

**Part 2A of Form ADV: *Firm Brochure***

**Saddle Peak Asset Management, LLC**

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This brochure provides information about the qualifications and business practices of Saddle Peak Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 310-656-7635 or [rnakama@saddlepeakam.com](mailto:rnakama@saddlepeakam.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 Saddle Peak Asset Management, LLC is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Saddle Peak Asset Management, LLC's CRD number is 137341.

## **Item 2     Material Changes**

The following discusses material changes in Saddle Peak Asset Management, LLC's Firm Brochure since our last update on March 29, 2011.

As of December 31, 2011 the firm's client assets actively managed on a discretionary basis has amended to \$31,553,419 described under Item 4 of the Firm Brochure. Also adjusted under Item 5 was the firm's advisory fees are negotiable over certain account asset thresholds for the Separately Managed Accounts and the Private Investment Fund which the last filing stated were non-negotiable.

Saddle Peak Asset Management, LLC will provide you with other interim disclosures about material changes as necessary.

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## **Item 4     Advisory Business**

Saddle Peak Asset Management, LLC is a SEC-registered investment adviser with its principal place of business located in California. Saddle Peak Asset Management, LLC began conducting business in 2006. Saddle Peak Asset Management, LLC, ("the Adviser") is a California limited liability company, offers investment advisory services to high net worth individuals, pension and profit sharing plans, foundations and charities, trusts, estates, corporations, pension consulting, as well as other institutional clients.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Douglas Wharton Grey, Managing Member

Saddle Peak Asset Management, LLC offers the following advisory services to our clients:

Saddle Peak Asset Management, LLC also serves as the General Partner of a private investment long biased equity fund. The private investment fund's principal investments are U.S. common stocks, options and options on broad-based securities indices.

### **PORTFOLIO MANAGEMENT SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

Saddle Peak Asset Management, LLC provides investment management services on a discretionary basis to high new worth individuals, pension and profit sharing plans (other than plan participants), other pooled investment vehicles, charitable organizations, and corporations through separate accounts and a private investment fund. Saddle Peak offers two equity investment strategies (Item 8 provides more information about our investment strategies). The firm does not provide financial planning services, and does not advise the firm's clients in the selection of other investment advisers not managed by Saddle Peak Asset Management, LLC. The firm's clients choose from one of two investment strategies or both to meet their investment services needs.

Saddle Peak Asset Management, LLC portfolio strategies may include investments in common stock, exchange-listed securities, securities over-the-counter, foreign issuers, warrants, corporate debt securities (other than commercial paper), and United States government securities.

Additionally in the private investment fund strategy may include options contracts on investment securities and/or commodities.

### **ASSETS UNDER MANAGEMENT**

As of 12/31/2011, Saddle Peak Asset Management, LLC were actively managing \$31,553,419 of clients' assets on a discretionary basis.

## **Item 5      Fees and Compensation**

### **PORTFOLIO MANAGEMENT SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

#### ***Separately Managed Account Fees***

Saddle Peak Asset Management, LLC's annual fee for Individual Portfolio Management Services is based on an incremental percentage of assets under management, according to the following fee schedule:

Market Value of Assets in Account		Annual Fee
First	\$5,000,000.00	1.00%
From	\$5,000,000.01 to \$10,000,000.00	.90%
From	\$10,000,000.01 to \$15,000,000.00	.80%
Assets in excess of	\$15,000,000.01	.70%

The firm's fees are billed in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

Saddle Peak Asset Management, LLC requires a minimum account size of \$1,000,000 for this service. The firm may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. Fees are negotiable over certain account asset thresholds.

#### ***Private Investment Fund Management Fees***

Each interest in the private investment fund pays Saddle Peak Asset Management, LLC a management fee and a performance-based advisory fee. These fees are described in the investment management and investment advisory agreements between Saddle Peak Asset Management, LLC and the private investment fund's offering memorandum. (Item 6 provides more information about performance-based fees, and Item 10 provides more information about our private investment fund).

#### ***Performance Fee***

In general Investors in the Private Investment Fund pay Saddle Peak Asset Management, LLC performance-based compensation ("Incentive Fees"). The firm's incentive fee is typically 20% of the net profits above the account's previous "high water mark" which is established at the end of each fiscal year. To the extent that the amount of account appreciation is less than the high water mark, there is a loss carry forward allocation that must be recouped before Saddle Peak Asset Management, LLC is entitled to a performance-based fee. (Please refer to the Private Investment Fund Offering Memorandum which provides more information about the performance-based fees).

