



ITEM 1: COVER PAGE

Wrap Fee Brochure  
Appendix 1 of Form ADV Part 2A

# Ascendant Advisors, LLC

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This Wrap Fee Brochure (“Wrap Fee Brochure”) provides information about the qualifications and business practices of Ascendant Advisors, LLC (“Ascendant”, “firm”, “us”, “we” or “our”). When we use the words “you”, “your” and “client” we are referring to you as our client or our prospective client. We use the term “Personnel” and “IAR” (investment advisor representative) when referring to our officers, employees, and all individuals providing investment advice on behalf of Ascendant. If you have any questions about the contents of this Wrap Fee Brochure, contact us at (713) 552-1880, (800) 552-6010 and/or by email at [info@ascendantadvisors.com](mailto:info@ascendantadvisors.com). The information in this Wrap Fee Brochure has not been approved or verified by the U. S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Ascendant is a registered investment adviser with the SEC. The registration of an investment adviser does not imply any level of skill or training. The oral and written communications made to you by Ascendant, including the information contained in this Wrap Fee Brochure, should provide you with information to determine whether to hire or retain Ascendant as your adviser.

Additional information about Ascendant also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated or registered with, and or required to be registered as investment adviser representative of Ascendant.



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## ITEM 2 – MATERIAL CHANGES

This Appendix 1 of Form ADV Part 2A reflects the terms and conditions of the Wrap Fee Program sponsored and offered by us to our clients.

Material changes since the last update on March 31, 2012 include the following:

- Updated Assets Under Management
- Updated AWM Services, Inc. to its new title of AWM Services, LLC
- Added Greg Avallon to item 10
- Removed reference to the Bashaw agreement

### **Full Wrap Fee Brochure Available**

We will ensure that you receive a summary of any materials changes to this and subsequent Wrap Fee Brochures within one hundred and twenty (120) days of the close of our business' fiscal year. We may further provide you with a new Wrap Fee Brochure as necessary based upon changes or new information, at any time, without charge.

Currently, our Brochure and Wrap Fee Brochure may be requested by contacting us at (713) 552-1880, (800) 552-6010 or by email at [info@ascendantadvisors.com](mailto:info@ascendantadvisors.com).



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## ITEM 4 – SERVICES, FEES AND COMPENSATION

### **Advisory Firm**

#### ***Structure***

Ascendant was originally organized as a subchapter S-Corp in 1970 and named “Texas Investment Management Company”. The firm was later renamed “John H Lee & Company” and in 1983, the firm was renamed Pension Management Company (“PMC”). In 2009, PMC was acquired by management and a strategic group of investors known as “Ascendant Advisors Group, LLC”, converted to a limited liability company and was renamed “Ascendant Advisors, LLC”.

#### ***Ownership***

Ascendant Advisors GP, LLC is the parent company and owns 100% of the firm. Ascendant Advisors Group, LLC owns 100% of Ascendant Advisors GP, LLC.

### **Services**

#### ***General***

The firm offers investment management services on a discretionary basis but will accept non-discretionary accounts as an accommodation to clients who have special requirements. Ascendant offers clients a suite of managed account products using both affiliated and non-affiliated mutual fund, equity and fixed income securities, including exchange-listed and over-the-counter traded securities. Fixed income securities include United States government securities and corporate debt securities. The firm is not a “manager of managers” and, as such, does not recommend other advisors. Additionally, we do not offer financial planning, insurance products or tax advice.

#### ***Wrap Fee Program Overview***

Ascendant provides discretionary investment advisory services to our clients through the firm’s managed account program (“Ascendant Managed Account Program”) that utilizes a comprehensive single fee. *See Item 5 – “Fees and Compensation”*. Ascendant is the “wrap sponsor” of the Ascendant Managed Account Program, which utilizes AWM Services, LLC (“AWM”), a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority (“FINRA”) as the “designated broker”. As your investment advisor and



your wrap sponsor, we direct execution and custody services through AWM to maintain control of the costs related to execution and custody.

The all-inclusive fee generally covers costs of commissions, research and most other execution and transaction costs. The all-inclusive fee we charge (sometimes referred to as a “wrap fee” and or “comprehensive fee”) is based upon a percentage of the market value of the client’s account. The comprehensive fee generally covers all services for:

- Assistance in the analysis and selection of one or more investment advisors from a group of investment advisers available under the program;
- Recommendations of investments in the client’s portfolio;
- Execution of portfolio transactions without brokerage commissions and, in some instances, without dealer mark-ups or mark-downs by the designated broker (*see Item 5 – “Fees and Compensation – Transaction Costs”*).
- Reports on the assets in the client’s portfolio, which also includes providing the client with trade confirmations and monthly statements;
- Periodic evaluation and comparison of account performance; and
- Continuing consultation on the client’s investment needs and objectives.

Each client should evaluate whether such a program is suitable for the client’s needs, given factors such as the size of the account, frequency of transactions and the client’s investment objectives.

