



## **Crescent Capital Consulting, LLC**

1100 Poydras Street – Energy Centre Suite 1502  
New Orleans, LA 70163

Telephone: (504) 207-8555

Web Address: [www.CrescentCapitalConsulting.com](http://www.CrescentCapitalConsulting.com)

Form ADV- Part 2A

November 2013

**This brochure provides information about the qualifications and business practices of Crescent Capital Consulting, LLC. If you have any questions about the contents of this brochure, please contact us at (504)207-8555 or Luis Zervigon at [LZervigon@CrescentCapitalConsulting.com](mailto:LZervigon@CrescentCapitalConsulting.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Any references to Crescent Capital Consulting, LLC as a “registered investment adviser” or being “registered” with the SEC or any state does not imply a level of training or skill.**

**Additional information about Crescent Capital Consulting, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Crescent Capital Consulting, LLC is 154925 and SEC file number 801-71795.**

**Item 2. Summary of Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Firm Brochure is a new document prepared according to the SEC’s new requirements and rules.

In the future, this Item will discuss specific material changes that are made to the Firm Brochure and provide clients with a summary of such changes.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

*Currently and as of the date of this Firm Brochure, our firm has the following material change to disclose.*

Crescent has updated this Form ADV, as of October 30, 2013, to include a description of an Order issued by the SEC to Mr. S. Derby Gisclair, a minority owner of Crescent and its former Chief Compliance Officer. This Order reflects the resolution of the SEC’s concerns regarding inadvertent billing errors, the scope of compliance policies and their annual review, and disclosures of nonpublic personal information without sufficient notice and opportunity to opt out.

## Table of Contents

Item 1.	Crescent Capital Consulting, LLC .....	1
Item 2.	Summary of Material Changes .....	2
Item 3.	Table of Contents .....	3
Item 4.	Advisory Services .....	4
Item 5.	Fees & Compensation .....	7
Item 6.	Performance-Based Fees and Side-By-Side Management.....	10
Item 7.	Types of Clients & Investments.....	10
Item 8.	Methods of Analysis, Sources of Information and Investment Strategies .....	11
Item 9.	Disciplinary Information.....	12
Item 10.	Other Financial Industry Activities or Affiliations .....	13
Item 11.	Code of Ethics, Participation in Client Transactions and Personal Trading .....	13
Item 12.	Brokerage Practices.....	15
Item 13.	Review of Accounts & Reports to Clients .....	19
Item 14.	Client Referrals .....	20
Item 15.	Custody .....	20
Item 16.	Investment Discretion .....	21
Item 17.	Voting Client Securities .....	21
Item 18.	Financial Information.....	22

**Item 4. Advisory Services**

Crescent Capital Consulting, LLC (“Crescent Capital” or “we”) was established in September of 2010 by S. Derby Gisclair, Andrew B. Wisdom, and Luis C. Zervigon to provide a wide variety of investment management consulting services on a continuous basis for our clients. Currently, our firm provides consulting services for approximately \$670 million in client assets and manages approximately \$118 million of discretionary Regulatory Assets Under Management and approximately \$185 million of non-discretionary Regulatory Assets Under Management (all figures as of December 31, 2012). Headquartered in New Orleans, the firm was established as a fee-only consulting firm, providing research, education, decision support and advice to a broad array of institutional and high-net-worth investors through four distinct lines of business:

- Institutional Investment Management Consulting
- Private Wealth Management
- Administrative Support for Charitable Foundations
- 401(k) and Retirement Plan Consulting

**Investment Management Consulting Services include:**

- *Investment Policy Statement*
- *Asset Allocation Analysis*
- *Spending Policy Analysis*
- *Investment Manager Search and Evaluation*
- *Risk Management Review*
- *Ongoing Performance Measurement*
- *Rebalancing Analysis*
- *Performance Attribution*
- *Investment Manager Style Analysis*
- *Best Practices & Benchmarking*
- *Fiduciary Education*
- *Staff Education*
- *Custodian Search and Evaluation*
- *Fee Negotiations*

Crescent Capital takes pride in serving our clients from the perspective of an objective, third-party consultant, thereby allowing us to concentrate exclusively on satisfying the needs of our clients. We do not have the distraction of a competing affiliated business or other potential conflict of interest. Every decision is designed specifically for the benefit of our clients. We believe it’s important for clients to know that the principles by which their advisors do business are both clear and deeply rooted within the company’s culture.

Our process is comprehensive, based on the input of seasoned consultants, and is an ongoing series of events. Yet each client relationship is unique, so there are no mass-produced solutions. Each client undergoes the same rigorous process that begins with the Investment Policy Statement and continues through each of the steps shown above.

## **Private Wealth Management**

Private wealth management is an investment advisory discipline that incorporates financial planning, investment portfolio management and a number of aggregated financial services. High net worth individuals, small business owners and families who desire the assistance of a credentialed financial advisory specialist call upon wealth managers to coordinate retail banking, estate planning, legal resources, tax professionals and investment management. Crescent Capital's wealth managers includes a certified financial planner who works to enhance the income, growth and tax favored treatment of long-term investors. One must already have accumulated a significant amount of wealth for wealth management strategies to be effective.