Clients who elect to terminate their contracts will be charged a performance-based fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was last assessed.

In measuring the private investment fund's assets for the calculation of performance-based fees, Saddle Peak Asset Management, LLC includes: for securities for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is included, the unrealized capital depreciation of securities over the period. As such, we may receive increased compensation with regard to unrealized appreciation as well as unrealized gains in the client's account.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF REG. 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.

Saddle Peak Asset Management, LLC's advisory fees are negotiable over a certain account asset thresholds.

### GENERAL INFORMATION

***Termination of the Advisory Relationship for Separately Managed Accounts:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

***Liquidity of the Private Investment Fund:*** Please refer to the Private Investment Fund's Offering Memorandum for a complete discussion of all fees and expenses related to the Private Investment Fund.

***Additional Fees and Expenses:*** In addition to advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***ERISA Accounts:*** Saddle Peak Asset Management, LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, the firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Saddle Peak Asset Management, LLC may only charge fees for investment advice about products for which the firm and/or the firm's related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which the firm and/or the firm's related persons receive commissions or

12b-1 fees, however, only when such fees are used to offset Saddle Peak Asset Management, LLC's advisory fees.

***Advisory Fees in General:*** In accordance with CCR Section 260.238(j), clients should note that lower fees for comparable services may be available from other sources.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

As disclosed in Item 5 of this Brochure, Saddle Peak accepts a performance-based fee from the client. Such a performance-based fee is calculated based on a share of capital gains on or capital appreciation of the assets of the client. To qualify for a performance-based fee arrangement, a client (or Fund investor, as applicable) must either demonstrate a net worth of at least \$2,000,000 or must have at least \$1,000,000 under management immediately after entering into a management agreement with us.

Clients should be aware that performance-based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. In addition since the firm manages the performance-based fee accounts along with separately managed accounts there may arise a conflict with the timing of executing same orders. To ensure fairness of execution, Saddle Peak has incorporated a "random order" procedure using Microsoft Excel to randomize the order of custodians each time there is a similar security order being executed. This greatly diminishes the potential that any one custodian receives preferential treatment.

## **Item 7     Types of Clients**

Saddle Peak Asset Management, LLC provides advisory services to the following types of clients:

- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Other pooled investment vehicles (e.g., hedge funds)
- Charitable organizations
- Corporations or other businesses not listed above
- Institutional clients

As previously disclosed in Item 5, the firm has established certain minimum account

requirements to maintain an account, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

### **METHODS OF ANALYSIS**

#### ***Private Investment Fund***

The Private Investment Fund is a long biased equity fund whose principal investments are U.S. common stocks, options and options on broad-based securities indices. The investment strategy is to acquire positions in undervalued companies where, in the General Partners view, the value of the company's assets and or earnings power are not accurately reflected by the company's current market price. The Adviser has discretion to purchase other types of securities and employ other various securities trading and investment techniques.

#### ***Separate Accounts***

The Adviser will direct, in the Adviser's sole discretion and without first consulting with the client, the investment and reinvestment of the assets deposited by the client. The Adviser will determine from time to time what portion of the assets of the client shall be invested in securities and other assets and when such investments will be purchased, retained or sold.

The Adviser will use the following methods of analysis in formulating investment advice and/or managing client assets:

***Fundamental Analysis.*** The firm attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is under priced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Risks for all forms of analysis.*** For both the private investment fund and separately managed accounts our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While the firm is alert to indications that data may be incorrect, there is always a risk that the firm's analysis may be compromised by inaccurate or misleading information. Investing in securities involves risk of loss that *clients* should be prepared to bear.



## **INVESTMENT STRATEGIES**

The firm uses the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriately disclosed to the client and that they fully understand the Advisers's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** The firm purchases securities with the idea of holding them in the client's account for a year or longer. Typically the firm will employ this strategy when:

- the firm believes the securities to be currently undervalued, and/or
- the firm wants exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, the firm purchases securities with the idea of selling them within a relatively short time (typically a year or less). The firm will do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Trading.** The firm purchases securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Options.** The firm purchases long dated option call contracts when believed that the securities are currently undervalued. As well the firm purchases short term dated put contracts when the firm believes the securities are over-valued or want industry or market protection for a decline in the market.

