

# Disclosure Brochure

March 28, 2012



PRIVATE INVESTMENT OFFICE

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Seven Post Investment Office LP (hereinafter "Seven Post"). If you have any questions about the contents of this brochure, please contact Eldridge F. Gray at (415) 341-9200. 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 Seven Post Investment Office LP is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Seven Post Investment Office LP is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

This Item discusses only the material changes that have occurred since Seven Post's last annual update. Seven Post does not have any material changes to disclose in this Item.

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## Item 4. Advisory Business

Seven Post is a private investment office for clients and investors with significant assets. Seven Post primarily services its clients as their outsourced investment office in an objective, fiduciary capacity. In order to achieve its clients' objectives, Seven Post provides core investment management services complemented by third-party manager selection and monitoring, specialized financial analyses and capital markets expertise. Seven Post's services are further enhanced by its focus on overall portfolio risk management, tax-efficiency, consolidated investment reporting and third-party institutional custody and safety of client assets.

Prior to engaging Seven Post to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Seven Post setting forth the terms and conditions under which Seven Post renders its services (collectively the "*Agreement*"). Seven Post's business philosophy is a critical component of its investment strategy and service to its clients. Seven Post believes that a private, independent investment firm, aligned with client interests is the optimal business model for comprehensive investment management. Seven Post also requires that clients' assets are held by a qualified, global third-party custodian as an additional layer of safety and security. Given the experience of its senior professionals, Seven Post also integrates investment management with specialized financial analyses and capital markets expertise. Seven Post was founded in 2011 and is a privately owned Delaware Limited Partnership, whose managing general partner is BlackOak GP, LLC. All full-time Seven Post employees are aligned with the long-term economic interests of the firm.

Seven Post has \$2,818,303,461 of assets under management as of March 22, 2012. \$2,703,848,603 of these assets are managed on a discretionary basis and \$114,454,858 are managed on a non-discretionary basis.

Seven Post serves individuals and families, foundations, endowments, and sovereign governments with substantial assets. Seven Post manages broadly diversified global multi-asset class portfolios across all key asset classes: fixed income, US and international equities, hedge fund structures, commodities, currencies, real estate, and private assets.

This Disclosure Brochure describes the business of Seven Post. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Seven Post's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Seven Post's behalf and is subject to Seven Post's supervision or control.

### **Investment Management Services**

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Seven Post primarily serves its clients as their outsourced investment office in an objective, fiduciary capacity. Seven Post mandates typically encompass a client's entire investment and financial portfolio, including analysis of liabilities or any concentrated public or private business interests. Certain

concentrated, illiquid assets and/or liabilities may not be directly managed, but they are incorporated into the overall investment strategy and planning. Clients may choose to engage Seven Post to manage all or a portion of their assets on a discretionary basis or non-discretionary basis.

At the outset of every engagement, and on an on-going basis, Seven Post encourages an active dialogue to gain an understanding of the client's goals, objectives, and constraints. Listening to the client is Seven Post's most valued skill. This dialogue typically leads to a detailed study of short and long-term objectives, assets, liabilities, cash flow requirements, liquidity, risk tolerance, tax-status, and operating businesses (if any). Seven Post works with the client and their advisors to develop appropriate risk and return objectives, determine an appropriate investment policy, investment time horizon, distribution requirements (if any) and other factors that may impact the portfolio. Seven Post customizes its advisory services to the specific investment and management needs of each client. Seven Post generally assumes responsibility for day-to-day management and investment of the client's portfolio of investments. Clients are advised to promptly notify Seven Post if there are changes in their financial situation or investment objectives. Clients may impose reasonable restrictions on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Seven Post's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Seven Post investment management services are the core of its activities. The investment views of the firm are researched, analyzed, developed and implemented by its Investment Committee and applied in a customized manner consistent with client guidelines. Seven Post's typical activities can be summarized as follows:

- Dialogue with client to understand their objectives;
- Comprehensive review and analyses of assets (including certain concentrated and/or illiquid investments that may have a significant impact on allocation and risk budgeting such as liquidity profile and tax, estate and trust structures);
- The review or establishment of an investment policy;
- The development of a strategic allocation target with acceptable ranges;
- Asset class development (within each asset class determining the appropriate sub-asset and investment structure);
- Identifying, performing due diligence, monitoring and potentially terminating sub-advisors;
- Implementation, monitoring, and rebalancing of the investment plan across strategies, geographies, sectors, and managers;
- Direct management of global core fixed income and equity allocations;

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- Subject to investment policy, tactical over or under weights within the strategic allocation, based upon a valuation-based framework of global tactical opportunities and investment risks;
- Orientation toward risk-adjusted net-of-cost (after-tax, where applicable) investment returns;
- Risk management and risk analytics;
- Operational services including custodian selection, audit, tax support, client service and comprehensive reporting; and
- Educational services including family meetings, trustee and beneficiary education.

On a non-discretionary basis, Seven Post may also provide advice about any client investment or asset not held by the client's primary custodian.

### **Specialized Advisory Services**

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As part of its integrated services, Seven Post may be engaged to provide specialized financial analysis for projects or assets. These analytics are highly-customized and may involve a broad array of issues. Seven Post often works collaboratively with a client's existing tax, legal, and other advisors in order to develop an integrated solution. The following are examples of potential analyses performed for clients:

- Comprehensive financial analysis, planning and advice encompassing risks, liabilities and operating and/or investment assets;
- Strategic analysis and coordination of income tax, trust & estate planning, tax-efficient wealth transfer and insurance planning;
- Long-term cash flow projections and distribution policy analysis;
- Asset liability matching analysis and management; and
- Custom analysis of special projects, private operating businesses or real estate investments.

### **Capital Markets Advisory**

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Seven Post's capital markets advisory services provide clients with an unbiased assessment of the services of global financial institutions. Based upon the experience and expertise of Seven Post's senior professionals, Seven Post can create an analytical and competitive framework for reviewing these services and transactions. Seven Post's advice is further enhanced by a wide variety of sources for market analysis, investment research and macro-economic reports. The following are examples of potential activities:

- Competitive structuring and pricing of negotiated derivative contracts for hedging of concentrated investments, portfolios or unique catastrophic risks;

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- An unbiased review of private equity, debt, commodity and real estate offerings by major financial institutions;
- Access to third-party global economic, financial market and company specific research;
- Access to equity, debt capital market intelligence and analysis;
- Managing a competitive process for assessing and selecting corporate finance, merger and acquisition, valuation or other investment banking or capital market services; and
- Analysis and advice regarding private commercial real estate transactions.

Additionally, clients can engage Seven Post for strategic financial advice or consulting services on a project specific basis. In performing these limited services, Seven Post is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Seven Post may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Seven Post recommends its own services. The client is under no obligation to act upon any of the recommendations made by Seven Post under a consulting engagement or to engage the services of any such recommended professional, including Seven Post itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Seven Post's recommendations. Clients are advised that it remains their responsibility to promptly notify Seven Post if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Seven Post's previous recommendations and/or services. Prior to engaging Seven Post to provide other services, the client is required to enter into a written agreement with Seven Post setting forth the terms and conditions of such engagement.

### Use of Sub-Advisors

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Seven Post has an "open architecture" investment model in traditional and alternative investments.

As part of its management of client portfolios and based upon the stated client investment objectives, Seven Post may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain third-party sub-advisor investment managers ("*Sub-Advisors*"). Such *Sub-Advisors* may be structured as mutual funds, exchange-traded notes and funds, partnerships, limited liability companies, corporations, and managers of individual debt and equity securities. *Sub-Advisors* are selected and monitored based upon their ability to provide a differentiated strategy to the client's portfolio and enhance portfolio values on a net of fee basis.

The terms and conditions under which Seven Post engages the *Sub-Advisors* on behalf of the client are set forth in a separate written agreement between Seven Post, or the client, and the designated *Sub-Advisors*. Subject to third party custodial agreements, Seven Post may invest client assets in investment funds managed by Seven Post or third party *Sub-Advisors*.