### ***Wrap Fee Programs***

Ascendant offers its clients three (3) wrap programs: (i) the Ascendant Separately Managed Account Wrap Program (“SMA”), (ii) the Ascendant Strategic Fund Allocation Program (“SFA”) and (iii) the Ascendant Global Allocation Program (“GAP”). Based on our recommendation and the client’s investment objectives and needs, the client may elect to participate in one (1) or more of the three (3) foregoing wrap programs. A description of the programs and related fees are as follows:

***Ascendant Separately Managed Account Wrap Program.*** Ascendant offers a number of SMA solutions. The SMA platform is a wrap fee arrangement providing a discretionary investment advisory service in which you own a portfolio of individual securities, managed by a professional investment manager in accordance with a single investment strategy or a combination of complementary strategies. Generally, the equity strategies may include: 1) Large Cap Equity, 2) Small-Mid Cap Equity, 3) Equity Income and 4) Natural Resources. The fixed income strategies may include: 1) Convertibles, and 2) Core Fixed Income. Also available are other portfolios that represent combinations of other separately managed strategies, including: 1) MultiCap Equity, 2) Fixed Income Composite and 3) Balanced.



*Ascendant Strategic Fund Allocation Program.* SFA is an advisory wrap fee account that seeks to provide a range of risk/return levels through varying allocations to traditional asset classes. SFA utilizes mutual funds managed by Ascendant, which in turn invest in a blend of United States-listed equities, convertibles, and corporate debt in order to provide consistent returns with controlled levels of risk. Based upon the client's financial needs and investment objectives, SFA invests in a combination of Ascendant Funds (as defined below).

*Ascendant Global Allocation Program.* GAP is a wrap fee arrangement that provides open architecture portfolios of mutual funds that are comprised of both Ascendant and non-affiliated mutual funds. Those funds are bundled together with an asset allocation overlay structured to address the client's investment objectives, while attempting to provide a return relative to the risk assumed. Non-affiliated mutual funds are chosen using Ascendant's proprietary fund ranking system.

## **Investment Products**

### ***General***

Ascendant may offer advice on the following, as well as the foreign equivalents of the following investment products:

- Equity securities (exchange-listed, over the counter, foreign issuers);
- Warrants;
- Corporate debt securities;
- Commercial paper;
- Certificates of deposits;
- Municipal securities;
- Mutual funds; and
- United States government securities.

### ***Funds***

We utilize mutual funds for asset allocation and investments in client portfolios. See Item 4 – “Services, Fees and Compensation – Services: Wrap Fee Programs” above, Item 5 – “Fees and Compensation” and Item 10 – “Additional Information – Client Referrals and Other Compensation”. The funds managed by Ascendant are as follows (collectively, the “Ascendant Funds”):

*Ascendant Balanced Fund.* Ascendant Balanced Fund is an investment company registered under the Investment Company Act of 1940 (“Investment Company Act”). The fund's objective is total return from income and growth of capital. A complete description of the fund, its strategy, objectives, and costs is set forth in the fund prospectus, a copy of which is provided to all clients that engage the firm's services through the fund.



*Ascendant Natural Resources Fund.* Ascendant Natural Resources Fund is an investment company registered under the Investment Company Act. The Fund's objective is growth of capital. The Fund is structured as a "Feeder Fund" and invests substantially all its assets in the Ascendant Natural Resources Master Fund, a fund registered under Reg D of the 1933 Act. A complete description of the fund, its strategy, objectives, and costs is set forth in the fund prospectus, a copy of which is provided to all clients that engage the firm's services through the fund.

*Ascendant MultiCap Equity Fund.* Ascendant MultiCap Equity Fund is an investment company registered under the Investment Company Act. The fund's objective is growth of capital. A complete description of the fund, its strategy, objectives, and costs is set forth in the fund prospectus, a copy of which is provided to all clients that engage the firm's services through the fund.

*The Patriot Fund.* The Patriot Fund is an investment company registered under the Investment Company Act. The fund's objective is growth of capital. A complete description of the fund, its strategy, objectives, and costs is set forth in the fund prospectus, a copy of which is provided to all clients that engage the firm's services through the fund.

## **Assets Under Management**

As of December 2012, we managed \$61,800,000 on a discretionary basis and \$3,200,000 on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### **Type of Compensation**

Ascendant is compensated by a percentage of the client's assets under management.

### **General**

Ascendant manages investment advisory accounts for a variety of individual and institutional clients on a discretionary basis, subject to investment guidelines in our investment advisory contract. All fees are subject to negotiation. Ascendant's actual fees, minimum fees and minimum account sizes may be negotiated, and a client may pay more or less than the fees set forth herein, or than similar clients depending on the particular circumstances of the client, the size and scope of the overall client relationship, additional or differing levels of servicing, or as otherwise agreed with specific clients. Servicing arrangements such as reporting may also vary among clients. Clients with multiple advisory accounts may be able to aggregate accounts managed by Ascendant within each asset class or across advisory accounts for purposes of





applying for breakpoints or reduced fee schedules. Ascendant may, in its discretion, offer certain clients lower fees, waive minimums on fees or provide lowest available fee arrangements. Clients that negotiate fees with differing breakpoints, including flat fees and performance-based fees, may end up paying a higher fee than as set forth in the standard fee schedule set forth herein as a result of fluctuations in the amount of the client's assets under management and account performance.