**Short sales.** Even though the firm has never short sale any stock the firm does have the option to borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, the firm will buy the same stock and return the shares to the original owner. The firm engages in short selling based on the firm's determination that the stock will go down in price after we have borrowed the shares. If the firm are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Margin transactions.** Although rarely done, the firm reserves the right to purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows the

firm to purchase stock without selling other holdings.

***Risk of Loss.*** Securities investments are not guaranteed and you may lose money on your investments. The firm ask that you work with them to help us understand your tolerance for risk.

## **Item 9     Disciplinary Information**

Saddle Peak Asset Management, LLC are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

The firm and management personnel have no disciplinary events to disclose.

## **Item 10     Other Financial Industry Activities and Affiliations**

Saddle Peak Asset Management, LLC is the General Partner of a private investment fund.

The private investment fund is referred to as the Long Opportunistic Fund and is only offered on a private placement basis to accredited or qualified investors. As discussed in Items 5 and 6, Saddle Peak Asset Management, LLC may earn both a management fee and a performance-based incentive fee on the private investment fund.

The firm and it's related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

### **Transactions**

Potential conflicts of interest may arise in connection with securities transactions for the account of the private investment fund as well as with advisory clients and/or with principals of the Adviser. Principals of the Adviser's have ownership interests in the private investment fund in addition to the Adviser serving as the General Partner.

The Adviser may combine or "bunch" orders on behalf of the private investment fund along with orders for other advisory clients over whom the Adviser exercises trading authority and allocate the securities or proceeds arising out of that transaction equitably among the private investment fund and the advisory clients. In addition the Adviser executes orders using a randomization method between the private investment fund and advisory clients so there is no unfair advantage between one or the other.

Associated persons may own an interest in or buy or sell for their own accounts the same securities, which may be purchased or sold in the accounts of the private investment fund and/or advisory clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to the private investment fund or advisory clients.

Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for the private investment fund and/or advisory clients. Personal transactions of associated persons are regularly monitored.

### **Code of Ethics**

Saddle Peak Asset Management, LLC has adopted a Code of Ethics which sets forth high ethical standards of business conduct that the firm requires of our employees, including compliance with applicable federal securities laws.

Saddle Peak Asset Management, LLC and its personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

The firm's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in addition to limited offering (e.g., private placement) or an initial public offering. The firm's code also provides for oversight, enforcement and record keeping provisions.

Saddle Peak Asset Management, LLC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While the firm does not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to the firm's advisory clients and prospective clients. You may request a copy by email sent to [rnakama@saddlepeakam.com](mailto:rnakama@saddlepeakam.com), or by calling 310-656-7635.

Saddle Peak Asset Management, LLC and individuals associated with the firm are prohibited from engaging in agency cross transactions.

Saddle Peak Asset Management, LLC's Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

The firm and/or individuals associated with the firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies)

which may also be recommended to a client.

The firm does not aggregate our employee trades with client transactions.

As these situations represent actual or potential conflicts of interest to our clients, the firm has established the following policies and procedures for implementing the firm's Code of Ethics, to ensure the firm complies with its regulatory obligations and provides the clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of Saddle Peak Asset Management, LLC may put his or her own interest above the interest of an advisory client.
2. No principal or employee of the firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of the firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. The firm requires prior approval for any transaction including IPO or private placement investments by related persons of the firm.
5. The firm has established procedures for the maintenance of all required books and records.
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
7. The firm requires delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
8. The firm has established policies requiring the reporting of Code of Ethics violations to our senior management.
9. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12    Brokerage Practices**

For discretionary clients, Saddle Peak Asset Management, LLC requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to the firm in writing.

Saddle Peak Asset Management, LLC will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Saddle Peak Asset Management, LLC in providing investment management services to clients. Saddle Peak Asset Management, LLC may, therefore recommend (or use) the use of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all the firm's clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Consistent with obtaining best execution for clients, Saddle Peak Asset Management, LLC may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to Saddle Peak Asset Management, LLC and, indirectly, to Saddle Peak Asset Management, LLC's clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at our discretion). Research services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties which are compensated by the broker. Saddle Peak Asset Management, LLC does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help the firm to fulfill our overall duty to its clients. Saddle Peak Asset Management, LLC may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Broker-dealers the firm selects may be paid commissions for effecting transactions for its clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if Saddle Peak Asset Management, LLC determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to its ('brokerage') discretionary client accounts.