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Seven Post renders services to the client relative to the discretionary selection of *Sub-Advisors*. Seven Post also monitors and reviews the account performance and the client's investment objectives. Seven Post receives an annual advisory fee that is based upon a percentage of the market value of the assets being managed by the designated *Sub-Advisors*.

When selecting a *Sub-Advisor* for a client, Seven Post reviews information about the *Sub-Advisor* such as its disclosure brochure and/or material supplied by the *Sub-Advisor* or independent third parties for a description of the *Sub-Advisor's* investment strategies, past performance and risk results to the extent available. Factors that Seven Post considers in selecting a *Sub-Advisor* include the strategy's stated investment objectives, alignment of interests, management style, performance, reputation, financial strength, reporting, pricing and research.

In addition, Seven Post may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles, when consistent with the client's investment objectives.

The investment management fees charged by the designated *Sub-Advisors*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Seven Post's investment advisory fee set forth above. As discussed above, the client may incur other additional fees than those charged by Seven Post, the designated *Sub-Advisors*, and corresponding broker-dealer and custodian.

In addition to Seven Post's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Sub-Advisors*. Certain *Sub-Advisors* may impose more restrictive account requirements and varying billing practices than Seven Post. In such instances, Seven Post may alter its corresponding account requirements and/or billing practices to accommodate those of *Sub-Advisors*.



## Item 5. Fees and Compensation

As an outsourced investment office, Seven Post provides its clients customized, investment consulting, strategic financial advice, investment management selection, risk monitoring and management, implementation and portfolio management. Fees may vary based upon the client's investment objectives, the extent of services required, the types of assets to be managed, and other factors. Additionally, for certain, specific consulting assignments, Seven Post may be compensated on a fixed fee basis.

### **Efficient Cost Structure in Private Investment Office**

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#### *Alignment with Clients' Interests*

Seven Post's fee structure, based on assets under management, seeks to align client objectives of long-term growth of capital.

#### *Cost Effective Alternative Investments*

Where appropriate, by investing directly in hedge fund and privately equity fund structures, Seven Post seeks to eliminate the "fund-of-fund" layer of management fees that may substantially reduce after fee investment performance. In certain circumstances, due to investment minimums, diversification, access, and other factors, Seven Post may utilize fund-of-fund structures.

#### *Leverage Through Scale*

When hiring a specialist *Sub-Advisor*, Seven Post is often engaging the *Sub-Advisor* across multiple clients with similar risk objectives. This implementation structure may allow Seven Post to negotiate better aggregate fees with the *Sub-Advisor*. Because *Sub-Advisors* generally reduce fees as overall assets under management increase in size, by aggregating assets across clients, Seven Post may be able to reduce fees to all clients invested in the strategy.

#### *Core Strategies and the Inclusion of Passive Index Investments or ETFs*

Seven Post directly manages core global fixed income and equity strategies for selected clients. This is implemented in strategies in which adherence to a benchmark is a core objective and active manager fees would have a significant impact on performance. Through a combination of separate accounts and the inclusion of passive index investments or ETF strategies, Seven Post achieves core allocation exposure with appropriate tactical tilts. By using these passive strategies, Seven Post reduces overall client fees that might be paid to an active manager.

#### *Eliminating or Reducing Consulting Fees*

Seven Post brings a consultative approach to investment management, thus potentially eliminating the need for certain consulting services such as *Sub-Advisor* search or performance reporting.