The amounts and specific manner in which fees are charged is negotiated and memorialized in Ascendant's contract with our clients, and we generally bill our fees in advance on a quarterly basis. Although many fees are individually negotiated, some common fees are included on our fee schedule as follows:

#### **Ascendant Managed Account Program Fee Schedule**

<b>Fee Schedule</b>			
<b>Program</b>	<b>Fee</b>	<b>Fees</b> <i>(each at market value)</i>	<b>When Charged</b>
Ascendant Separately Managed Account Program (SMA)	Advisory Fee	\$500,000 - \$2 million* 1.75% \$2 million - \$10 million 1.50% \$10 million and greater 1.25%  Minimum Account Sizes: Equity = \$500,000 Fixed Income, Balanced and Convertible = \$2 million *Minimum fee of 2.5% for accounts below \$500,000	Quarterly, in advance
Ascendant Strategic Fund Allocation (SFA)	Advisory Fee	\$100,000 - \$2 million* 1.75% \$2 million - \$10 million 1.50% \$10 million and greater 1.25%  Minimum Account Size = \$100,000 *Minimum fee of 1.85% for accounts below \$100,000	Quarterly, in advance
Ascendant Global Allocation Program (GAP)	Advisory Fee	\$100,000 - \$2 million* 1.75% \$2 million - \$10 million 1.50% \$10 million and greater 1.25%  Minimum Account Size = \$100,000 *Minimum fee of 1.85% for accounts below \$100,000	Quarterly, in advance



Although Ascendant has established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. In determining the alternative fee schedule, the firm will take into account a client's facts, circumstances and needs that may include, but are not limited to: the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, client service and reporting, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and the client. Ascendant Personnel generally pay negotiated fees for the management of their accounts.

### **Billing**

Fees for accounts ("Advisory Accounts") with which we have investment advisory agreements in place to provide advisory services, including, but not limited to: (i) the Investment Advisory Client Performance Agreement entered into between Ascendant and each client party thereto; the (ii) the Investment Advisory Agreement entered into between Ascendant and each client party thereto ("Investment Advisory Agreement") and (iii) the Investment Advisory Wrap Program Agreement entered into between Ascendant and each client party thereto, each of the foregoing as may be amended or modified (collectively, the "Ascendant Advisory Agreements"), generally are calculated and billed quarterly in advance and payable within thirty (30) days after the beginning of each quarter. Subject to negotiation, fees will be prorated through the date of liquidation or termination. Where an affiliate of Ascendant is the custodian, fees and other expenses will be automatically deducted from the client's Advisory Account, unless other arrangements have been made. Where the custodian is a third party, clients generally will arrange to have such fees debited directly from the client's account for credit to Ascendant, subject to applicable law.

### **Transaction Costs**

Fees for the Ascendant Managed Account Program are generally inclusive of brokerage commissions, transaction fees, custody charges and other costs and expenses related to the portfolio transactions occurring in the Advisory Account. However, you may incur certain unusual charges imposed by custodians, brokers and other third parties such as deferred sales charges, odd-lot differentials, transfer taxes, handling and mailing charges, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Additionally, the advisory fee related to the Ascendant Managed Account Program does not include certain costs or charges associated with securities transactions with or through a broker-dealer other than Ascendant, including brokerage commissions and dealer mark-ups or mark-downs in principal transactions, or odd-lot differentials, stock exchange fees, transfer taxes or other charges mandated by law, which will be separately charged to the client's account.



## **Valuation**

The valuation of securities and other instruments are generally determined by their last reported sale price on the principal market in which they are traded, if traded on a market for which transaction prices are publically reported. Otherwise, other readily marketable securities and instruments are valued by using a pricing service or by Ascendant determining a fair market value.

## **ITEM 6 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **Account Requirements**

By limiting its client base to those with certain account sizes, Ascendant is able to focus on a select few relationships. In the SMA, Ascendant generally requires that new accounts have minimum assets under management of \$500,000 in equity assets or \$2,000,000 in fixed income assets; and in the SFA and GAP, Ascendant generally requires that new accounts have a minimum of \$100,000 in assets under management. However, subject to applicable law, the required minimum dollar value of assets may be negotiated. Fees may also vary due to the particular circumstances of the client, additional or differing levels of servicing, or as otherwise agreed upon with specific clients. *See also Item 5 – “Fees & Compensation” and Item 7 – “Portfolio Manager Selection and Evaluation – Performance-Based Fees and Side-By-Side Management”.*

### **Types of Clients**

Ascendant offers portfolio management investment advice to the following types of clients:

- Individuals;
- High net worth individuals and families;
- Pension and profit sharing plans (other than participants);
- Charitable organizations;
- Trusts;
- Estates;
- Private foundations;
- Retirement plans; and
- Mutual funds.



## **ITEM 7 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **Portfolio Managers**

Ascendant does not recommend third-party money managers through the Ascendant Managed Account Program.

### **General Educational Requirements**

We generally require our portfolio managers to have a college degree or a minimum four years related experience, have displayed a high degree of integrity in a previous business background, have high standards of morals and ethics and be committed to providing quality investment advice.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) on any wrap program offered by Ascendant.

### **Analysis Methods**

Ascendant utilizes research developed over decades. Some resources include data purchased from third parties, review of financial periodicals, research materials prepared by others and corporate rating services.

### **Investment Strategies**

Investment strategies for Ascendant accounts may include long term purchases (securities held for at least one (1) year), short term purchases (securities held less than one (1) year), trading (securities sold within thirty (30) days), and margin transactions (transactions allowing the borrowing of securities from the broker/dealer). There is no guarantee that the investment strategy(ies) in a client's portfolio will result in the client's goals being met, nor is there any guarantee of profit or protection from loss since any transaction in the stock market carries risk.

