations are connected to particular clients or groups of clients.

## **Review of Accounts**

Accounts are generally reviewed on a daily basis and each client's accounts generally receive some level of review at least weekly. Portfolio managers, research analysts, and the appropriate administrative staff review accounts. We have three portfolio managers/analysts, four research analysts, and three operations personnel. Back-office administration and operations have been outsourced to a third-party provider, BNY Mellon. Internal operations personnel review administrative reports. Our research analysts, using various sources, look for any variations from agreed-upon guidelines and investment limitations. BNY Mellon coordinates the transfer of the funds and securities and performs and presents the accounting necessary to reconcile our client accounting records with those of the custodian banks and brokerage firms which hold clients' securities and funds.

The portfolio managers review the accounts to ensure they are optimally invested and meet investment objectives. In addition, portfolio management reviews all accounts during routine meetings. Additional or special reviews of a particular account may be triggered by: (i) a change in the client's investment objectives or restrictions, (ii) the client's addition of assets to or withdrawal of assets from the account or (iii) the purchase or sale of a security for the account.

300NC will provide the client with a monthly account summary with activity and performance details and other reporting upon request.

## **Client Referrals and Other Compensation**

All solicitation agreements in place are in compliance with the requirements of the Advisers Act, which includes appropriate disclosures and regulatory requirements

300NC may consider the referral of investment adviser clients in its brokerage allocation decisions subject to best execution.

## **Custody**

A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) selected by the client will hold clients' assets. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of 300NC's fee. Clients should carefully review the account statements they receive from their qualified custodians. When clients receive statements from 300NC as well as from the qualified custodians, clients should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or telephone number on the cover of this Brochure. Clients who do not receive their statements from their qualified custodian at least quarterly should also notify us.

300NC is deemed to have custody of the assets of the 300 North Capital Long/Short Fund LLC and 300 North Capital Global Macro Fund, LLC, both private funds. 300NC, as the managing member and investment manager of each Fund, has the ability to request funds from the custodian. 300NC has put controls in place, in compliance with federal rules, to protect clients' assets in the Fund. A qualified custodian holds each Fund's assets. In addition, an independent accountant audits the accounts each year, and copies of the audited financial statements are sent to all investors in the Funds.

## **Investment Discretion**

300NC has discretionary investment authority over the accounts we manage. Prior to assuming discretionary authority, clients are provided an agreement, which includes the current ADV Part 2A and Part 2B as exhibits. By signing the agreement, clients grant 300NC discretionary investment authority over their account.

When 300NC receives full discretionary authority from a client, we are authorized to select the identity and amount of securities to be bought or sold for the account. We will not contact clients before placing trades in their accounts, but clients will receive confirmation directly from their custodians. In all cases, discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities for accounts and determining amounts, 300NC observes the investment policies, limitations and restrictions of the clients for which it provides investment advice.

You may also place restrictions on your account. The most common restrictions prohibit us from buying specific companies or impose socially responsible restrictions. Suitability is assessed through conversations with prospective clients and/or their consultants.

Investment guidelines and restrictions must be provided to 300NC in writing.

## **Voting Client Securities**

300NC has adopted formal proxy voting policies and procedures. We believe these policies and procedures ensure that 300NC votes proxies, on behalf of clients that have authorized us to do so, in the best interests of those clients in accordance with our fiduciary duties to them.

300NC has retained Institutional Shareholder Services (ISS), a third-party proxy-voting vendor, to oversee our proxy voting process. ISS provides research on proxy matters and voting recommendations, and cast votes on behalf of 300NC. ISS executes and maintains appropriate records related to the proxy voting process, and 300NC has access to those records. 300NC maintains records of differences, if any, between this policy and the actual votes cast.

300NC has adopted ISS's proxy voting guidelines. These guidelines are used to vote the shares held in our clients' portfolios, unless clients have directed us otherwise or our research analysts believe the guidelines should not be followed in particular situations. The guidelines are governed by our primary duty to safeguard and promote the best interests of our clients. In keeping with this duty, our general policy is to vote in favor of those proposals that advance the sustainable economic value of the companies our clients own. In the event of a conflict of interest between 300NC and our clients, we vote proxies as specified in our guidelines unless the guidelines involve substantial discretion by our portfolio analysts, in which case they will be voted as recommended by ISS.

Clients may obtain a copy of 300NC's complete proxy voting policies and procedures upon request. Clients may contact our Chief Compliance Officer, Erin Chetwood at (626) 449-8500 to obtain information from 300NC about how 300NC voted any proxies on behalf of their account(s).



## **Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about 300NC's financial condition. 300NC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients and has not been the subject of a bankruptcy proceeding.