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## Investment Management Fees

Seven Post provides global investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Seven Post. Seven Post's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Seven Post does not, however, receive any portion of these commissions, fees, and costs. Seven Post's annual fee is prorated and charged quarterly, in arrears, based upon the average month end balance of the assets being managed by Seven Post over the previous three months. The annual fee varies (between 0.10% and 1.25%) depending upon the market value of the assets under management and the investment management services to be rendered, as follows:

### Sub-Advisor Investment Strategies

#### *Investment-Grade Fixed Income (taxable and tax-exempt)*

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$15,000,000	0.25%
Next \$25,000,000	0.20%
Next \$60,000,000	0.15%
All assets over \$100,000,000	0.10%

#### *Equity and Other Fixed Income*

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$15,000,000	0.65%
Next \$25,000,000	0.55%
Next \$60,000,000	0.45%
Next \$100,000,000	0.35%
All assets over \$200,000,000	0.25%

#### *Alternative Investments*

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$15,000,000	0.75%
Next \$25,000,000	0.65%
Next \$60,000,000	0.55%
Next \$100,000,000	0.45%
All assets over \$200,000,000	0.35%

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## Core Investment Strategies

### *Investment Grade Fixed Income (taxable & tax-exempt)*

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$15,000,000	0.35%
Next \$25,000,000	0.30%
Next \$60,000,000	0.25%
Next \$100,000,000	0.20%
All assets over \$200,000,000	0.15%

### *US & Global Equity*

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$15,000,000	1.25%
Next \$25,000,000	1.15%
Next \$60,000,000	0.95%
Next \$100,000,000	0.80%
All assets over \$200,000,000	0.65%

Seven Post, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

## Fees Relating to Other Services

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As a general matter, Seven Post provides clients with a wide array of analyses relating to core assets in order to provide the best overall strategic and tactical advice. In certain circumstances, clients may request analyses of special projects in order to further assess portfolio diversification, risks and opportunities. These specialized analytical services may include financial analysis on certain types of private operating businesses, commercial real estate investments, tax-efficient wealth transfer structures, philanthropic planning, long-range distribution/spending analysis and other types of special projects. Depending on the scope of these analyses, certain additional fees may apply. Any such additional fees would be agreed upon in advance of providing such services.

## Core Global Investment Strategy Management Fees

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Subject to the Account Agreement, Seven Post may act as an investment advisor for certain core, global fixed income and equity management strategies on a separately managed account basis for each client.

The fee structure for such core, global strategies is based on assets under management. In such an instance, the client would only be charged an asset management fee for the core global strategy, and would not be charged an additional Global Advisory fee. Seven Post will only invest client assets in strategies that it deems appropriate for the client.

### **Fees Charged by Financial Institutions**

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Seven Post does not provide brokerage, custody or trust services. Seven Post's fees are exclusive of brokerage commissions and fees charged by custodians, trustees, *Sub-Advisors*, accounting firms and legal counsel.

As further discussed in response to Item 12 (below), Seven Post generally recommends that clients utilize the brokerage, clearing, and/or custodial services of Bank of New York, Charles Schwab & Co., Fidelity Institutional Wealth Services, Goldman Sachs, JP Morgan, UBS, and/or State Street Bank and Trust for investment management accounts.

Seven Post may only implement its investment management recommendations after the client has arranged for and furnished Seven Post with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include those listed above, and/or any other broker-dealer recommended by Seven Post, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 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. In addition, Seven Post utilizes *Sub-Advisors* in the *Global Advisory – Equity, High-Yield Debt and Alternative Investments* portfolio and the *Global Advisory – Investment-Grade Fixed Income (taxable and tax-exempt)* portfolio. Those portfolios will incur additional charges imposed by such *Sub-Advisors*. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Seven Post's fee.

Seven Post's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Seven Post or *Sub-Advisors* to debit the client's account for the amount of Seven Post's fee and to directly remit that management fee to Seven Post or the *Sub-Advisors*. Any *Financial Institutions* recommended by Seven Post have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Seven Post.

### **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis. The *Agreement* between Seven Post and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Seven Post's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Seven Post's right to terminate an account. Additions may be in cash or securities provided that Seven Post reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Seven Post, subject to the usual and customary securities settlement procedures. However, Seven Post designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Seven Post may consult with its clients about the options and ramifications of transferring securities. Clients are further advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. redemption or contingent deferred sales charge) and/or tax ramifications.