### **Sources of Information**

The main sources of information that Ascendant uses to analyze these investment strategies is:

- Financial newspapers and magazines;
- Research materials prepared by others;
- Corporate rating services;
- Annual reports, prospectuses, filings with the SEC;
- Company press releases.



## **Investment Strategy Risks**

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. There is no guaranteed predictor of the stock market in general, nor to individual securities included in our strategies. We believe the methods that we use are valuable tools to guide our research for qualified securities candidates for our clients even though it is not absolute. Most of our selections are made for long term; however, we do reserve the right to adjust portfolios as the situation warrants. We are sensitive to tax consequences, and the firm's portfolio manager considers them when trading as appropriate.

Clients should recognize that any investment in the stock market carries risks and we do not guarantee profits or that past performance is an indication of future performance. Generally, convertible bonds do carry more risk than core fixed income instruments because of their lower credit quality. Fixed income products carry interest rate fluctuation risks, as well as corporate or business risk, so we generally purchase instruments with limited durations. However, investors also face the following investment risks:

### ***General Risks***

*Lack of Diversification:* Portfolio investments may be concentrated and diversification may be limited. There are no limits with respect to position sizes. Any assets or combination of assets that can be held in a securities account can be purchased or sold.

*Cash and Cash Equivalents:* Advisory Accounts may maintain significant cash positions from time to time, and the client will pay investment management fees based on the net asset value of each respective Account, including cash and cash equivalents. Furthermore, the Advisory Accounts may forego investment opportunities to hold cash positions if we consider it in the best interests of such Advisory Account.

*Interest Rate Fluctuation:* The prices of securities in which we may invest are sensitive to interest rate fluctuations, and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases will generally increase the interest carrying costs of borrowed securities and leveraged investments.

### ***Long Term Purchases (Securities Held For At Least One Year)***

*Liquidity:* The portfolio will be invested in liquid securities and private investments are not permitted. It is possible, however, that securities become less liquid during the holding period.



### ***Short Term Purchases (Securities Sold Within One Year)***

**Market Risks:** The success of a significant portion of the program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will be able to predict accurately these price movements. Additionally, over time, the effectiveness of the trading program may decline for various reasons, including other market participants developing similar programs or techniques.

### ***Trading (Securities Sold Within Thirty Days)***

**Market Risks:** The success of a significant portion of a trading program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurances that the trading program will be able to accurately predict these price movements. Additionally, over time, the effectiveness of the trading program may decline for various reasons, including other market participants developing similar programs or techniques.

**Trading is Speculative:** There are risks are involved in trading securities. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of government intervention may be particularly significant at certain times in the financial instrument markets, and such intervention (as well as other factors) may cause these markets to move rapidly.

**Turnover:** Our trading activities may be made on the basis of short-term market considerations. The portfolio turnover rate could be significant, potentially involving substantial brokerage commissions and related transactional fees and expenses.

### ***Margin Risk***

**Leverage:** We may use leverage in investing. Such leverage may be obtained through various means. The use of short-term margin borrowings may result in certain additional risks to Advisory Accounts. For example, should the securities pledged to a broker to secure a margin account decline in value, a "margin call" may be issued pursuant to which additional accounts would be required to be deposited with the broker, or the broker would effect a mandatory liquidation of the pledged securities to compensate for the decline in value. We might not be able to liquidate assets quickly enough to pay off the margin debt, and the Advisory Accounts may therefore also suffer additional, significant losses as a result of such default. Although borrowing money increases returns, if returns on the incremental investments purchased with the borrowed accounts exceed the borrowing costs for such accounts, the use of leverage decreases



such returns if such returns earned on such incremental investments are less than the costs of such borrowings.

## **ITEM 8 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

To the extent you participate in the Ascendant Managed Account Program, Ascendant will provide the IAR responsible for your account with any information you provide Ascendant regarding your portfolio. That information may include changes or modifications to your investment objectives, and any specific investment restrictions relating to your portfolio you might impose.

## **ITEM 9 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

IARs will be reasonably available to you for consultation regarding your financial situation and objectives.

## **ITEM 10 – ADDITIONAL INFORMATION**

### **Disciplinary**

An investment adviser must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business, or of the integrity of its management personnel. Ascendant does not have any such disclosure items.

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

#### ***Affiliated Broker-Dealer***

AWM is registered as a broker-dealer with the SEC and various state jurisdictions, and a member of FINRA. AWM is affiliated with Ascendant through common management and control.

Clients have the option to designate the broker-dealer utilized, including the utilization of the brokerage services of AWM, to execute portfolio transactions on their behalf. These transactions will be conducted subject to proper and customary disclosure including, but not limited to, compensation received by AWM. The all-inclusive fee or wrap fee includes all compensation that may be received by AWM as a broker-dealer when portfolio transactions are effected on behalf of investment advisory clients. AWM will also be compensated by affiliated mutual funds or other funds in which a client elects to invest for which it provides services as a broker-dealer. Such compensation is disclosed in the prospectus for each respective fund. *See "Client Referrals and Other Compensation" below.*



### ***Lee***

James H. Lee (“Lee”) is a registered representative of AWM. While Ascendant does not receive compensation from AWM directly, affiliates of Ascendant, including Lee, may benefit from fees paid to AWM and SWS, as custodian for Ascendant’s clients and for client transactions.