Certain items obtainable with soft dollars may not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be fairly allocated and Saddle Peak Asset Management, LLC makes a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portions of the costs attributable to non-research usage of such products or services are paid by our firm to the broker-dealer in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

When Saddle Peak Asset Management, LLC uses client brokerage commissions to obtain research or brokerage services, the firm receives a benefit to the extent that Saddle Peak Asset Management, LLC does not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because the firm has an incentive to direct client brokerage to those brokers who provide research and services it

utilizes, even if these brokers do not offer the best price or commission rates for the firm's clients.

In the past, the firm has obtained the following products and services on a soft-dollar basis:

Saddle Peak Asset Management, LLC will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow the firm to execute equity trades in a timelier, more equitable manner, at an average share price. Saddle Peak Asset Management, LLC will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Saddle Peak Asset Management, LLC's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Saddle Peak Asset Management, LLC, or the firm's order allocation policy.
- 2) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Saddle Peak Asset Management, LLC to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. *Best execution includes the duty to seek the best quality of execution, as well as the best net price.*
- 3) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 4) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 5) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

6) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

7) Saddle Peak Asset Management, LLC's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

8) Funds and securities for aggregated orders are clearly identified on Saddle Peak Asset Management, LLC's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

9) No client or account will be favored over another.

### **Item 13    Review of Accounts**

#### **PORTFOLIO MANAGEMENT SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

*REVIEWS:* While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least **monthly**. The account portfolio weightings are reviewed given the current market and available opportunities. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

#### **Private Investment Fund**

Principals of the Adviser review account transactions on an ongoing basis. The General Partner will cause to be prepared and distributed periodic reports no less frequently than annually that will include financial statements prepared in accordance with generally accepted accounting principals and audited by an independent certified public accounting firm. In addition, the Adviser will provide each client in the private investment fund with a Schedule K-1 at the end of each fiscal year.

These accounts are reviewed by: **Douglas Grey, Chief Investment Officer.**

*REPORTS:* Quarterly reports are sent to clients summarizing investor's capital balance.

#### **INDIVIDUAL PORTFOLIO MANAGEMENT SERVICES**

*REVIEWS:* While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed **monthly**. The account portfolio weightings are reviewed given the current market and available opportunities. More frequent reviews may be triggered by material changes in variables such as the market, political or economic environment.

These accounts are reviewed by: **Douglas Grey, Chief Investment Officer.**

**REPORTS:** No reports are sent to individual portfolio managed accounts.

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

It is Saddle Peak Asset Management, LLC's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to the firm.

It is Saddle Peak Asset Management, LLC's policy not to accept or allow the firm's related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services the firm provides to its clients.

#### **Item 15    Custody**

Saddle Peak Asset Management, LLC previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process for Separately Managed Accounts, the Adviser directly debits the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Please refer to the Offering Memorandum between the Adviser and Private Investment Fund which discloses the billing process.

Our firm does not have actual or constructive custody of client accounts.

#### **Item 16    Investment Discretion**

Clients may hire Saddle Peak Asset Management, LLC to provide discretionary asset management services, in which case the firm places trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

The firm's discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or



- Determine the amount of the security to buy or sell

Clients give the firm discretionary authority when they sign a discretionary agreement with the firm.

## **Item 17    Voting Client Securities**

Saddle Peak Asset Management, LLC vote proxies for all client accounts; however, clients always have the right to vote proxies themselves. A client can exercise this right by instructing us in writing to not vote proxies in their account.

The firm will vote proxies in the best interests of its clients and in accordance with its established policies and procedures. The firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If the firm has a conflict of interest in voting a particular action, the firm will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting **Rad Nakama** by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of the firm's complete proxy policies and procedures or how the firm voted proxies for his/her account(s), the firm will promptly provide such information to the client.

The firm will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct the firm to transmit copies of class action notices to the client or a third party. Upon such direction, the firm will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, the firm will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact **Rad Nakama** by telephone, email, or in writing.

You can instruct Saddle Peak Asset Management, LLC to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct the firm on how to cast your vote in a particular proxy contest by contacting us at **310-656-7635** or emailing **[rnakama@saddlepeakam.com](mailto:rnakama@saddlepeakam.com)**.

## **Item 18    Financial Information**

Saddle Peak Asset Management, LLC has no additional no financial circumstances to

report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, the firm is not required to include a financial statement.

Saddle Peak Asset Management, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.