Seven Post does not provide its clients with tax advice and clients are encouraged to seek independent tax advice prior to any asset transfer or transaction. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will be prorated based on the days remaining in the quarter.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

Seven Post does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

### Item 7. Types of Clients

Seven Post provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, endowments, corporations and sovereign governments with substantial assets.

#### **Account Minimums and Sub-Advisor Minimums**

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Seven Post generally advises clients with investable assets exceeding \$100 million and has established a minimum portfolio value threshold of \$50 million. However, under certain circumstances, this minimum asset level may be waived. Certain *Sub-Advisors* may, however, impose more restrictive account requirements and varying billing practices than Seven Post. In such instances, Seven Post may alter its corresponding account requirements and/or billing practices to accommodate those of the *Sub-Advisors*.

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

#### Methods of Analysis

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For global discretionary mandates, Seven Post's investment management process is highly aligned with its investment philosophy: the establishment and timely, tactical rebalancing of a sound asset allocation is the most critical determinant of investment returns and risks. Seven Post provides investment advisory services that are customized to the client's investment objectives, time horizon and risk tolerances. Consequently, client mandates generally include the following key elements:

#### Dialogue / Policy Setting

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At the outset of every engagement, and on an ongoing basis, Seven Post engages in an active dialogue to gain an understanding of the client's goals, objectives and constraints. Seven Post works with the client to establish a client's investment policy (or confirm and potentially amend an existing investment policy). The policy defines the client's financial objectives and outlines a framework for achieving those objectives. The policy represents a long-term investment strategy that should achieve these objectives provided investment markets deliver equilibrium returns consistent with normal economic growth. The policy will outline permissible ranges or constraints relating to major asset classes, concentration within a single strategy or manager. These ranges are developed in consideration of asset class volatility (both annual standard deviation of returns, including estimated drawdown and liquidity). A passive reference benchmark for the target allocation is established in order to compare the investment program's actual return and risk outcomes to the policy objectives. Seven Post is generally authorized to manage client portfolios within the policy's permissible ranges of asset classes and risk parameters.

#### Design / Asset Allocation

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The investment policy establishes the permissible investments within each asset allocation and risk range. Due to changing economic conditions and market volatility, Seven Post is mandated to actively and tactically manage investments within the asset class ranges. Seven Post has developed an analytical framework for identifying global investment risks and opportunities across various global, investment classes. Seven Post's analysis is based on fundamental factors (e.g., cyclical corporate profits, dividend rates) and quantitative research into economic conditions and asset class valuation. Further, Seven Post reviews short-term behavioral indicators that may create investable opportunities during periods of market volatility. Seven Post receives input from a wide variety of research sources to dynamically manage allocations. Seven Post also incorporates global economic growth forecasts and various sector risk factors to assess overall portfolio structure, positioning, diversification and risk levels. The risks inherent in an allocation approach to investing may include a) fundamental analysis that leads to the investment in an asset or strategy, while market conditions nonetheless negatively impact the value of the asset or strategy, and b) *quantitative or technical analysis that* identifies trends in economies or sectors, when the identified trend does not persist or reoccur. There is no guarantee that Seven Post will



be able to accurately predict a trend in the future or to acquire investments at discounts to their estimated intrinsic value.

### **Construction / Implementation**

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Seven Post actively implements, monitors, and rebalances the assets comprising the investment program. Based upon the client's investment objectives, policy and/or guidelines, the investment program may include both passive and active strategies. For example, Seven Post's proprietary modeling of market conditions determine tactical allocations among various global asset classes, such as currency, US v. non-US equities, developed or emerging markets, industrial sector concentrations, large or mid / small capitalization companies, quantitatively or fundamentally-based research strategies. Portfolio implementation and rebalancing are managed across several key variables including: valuation, asset class, geography, market capitalization, style, sector, and liquidity. To better control risks, costs, and taxes (where applicable), in core fixed income and global large capitalization equities, Seven Post will either allocate to passive indices via exchange traded funds ("ETFs") or to proprietary core investments that incorporate benchmark exposure with tactical positioning.