### ***Wigdor***

Paul Wigdor is a registered representative of AWM. While Ascendant does not receive compensation from AWM directly, affiliates of Ascendant, including Wigdor, may benefit from fees paid to AWM and SWS, as custodian for Ascendant’s clients and for client transactions.

### ***Walker***

James Walker is a registered representative with a broker-dealer registered with the SEC and various state jurisdictions, and a member of FINRA. That broker-dealer does not provide any brokerage services to or share any revenue with Ascendant.

### ***Avallon***

Gregory Avallon is a registered representative of AWM. While Ascendant does not receive compensation from AWM directly, affiliates of Ascendant, including Avallon, may benefit from fees paid to AWM and SWS, as custodian for Ascendant’s clients and for client transactions.

### ***Affiliated Mutual Funds***

The firm provides investment management services through the four Ascendant Funds, each an investment company registered under the Investment Company Act. A complete description of each fund, its strategy, objectives, and costs is set forth in the fund prospectus, a copy of which is provided to all clients who invest in such funds. *See also Item 4 – “Services, Fees and Compensation – Investment Products: Funds”.*





Although all mutual funds charge fees (i.e. administrative and investment management fees), because of the Ascendant Funds' special relationship to us, a potential conflict of interest is presented because: (i) a portion of the fees will be payable to the firm for its investment management services; and (ii) the investment management fee and other expenses to be received by Ascendant and/or our affiliates from the Ascendant Funds directly or indirectly, may be higher than what our clients are currently charged under its standard "assets under management" fee schedule referenced in Item 5 – "Fees and Compensation" above, or at an individual client's particular negotiated rate.

Furthermore, depending upon the brokerage firm or custodian a client chooses, shares of the funds may or may not be transferable to another custodian in the event a client transfers its account subsequent to purchasing the fund. In such a circumstance, a client may potentially be required to liquidate its investment in the fund in order to complete an account transfer.

Pursuant to the terms of the Ascendant Advisory Agreements, we shall have discretion to place client assets in the funds, although you may direct us, in writing, not to utilize any of the affiliated funds for your portfolio. Clients that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") are required to direct their investment into our affiliated funds in order to include any affiliated fund in their investment portfolio.

## **Code of Ethics**

### ***General***

Ascendant has adopted a code of ethics ("Code of Ethics") for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to, among other things, confidentiality of client information, a prohibition on insider trading, a prohibition on "rumor-mongering", restrictions on the acceptance of significant gifts and reporting requirements upon receipt of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons at Ascendant and other persons associated with us must annually, or as amended, acknowledge the terms of, and are required to abide by the Code of Ethics.

Ascendant anticipates that, in appropriate circumstances and consistent with a clients' investment objectives, it will recommend the purchase or sale of securities in which Ascendant, its affiliates and/or clients, directly or indirectly, have a position of interest. Subject to satisfying this policy and applicable laws, officers, directors and employees of Ascendant and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of Ascendant will not interfere with: (i) making decisions in the best interest of our clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, transactions involving certain classes of securities have been designated as exempt transactions



based upon a determination that such transactions would not materially interfere with the best interest of our clients. In addition, the Code of Ethics requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as the clients, there is a possibility that employees might benefit from market activity by a client in a security held by such employees. Pursuant to the Code of Ethics, employees trading is continually monitored to reasonably prevent conflicts of interest between Ascendant and its clients. *See Item 10 – “Additional Information – Other Financial Industry Activities and Affiliations”.*

### ***Personal Trading***

Ascendant and our Personnel may purchase and sell securities for their own account. To prevent conflicts of interest, all employees of Ascendant must comply with our Code of Ethics, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

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

Any client or prospective client may request a copy of our Code of Ethics by contacting us at the information provided in Item 1 – “Cover Page” of this Wrap Fee Brochure.

### ***Cross Trades***

It is our general policy that we will not affect any principal or agency cross-securities transactions for client accounts. “Principal transactions” are generally defined as transactions in which an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may involve a transaction in which a security is crossed between an affiliated hedge fund and another client account.

An “agency cross transaction” is defined as a transaction in which a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as a broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated



broker-dealer. It is our general policy that any such transactions involving an advisory client that is subject to ERISA be conducted in compliance with Prohibited Transaction Exemption 86-128.

### ***Insider Information***

Our Code of Ethics and the supervisory procedures of the IAR of Ascendant impose certain policies and procedures concerning the misuse of material, non-public information that are designed to prevent insider trading by any officer, partner, or associated person of Ascendant.

### **Brokerage Practices**

#### ***General***

We recommend, but do not require, that our clients utilize the brokerage services of AWM to our clients.

#### ***Best Execution***

Transaction rates for trades executed through AWM may not always be as favorable as those that could be obtained if transactions were executed through another broker-dealer. The fact that Ascendants' clients are likely to use AWM to execute transactions presents a potential conflict of interest in that Ascendant and its personnel may indirectly receive additional compensation as a result of AWM acting in such capacity. Such transactions may create a conflict of interest because Ascendant has a duty to obtain the most favorable price for advisory clients while the registered representatives of the affiliated broker-dealer have a duty to obtain the most favorable price for their brokerage customers. Accordingly, in engaging in cross transactions, Ascendant will follow the procedures set forth herein, which are designed to ensure that all parties to the transaction receive at least as favorable a price as they would receive if the transaction were executed on the open market.