## **Other Information**

### ***Privacy Policy***

*300 North Capital, LLC has adopted these written policies and procedures in order to safeguard and dispose of the records and Personal Information of its clients in accordance with the rules and regulations promulgated under the Gramm Leach Bliley Act (the "Act"). The Firm only shares nonpublic personal information on its clients if permitted or required by law, at the client's direction, or as necessary to service client accounts.*

*For the purposes of this policy, "Personal Information" means an individual's first name and last name or first initial and last name in combination with any one or more of the following data elements that relate to such individual: (a) Social Security number; (b) driver's license number, passport number, or state-issued identification card number; (c) financial account number, or credit or debit card number, with or without any required security code, access code, personal identification number or password, that would permit access to an individual's financial account; (d) medical information and health insurance related information and (e) consumer reports by a consumer reporting agency bearing on an individual's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living; provided, however, that "Personal Information" shall not include information that is lawfully obtained from publicly available information, or from federal, state or local government records lawfully made available to the general public.*

### ***Protecting the Confidentiality and Security of Information***

*We are committed to protecting the confidentiality and security of the information we collect and maintain on our clients<sup>1</sup> in accordance with Regulation S-P and any other applicable laws, rules and regulations promulgated under the Act. These procedures attempt to ensure: (a) the security and confidentiality of client records and information; (b) that client records and information are protected from any anticipated threats and hazards; (c) proper disposal*

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<sup>1</sup> We typically use the word 'client' to mean both active and inactive clients, and consumers on whom we have collected nonpublic personal information.

*of client records and information; and (d) protection from unauthorized access to or use of client records or information. The Firm has implemented procedures to help ensure protection and security of personal information, including the following:*

*Physical Safeguards:*

- *Client information is not left in offices or conference rooms unattended.*
- *Client records are appropriately secured at the end of each day.*
- *Offices containing client records are locked at the close of business.*
- *Key cards, or other security provisions, are required for access to the Firm's office after business hours.*
- *Visitors are not permitted to walk unattended in areas where client information is accessible.*
- *Documents containing client information are shredded or destroyed before disposal.*
- *Computer equipment is purged of client information before disposal of the equipment, including donation, sale or other type of transfer.*
- *Off-site record maintenance facilities are reviewed for security measures.*
- *Physical safeguards (such as locks, key card mechanisms, and computer network security) are tested regularly to confirm they are operating properly.*

*Electronic Records:*

- *Password protections are implemented in order to access computer records. Computers with access to client information are not left unattended, or, in the alternative, screen savers/sleep mode incorporates password protections.*
- *Access to client information on a network is limited to those employees who need access to the information to serve the client or conduct Firm operations.*
- *Access to back-up computer systems and data is limited to those employees who need such information.*
- *Access to the network from a remote location is limited to those employees who need such access to perform their job responsibilities, and security measures are taken to prevent unauthorized access.*
- *Procedures have been implemented to monitor "hacker" activity on the Firm's network and a course of responsive action has been developed if unauthorized access is identified.*

Website:

- *Information collected from our website, such as from information collecting devices from web servers ("cookies"), or information entered by individuals to request information (such as name, address, telephone number) will be protected in the same manner as other information we collect on our clients.*

### ***Disclosing Personal Information***

*Employees may not disclose any personal information regarding any of the Firm's clients over the telephone, in person, or in response to an email or other written communication unless they have identified the person to whom they are communicating as either the client, a fiduciary representative of the client (such as an attorney or accountant), or a third-party that has been contracted by the Firm to service the client's account (such as broker-dealers or custodians). Employees are permitted to share such personal information with Old Mutual Asset Management or other affiliates.*

*The Firm does not share customer information with unaffiliated third-parties other than as described above or required by law without providing an opt-out right to clients. If an employee has any doubt whether or not to disclose personal information, the employee should immediately consult with the Firm's Chief Compliance Officer (the "CCO") before disclosing any personal information.*

*Only those employees that need access to clients' personal information to either service the client accounts or conduct firm operations will have access to client information.*

### ***Disposal of Client Records and Information***

*When the Firm disposes of any records or information, whatever the source, regarding any customer or employee, employees must take reasonable measures to protect against unauthorized access to, or use of, the information in connection with its disposal.*

*The Firm disposes of physical records or information only after first shredding such records or information in such a way as to reasonably prevent the reconstruction of such records or information.*

*Any media containing electronic records of client information (including, without limitation, any tapes, optical discs, hard drives, or other storage media) will be either physically destroyed to prevent future access to such electronic records or securely and permanently erased to prevent future access to such files.*

*The Firm's CCO monitors employee compliance with these procedures.*

### ***Training Employees on Policy***

*The Firm will give all employees a copy of this policy to review and consult as needed. The CCO will review the Firm's privacy policy describing the correct treatment of customer information with all new employees on their first day of employment, and annually with all employees (including full and part time employees and consultants).*

*All employees must certify their receipt, understanding and compliance with this policy upon initial receipt of the policy and annually thereafter.*

### ***Third Party Access to Client Records***

*The Firm's CCO will maintain a list of all contracts and service arrangements entered into with or on behalf of the Firm, client accounts or products that have been implemented to service client accounts or provide service to the Firm. The CCO will catalog situations where client information is shared with any third-party organization or person, or where a third-party may access client information.*

*All contracts with third-parties will contain a confidentiality provision that prohibits the third-party from re-disclosing or reusing the client information other than to carry out the purposes for which the Firm disclosed the information.*

*The Firm will take reasonable steps to select and retain service providers capable of maintaining appropriate safeguards. The CCO will regularly review (but no less frequently than annually) security measures of third-parties with which the Firm shares client information for compliance with the Act or other applicable privacy regulations, including obtaining such firm's privacy policy or checking the firm's web site for privacy procedures.*

*The Firm's Board of Members or other governing committee will review this privacy policy at least annually.*