### **Manager Selection and Due Diligence**

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Based upon the client's investment policy, Seven Post may allocate certain client assets to active investment managers or *Sub-Advisors* in a separate account or in a comingled structure. These *Sub-Advisors* are selected and monitored based upon their ability to add diversified sources of return and/or their ability to exploit market inefficiencies within their mandate. Seven Post also believes that in certain key investment disciplines, skilled and flexible managers can create attractive risk-adjusted, net-of-cost returns. Seven Post, on behalf of its clients, prefers managers who are co-invested with strong governance and sound reporting practices. Seven Post utilizes both third-party and proprietary databases to track managers. As an independent advisor, Seven Post fully utilizes an "open architecture" model and freely selects *Sub-Advisors* that it expects to meet these objectives. All selected managers must adhere to the client's investment policy.

### **Monitoring / Risk Analysis and Management**

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Seven Post's senior professionals have developed and practiced strong portfolio risk management procedures in multi-asset class global portfolios. Seven Post views risk as best defined not as volatility or price change, but rather a permanent impairment of capital. Consequently, risk is best mitigated by a sound asset allocation. A successful long-term investment program is tactically adroit, but has a long-term outlook to be able to differentiate between a temporary correction and a permanent shift in fundamentals. Seven Post's internal risk systems are oriented toward this philosophy. Investment industry convention defines risk as the standard deviation of returns or volatility. While Seven Post carefully tracks and measures results utilizing this calculation, we are primarily focused on wealth preservation (i.e. avoiding the permanent decline in the value of an asset).

Recognizing that future risks are seldom known, Seven Post's investment and risk management philosophy is centered on fundamental valuation analysis, asset class and risk factor diversification, and transparent and consolidated analysis of underlying assets at the security level. Seven Post advocates diversification among attractively valued global asset classes, within the client's established guidelines. Seven Post utilizes volatility-based risk systems to calculate total relative-to-index and absolute portfolio risk estimates as well as risk contributors. Seven Post's proprietary risk systems help assess and evaluate risks in client portfolios in addition to quantitative risk metrics (standard deviation of returns and drawdown). Seven Post periodically stress tests portfolio positioning against a variety of macro-economic and market scenarios in order to better explain portfolio risks to clients. While Seven Post's risk systems are designed to assist in the monitoring and management of portfolios, Seven Post may provide clients with summary risk reporting.

Catastrophic risks are those posed by events that are relatively rare but can result in substantial portfolio losses. These hard-to-predict events can result in outsized losses for investors.

We believe that many traditional risk management processes based on historical analysis often underestimate the frequency and severity of these unlikely but substantially negative events. We periodically review various risks and the cost of insuring against substantial losses. At certain times, based on market pricing for such portfolio insurance, we may utilize hedging strategies to reduce the risk associated with such events.

To avoid overconfidence in any investment strategy or view, Seven Post utilizes an Investment Committee approach to decision making prior to any portfolio tactical investments or other changes. Seven Post's Risk Committee reviews all client portfolio allocations on a periodic basis to ensure conformity with the client objectives and policies.

### **Investment Economic Research**

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As previously detailed, Seven Post utilizes several proprietary risk, allocation and valuation systems to provide a guidepost for its Investment Committee and clients. Further, as an independent advisor, Seven Post utilizes a wide variety of sources for economic and financial market research, economic research organizations, research by various global investment banks, investment partners, and various other sources.

### **Risks of Loss**

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Investing in securities involves the risk of loss. There is no guarantee that any investment strategy will meet its objectives. Depending on the investment, clients may face the following risks:

#### *Market Risks*

Client investments may be affected by general economic and market conditions, such as interest rates, availability of credit, commodity prices, and economic conditions, changes in law, trade barriers, currency controls, and political events. These factors may affect securities prices and liquidity. Such price volatility or illiquidity could result in losses. The profitability of a significant portion of Seven Post's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Seven Post will be able to predict those price movements accurately.

### *Equity Risks*

Investments in equity securities involve significant risks. Prices of specific equity securities may fall irrespective of the movement of the overall securities market.