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

Ascendant does not direct brokerage commissions to broker-dealers in return for various research services, but has done so in the past and continues to use those funds that are on deposit for the benefit of all clients.

#### ***Directed Brokerage***

Ascendant may place all or a portion of the transactions with a broker with whom the client has a special advisory or consulting relationship. Such transactions are placed with a broker who may have provided manager selection services, performance measurement services, asset allocation services, or a variety of other consulting or monitoring assistance, all with the specific knowledge and full approval of the client.



We do not maintain agreements with referring brokers regarding our internal allocation of brokerage transactions. However, all or a sizable portion of a particular clients' brokerage transaction business may be directed to a particular broker if the client has directed, agreed or stipulated that we do so. Commissions are not intended to compensate brokers for client referrals.

With regard to client directed brokerage, we are required to disclose that they may be unable to negotiate commissions, block or batch client orders or otherwise achieve the benefits described above, including best execution, if you limit our brokerage discretion. Directed brokerage commission rates may be higher than the rates Ascendant might pay for transactions in non-directed accounts.

Also, clients that restrict our brokerage discretion may be disadvantaged in obtaining allocations of new issues of securities that we purchase or recommend for purchase in other clients' accounts. It is the firm's policy that such accounts not participate in allocations of new issues of securities obtained through brokers-dealers other than those designated by the client. As a general rule, we encourage each client to compare the possible costs or disadvantages of directed brokerage against the value of the custodial or other services provided by the broker to the client in exchange for the directed broker designation.

### ***Trade Aggregation***

We routinely aggregate orders to obtain a more favorable market price for participating accounts resulting in clients receiving the average price of the entire block.

Ascendant blocks trades for execution when possible. We maintain records of the broker-dealer designated by each client, and place orders in sequence to the broker-dealer whose customers in the aggregate represent the largest amount of assets to be traded, second largest and so forth. If an order cannot be fully executed, there is no priority for allocation to clients relating to size, fees received or any other act of favoritism. They are randomly issued to the clients.

When an order is given to a broker-dealer for transactions to be effected for multiple clients, unless otherwise specified, they are to confirm all transactions at an average price, regardless of the number of executions or the prices at which such executions are effected, or the time that it takes for execution of the entire order. Accordingly, all clients who are customers of the same broker-dealer will receive the same execution price at the same time. However, clients who are customers of different broker-dealers may receive different execution prices depending on the sequence of orders given as described above. Individual orders are entered electronically by the trader.



### ***Wrap Fee Accounts***

No commission is added to transactions in the case where the client has established a “fee in lieu of commission” account. We may identify instances for which we are unable to achieve best execution of securities trades in “fee in lieu of commission” or “wrap” accounts that we manage. In those circumstances, we may execute a trade as a “step-out” transaction with another broker that has agreed to execute the transaction without charging a commission. We will, however, trade with such brokers at their prevailing commission rates for our non-wrap clients for whom we have brokerage discretion, either as part of the same “block transaction” or for different transactions. *See Item 10 – “Additional Information – Review of Accounts: Wrap Fee Accounts” below.*

### **Review of Accounts**

#### ***General***

Accounts are generally reviewed on a security-by-security basis, and are cross-referenced to the client’s portfolio on an on-going basis by the Personnel assigned to the clients account. These reviews are generally conducted monthly. They are also reviewed upon equity and bond trades to ensure that they still conform to the pre-determined asset allocations. Additionally, general financial news or corporate news/action may trigger an additional review of accounts. We maintain discretion to alter positions in the strategies as market conditions warrant.

#### ***Wrap Fee Accounts***

Transactions placed on behalf of wrap fee advisory accounts (“Wrap Fee Accounts”) are reviewed on a daily basis by the portfolio manager authorizing such trades, and Ascendant reviews each account on an ongoing basis to ensure that the account is managed in accordance with stated objectives. For accounts in existence for more than six (6) months, the IARs will meet with each of their clients annually, and Ascendant will survey accounts for any changes in the investment questionnaire and asset allocation worksheet completed at the execution of the account. Ascendant reviews these updates to determine whether changes may have an effect on the on-going suitability of investments in clients’ portfolios or would cause a revision to the firm’s investment strategies.

#### ***Reports***

Ascendant generally provides clients with written quarterly performance evaluation reports. The custodian provides written monthly custody statements for any month during which a transaction was executed. In addition, clients receive confirmations from the custodian whenever transactions are executed, as well as written quarterly and annual statements reflecting all transactions, and realized and unrealized gains and losses in their accounts from the custodian.



Written performance reports are routinely provided to clients on a quarterly basis, but may be requested and issued more frequently, as needed. These reports typically include position reports and performance history, and may also include assets at the end of a quarter. Interim reports include the same information in addition to cash flows for aiding in tax planning/reporting. Household performance reporting is also provided upon request. Ascendant provides these routine reports, and the custodian delivers brokerage statements to the client on a regular basis.

### ***Trade Errors***

In the event of a trade error in your account, our policy is to attempt to correct trading errors as soon as they are discovered. However, we may not be responsible for poor executions or trading errors committed by the brokers that are utilized, unless such errors resulted from our negligence, fraud or willful misconduct. Notwithstanding the above, based on the circumstances, corrective actions may include:

- canceling the trade;
- adjusting an allocation; and/or
- reimbursement to the account.

### **Client Referrals and Other Compensation**

#### ***Non-Client Compensation***

Ascendant does not receive any economic benefit (e.g., sales awards or prizes) from non-clients for providing investment advice or other advisory services.

#### ***Client Referrals***

We contract with individuals or firms (non-supervised) for referral of new business. The solicitors are paid a portion of the management fee paid to Ascendant. Solicitor agreements are in compliance with the Advisers Act and include all applicable federal and state laws. Clients of solicitors are given disclosure describing the terms of his/her association with the firm at the time of solicitation.

#### ***Compensation for the Sale of Securities***

AWM may be used to custody through Southwest Securities, Inc. ("SWS") and execute portfolio transactions for investment advisory clients at the discretion of Ascendant. These transactions will be conducted subject to proper and customary disclosure including, but not limited to, compensation received by AWM. Compensation may be received by AWM as a broker-dealer when portfolio transactions are effected on behalf of investment advisory clients by Ascendant. Notwithstanding the above, any compensation received is limited as set forth



herein due to the “all inclusive” nature of the wrap program. *See Item 5 – “Fees and Compensation” and Item 10 – “Additional Information: Code of Ethics”.*

### ***Other Fees***

To the extent Ascendant provides other services to Advisory Accounts not included in the advisory fee, Ascendant will be entitled to retain all such fees and other amounts, and no fees or other compensation will be reduced thereby.

### ***Other Indirect Compensation***

***Mutual Fund Fees.*** Ascendant acts as investment adviser/investment manager to a series of mutual funds. Ascendant fees for such services are based on each investment vehicle’s particular circumstance. The firm generally receives a management fee for management of these mutual funds. The amount of the management fee varies from fund to fund and is set forth in the prospectus for each fund. Except to the extent required by applicable law, including ERISA to the extent applicable, Ascendant is not required to offset any such compensation against fees and expenses the client may otherwise owe Ascendant and its affiliates.

***Underlying Fund Fees.*** Where Ascendant has recommended or invested client assets in mutual funds, clients, other than those that are subject to ERISA, generally will pay all fees and expenses applicable to an investment in the funds, including asset-based, performance-based, carried interest, incentive allocation and/or other compensation payable to the managers in consideration of the managers’ services to the fund as well as any fees paid for advisory, administration, distribution, shareholder servicing, sub-accounting, sub-transfer agency and other related services, or “12b-1” fees, which may be paid to Ascendant or its affiliates as described in Item 10 – “Additional Information – Other Financial Industry Activities and Affiliations”. An investor in a fund-of-funds vehicle will also bear a proportionate share of the fees and expenses of each underlying investment fund. All fees and expenses are generally in addition to the advisory fees each Advisory Account pays to Ascendant. In addition, a manager of a fund may receive deal fees, sponsor fees, monitoring fees or other similar fees for services provided to portfolio companies, some of which may be offset against certain fees that the Funds or separate accounts would otherwise be required to remit. The fees and expenses imposed by a fund may offset trading profits, thereby reducing returns. Compensation received by Ascendant and its affiliates related to various services to these funds generally will be retained by Ascendant and its affiliates. Except to the extent required by applicable law, including ERISA to the extent applicable, Ascendant is not required to offset such compensation against fees and expenses the client may otherwise owe Ascendant and its affiliates.

To the extent that transactions are effected through AWM, like any other broker-dealer executing a transaction, AWM may have commercial interests in transactions that are adverse to Advisory Accounts, such as obtaining favorable commission rates, mark-ups and mark-downs, other commission equivalents and lending rates and arrangements. As described in the firm’s





Code of Ethics, Personnel may receive referral or brokerage compensation in connection with transactions effected for Advisory Accounts, and Ascendant and Personnel have financial interests in clients instructing Ascendant to direct all transactions to Ascendant. In such circumstances, except as required by applicable law, no accounting to Advisory Accounts will be required, Ascendant will be entitled to retain all such fees and other amounts, and no fees or other compensation will be reduced thereby.

*Cash and Money Market Funds.* If an investment advisory client utilizes AWM as its broker-dealer, AWM's selection of money market mutual funds or comparable investments in which to hold cash reserves in the client's account is limited to certain investments. The selection includes money-market, municipal money-market and government money-market funds, and the issuers of funds pay AWM a distribution fee in its capacity as a broker-dealer. This compensation is in addition to other fees, etc. received from client accounts. To the extent required by ERISA, distribution fees paid to AWM will be offset against the wrap fee charged an advisory client. Additionally, cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients are invested automatically on a daily basis. When securities are sold, funds are deposited on the first business day after the settlement date. Funds placed in a client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the client's account. Due to the foregoing practices, AWM may obtain federal funds prior to the date that deposits are credited to client accounts and thus may realize some economic benefit because of the delay in investing these funds. Where an unaffiliated broker-dealer or other entity acts as custodian of the client's account assets, AWM has no control over the manner in which the cash reserves will be handled, and the client and/or such custodian will make that determination. This compensation is historically minimal in relation to all other compensation earned by Ascendant and its affiliates.