### *Fixed Income Risks*

Investment in fixed income securities involve certain risks including credit, interest rates, reinvestment, prepayment and duration, all of which may impact the price of the fixed income security. Market yield on longer maturity securities are more sensitive to price changes. High yield fixed income securities have significantly higher risks than investment grade fixed income securities. In the event of default, a fixed income investment may suffer a loss.

### *Liquidity*

Securities actively traded on exchanges may be subject to periods of illiquidity. Market disruptions may result in rapid price changes and could result in loss.

### *Concentration*

Concentrated positions in single issuers or industries increase the risk of loss on investment.

### *International Investments*

Securities of issuers domiciled outside of the United States may have additional risks such as trade tariffs, currency controls, exchange rate fluctuations, withholding taxes, nationalization, political uncertainty and instability.

### *Short Sales, Leverage and Derivatives*

The utilization of short sales, leverage, and derivatives within a portfolio may increase the risk of loss.

### *Use of Sub-Advisors*

Seven Post may recommend the use of *Sub-Advisors* for certain clients. Seven Post will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Sub-Advisors'* ability to successfully implement their investment strategy. In addition, Seven Post does not

have the ability to supervise the *Sub-Advisors* on a day-to-day basis other than as previously described in response to Item 4, above.

### *Use of Private Collective Investment Vehicles*

Seven Post may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

### *Mutual Funds, Exchange Traded Funds (ETFs), and Commingled Investment Vehicles*

An investment in a mutual fund, ETF, or Commingled Investment Vehicle involves risk, including the loss of principal. Mutual fund, ETF, and Commingled Investment Vehicle shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds, ETFs, and Commingled Investment Vehicles are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value (“NAV”), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Force Majeure*

Acts of God, weather related disruptions, terrorist activity or armed conflict may negatively impact assets prices, country economic stability, company specific factors, exchange or trading operations and other investment operations.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### **Item 9. Disciplinary Information**

Seven Post is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Seven Post does not have any required disclosures to this Item.

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

Seven Post is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Seven Post does not have any required disclosures to this Item. Seven Post only provides investment management and consulting services; it does not receive any remuneration from *Sub-Advisors* or other third party vendors hired on behalf of clients.

### Item 11. Code of Ethics

Seven Post maintains a fiduciary duty to its clients. All investment activities of Seven Post and persons associated with Seven Post ("*Associated Persons*") are subject to this fiduciary duty of care. Seven Post *Associated Persons* are permitted to buy or sell securities that they also recommend to clients consistent with Seven Post's policies and procedures.

Seven Post has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "*Advisers Act*"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Seven Post or any of its associated persons. The *Code of Ethics* also requires that certain of Seven Post's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Seven Post's *Code of Ethics*, none of Seven Post's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Seven Post's clients.

When Seven Post is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Seven Post is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Seven Post to request a copy of its *Code of Ethics*.



### Item 12. Brokerage Practices

Seven Post does not provide brokerage or clearing services. As discussed above, in Item 5, Seven Post generally recommends qualified third party broker-dealers for its clients. Factors which Seven Post considers in recommending a broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Broker-dealers enable Seven Post to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by a particular broker-dealer may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Seven Post's clients comply with Seven Post's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Seven Post determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Seven Post seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom Seven Post and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. Seven Post periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Seven Post in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Seven Post will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Seven Post (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Seven Post may decline a client's request to direct brokerage if, in Seven Post's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Seven Post decides to purchase or sell the same securities for several clients at approximately the same time. Seven Post may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Seven Post's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated

among Seven Post's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Seven Post determines to aggregate client orders for the purchase or sale of securities, including securities in which Seven Post's *Supervised Persons* may invest, Seven Post generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Seven Post does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Seven Post determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Seven Post may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Seven Post in its investment decision-making process. Such research generally will be used to service all of Seven Post's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Seven Post does not have to produce or pay for the products or services. Seven Post will not enter into an agreement with a broker-dealer that obligates Seven Post to direct a specific amount of transactions or commissions to such broker-dealer. *Sub-Advisors* retained by Seven Post to manage client portfolios may have research and brokerage practices that differ from Seven Post's policies.