## **Custody**

### ***Selection of Custodian***

AWM clears its securities transactions on a fully-disclosed basis through SWS. As such, SWS is the custodian for our clients electing to use our trade execution platform. SWS was selected as the executing and clearing broker based upon, among other things, its financial solvency and credibility, its level of customer service, its trade execution capability, its managed account trading desk and its reputation. Regardless of our recommendation regarding the custodian, clients may direct us to utilize other custodians. *See Item 10 – "Additional Information – Brokerage Practices", "Other Financial Industry Activities and Affiliations", and "Client Referrals and Other Compensation".*





## ***Statements***

You should receive a statement at least quarterly from the broker-dealer, bank or other qualified custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare such official custodial records to the reports we may provide to you. Our reports may vary from custodial statements based on accounting procedures and reporting formats.

## **Investment Discretion**

### ***Discretionary Authority***

Ascendant assumes discretionary authority for the clients' accounts as disclosed in the Investment Advisory Agreement. This document and the related limited trading authorization are executed at the inception of the relationship. Ascendant exercises discretion to set asset allocation levels in accordance with ranges which are reviewed and set by the standing investment committee that presides over the asset allocation policies for the firm and the investment policy of each underlying investment product of the firm (which, for the avoidance of doubt, does not act as portfolio manager for each product). Ascendant does not have authority to withdraw funds other than under the terms of the fee payment authorization clause in the Investment Advisory Agreement, which is signed by the client.

### ***Documentation of Discretion***

Ascendant usually receives written discretionary authority from the client to select the identity and amount of securities to be bought or sold at the outset of an advisory relationship. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, Ascendant observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Ascendant's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once they are made. Certain Wrap Fee Accounts may hold securities or other investments over which the client has withheld discretionary authority for a variety of reasons. Investment guidelines and restrictions must be provided to Ascendant in writing.

## **Voting Client Securities**

Ascendant has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the funds and portfolios it manages, as well as its clients. We maintain written policies and procedures as to the handling, research, voting and reporting of proxy voting and make appropriate disclosures about our firm's proxy policies and practices therein. Our policies and practices include our responsibility to monitor corporate actions,



receive and vote client proxies and disclose any potential conflicts of interest, make information about the voting of proxies for their portfolio securities available to clients, and maintain relevant and required records.

Ascendant has retained a third-party research provider, Glass Lewis & Co. (“Glass Lewis”), to provide recommendations regarding proxy voting. Ascendant has also retained a third-party proxy administration service, ProxyEdge, to collect the Glass Lewis research findings and to then vote all proxies held by clients in accordance with Glass Lewis’ recommendations based on such findings. Clients may decide to vote proxies themselves, and should contact Ascendant to communicate their intentions to opt out of the foregoing service. The Chief Compliance Officers (“CCO”) will conduct quarterly tests to insure all proxies have been voted appropriately. A record of all voting activity is retained on ProxyEdge’s system and is available for client review upon request.

Generally, Ascendant votes proxies for affiliated and unaffiliated institutional account and Wrap Fee Account (as defined above) clients applying the aforementioned proxy voting policy. Any material conflicts between the interests of Ascendant and those of the clients will be resolved to protect the clients’ interest. Potential material conflicts are to be reported to the CCO or Ascendant officers as Ascendant personnel become aware of them. If the firm’s portfolio manager does not agree with a particular position Glass Lewis has taken on a proposal, they will override that position and document their reasoning accordingly.

### **Financial Information**

We are required to provide you with certain financial information and/or disclosures about our financial condition which would impede our ability to provide the advisory services described herein. We have no financial commitment that impairs our ability to meet our contractual or fiduciary commitments to clients, and we have not been subject to a bankruptcy proceeding.

### **Privacy Notice to Customers**

We do not disclose non-public personal information about our current or former individual clients, except as permitted by law. We restrict access to non-public personal information about you (that we may obtain from your account and your transactions) to those employees who need to know that information in order to provide you with products or services or otherwise alert you to new, enhanced or improved products or services we provide. We maintain physical, electronic and procedural safeguards that comply with federal standards to safeguard your non-public personal information.

### **Business Continuity Plan**

We have developed a plan to address how we will respond to events that may disrupt our business (“Business Continuity Plan”). Since timing and impact of disasters is unpredictable, we



will have to be flexible in responding to the events as they occur. In the event of such disaster, this plan is designed to allow us to resume operations as quickly as possible in light of the scope and severity of the disruption. The Business Continuity Plan covers data backup and recovery, mission critical systems, financial and operational assessments, alternative communications, alternate business locations, bank and counter-party impact, regulatory reporting and prompt access to funds and securities for our customers.

Significant business disruptions can vary in their scope, such as emergencies affecting a single building housing us, the business district, city, or region in which we are located. The severity of such disruption may also vary from minimal to severe. Under the Business Continuity Plan, in the event of a disruption to us directly, or a building housing us, we will transfer our operations and a select group of trained employees to an emergency-ready local site and expect to recover and resume business within approximately four hours. In the event of a disruption affecting our business district, city, or region, appropriate staff shall be moved to a site outside of the affected area in order to be able to communicate with SWS or such other relevant party on behalf of our clients. In either case, we plan to continue our business operations, and will transfer our operations to our clearing firm to the extent necessary. If you have questions about our Business Continuity Plan, please feel free to contact us at the information provided in Item 1 – “Cover Page”.