### **Software and Support Provided by Financial Institutions**

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Seven Post may receive from *Financial Institutions*, without cost to Seven Post, computer software and related systems support, which allow Seven Post to better monitor client accounts maintained at *Financial Institutions*. Seven Post may receive the software and related support without cost because Seven Post renders investment management services to clients that maintain assets at *Financial Institutions*. The software and related systems support may benefit Seven Post, but not its clients directly. In fulfilling its

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duties to its clients, Seven Post endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Seven Post's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Seven Post's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

### Item 13. Review of Accounts

For those clients to whom Seven Post provides investment management services, Seven Post monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least quarterly basis. Such reviews are conducted by one of Seven Post's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Seven Post and to keep Seven Post informed of any changes thereto. Seven Post contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. Reviews may also be conducted when reasonably requested by the client. Clients will also receive a report from Seven Post that may include updated asset allocation, market value, and investment performance on a total portfolio and sector basis, and detailed analysis of portfolio positions, at least semiannually. The Seven Post operations team manages transaction activity within the client accounts, managing liquidity, processing additions to and distributions from client accounts and responding to client requests. Clients will also periodically receive a narrative investment outlook publication.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Seven Post provides investment advisory services will also receive a report from Seven Post that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance at least semiannually. Clients should compare the account statements they receive from their custodian with those they receive from Seven Post. Where agreed upon, clients may receive electronic copies of account statements and other materials from the broker-dealer or custodian.

For those clients to whom Seven Post provides consulting services will receive reports from Seven Post summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Seven Post.

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

Seven Post is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Seven Post is required to disclose any direct or indirect compensation that it provides for client referrals.

If a client is introduced to Seven Post by either affiliated solicitor, Seven Post may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Seven Post's investment management fee, and does not result in any additional charge to the client. Any affiliated solicitor of Seven Post discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Seven Post's written disclosure brochure at the time of the solicitation.

### Item 15. Custody

Seven Post does not take physical possession of the assets or securities of any client. Seven Post's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Seven Post through such *Financial Institution* to debit the client's account for the amount of Seven Post's fee and to directly remit that management fee to Seven Post in accordance with applicable custody rules.

The *Financial Institutions* recommended by Seven Post have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Seven Post. In addition, as discussed in Item 13, Seven Post also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Seven Post.

### Item 16. Investment Discretion

Seven Post may be given the authority to exercise discretion on behalf of clients. Seven Post is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Seven Post is given this authority through a power-of-attorney included in the agreement between Seven Post and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Seven Post takes discretion over the following activities:

- Portfolio rebalancing within any client guidelines;
- Flexibility, within client guidelines, to implement tactical investments;
- *Sub-Advisors* to be hired or terminated;
- The securities to be purchased or sold (including foreign currencies, foreign securities, derivative instruments, structured notes, mutual fund structures, ETFs, or notes and other investments);
- The amount of securities to be purchased or sold;
- When transactions are made;
- The ability to transfer funds to settle trades with third parties; and
- The *Financial Institutions* to be utilized.

### Item 17. Voting Client Securities

Seven Post will not generally accept the responsibility for voting client securities (proxies) on behalf of its clients. In the rare occasion where Seven Post accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully-described in Seven Post's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Seven Post's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Seven Post to request information about how Seven Post voted proxies for that client's securities or to get a copy of Seven Post's Proxy Voting Policies and Procedures. A brief summary of Seven Post's Proxy Voting Policies and Procedures is as follows:

- Seven Post has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to Seven Post's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Seven Post devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct Seven Post's vote on a particular solicitation but can revoke Seven Post's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Seven Post maintains with persons having an interest in the outcome of certain votes, Seven Post takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.



### **Item 18. Financial Information**

Seven Post is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Seven Post has no disclosures pursuant to this Item.



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