Private Wealth Management Services include:

- *Comprehensive Financial Planning*
- *Tax Efficiency Analysis*
- *Family Office and Trust Management*
- *Estate and Tax Planning Support*
- *Estate Liability Analysis*
- *Philanthropic Gifting Analysis*
- *Family Governance*
- *Next Generation Education*

Crescent Capital provides thoughtful, customized strategies for individuals and families, their family offices and business enterprises, charitable giving programs, and endowments and foundations, along with exceptional service from a team of talented professionals.

## **Administrative Support for Charitable Foundations**

Crescent Capital partners with your foundation to act as your grants management and comprehensive back office solution. Our grants management platform allows you to track and report on your charitable gifts, both current and historical, enabling you to easily capture and leverage the total picture of your giving, while ensuring compliance with evolving regulations. Our end-to-end solution includes receiving grant applications directly from applicants using our on-line grant application system, compiling the data for your review, and preparation of grant disbursements according to your instructions.

Our comprehensive support system includes:

- Receiving requests through our on-line grant application system tailored to your specific requirements
- Compiling grant applications for presentation to your grants committee

- Comprehensive reporting of current and historical giving by date, grantee, and program area
- On-line access to your entire grants database for trustees, including individual organization and awards history and related documents
- Grant disbursement check preparation, when required
- Secure Web Portal
- Electronic Retention of Documents
- Integration with your foundation's endowment investment management

Crescent Capital streamlines and simplifies every aspect of grant award and administration. It's the central location for detailed and summary information relating to all your programs, providing a consolidated giving history that you can easily access, query and analyze. Our program is specifically designed to meet the needs of foundations, corporate giving programs, bank trust companies, government funding agencies and other grant-making organizations.

## **401(k) and Retirement Plan Consulting**

### **Comprehensive and Detailed Analysis**

Over time, many plan sponsors become complacent believing that, because their 401(k) or retirement plan is participant-directed, they are relieved of the fiduciary liability for conducting ongoing due diligence on the investment options offered by their plan. At Crescent Capital, we have over twenty-five years of experience in evaluating investment options in 401(k) and retirement plans.

Our comprehensive review and evaluation process includes:

- Written Investment Policy Statement
- General Analysis of Investment Options
  - Number of Investment Options Offered
  - Investment Styles Offered
  - Security Overlap Within Investment Options
- Detailed Analysis of Investment Options
  - Rolling Period Returns
  - Distribution of Returns
  - Correlation of Investment Options
  - Universe Analysis
  - Relative and Absolute Measures
- Detailed Analysis of Service Providers
- Plan Administration and Recordkeeping
- Plan Structure and Options
- Investment Options

- Fee Structure and Analysis
- Detailed Analysis of Plan Demographics
- Development of Model Portfolios
- Minimum of Three, Maximum of Five
  - Conservative
  - Moderately Conservative
  - Moderate
  - Moderately Aggressive
  - Aggressive
- Distinctly Different Asset Allocations
- Distinctly Different Risk-Reward Characteristics
- Fund Specific Recommendations

Crescent Capital believes that a well-crafted retirement plan program is one of the most important benefits an employer can offer. We have successfully addressed the challenges of increasing employee participation, improving participant satisfaction with investment options, and providing a higher level of participant education about investing for retirement.

#### **Item 5. Fees & Compensation**

Crescent Capital bases its advice on the specific financial goals and objectives, including risk tolerance and time horizon, of each client relationship.

Crescent Capital's recommended fee schedule is as follows:

Total Assets	Annual Fee (Basis Points)	Annual Fee (Percentage)
On the first \$25,000,000	100	1.00%
\$25,000,001 to \$50,000,000	75	0.75%
\$50,000,001 to \$100,000,000	50	0.50%
Over \$100,000,000	35	0.35%

The above fees represent the consulting fee paid to Crescent Capital. Fees charged by Crescent Capital in connection with its services may be in addition to investment management, custodial, legal, accounting or recordkeeping costs charged by third parties. The services rendered by Crescent Capital may be available at lower rates from other investment advisors.

Crescent Capital's compensation is based on the total market value of all client accounts, including cash and cash equivalents.

The Total Market Value is calculated on the value of the account at the beginning of the calendar quarter, utilizing the sum of all securities (both long and short) and money market and credit balances. Margin debit balances (if applicable) do not reduce the value of the account.



Fees are generally charged quarterly, in advance, at the beginning of each calendar quarter, based on the value of the client's account at the end of the prior quarter. New accounts are charged a pro-rata fee for the initial quarter based on the value of the assets deposited into the account. Our fees are deducted directly from client accounts or if a client prefers, we will send a bill for our fees. Generally, either the client or Crescent Capital may terminate the investment advisory relationship by giving thirty (30) days prior written notice to the other party. Upon termination, any prepaid fees will be promptly refunded to the client.

## **GENERAL INFORMATION ON FEES**

### **Pricing Practices**

Crescent Capital will use information provided by the independent custodians, or third party money managers as our main pricing sources for purposes of valuing client portfolios on a monthly basis, both for fee billing and investment performance calculation purposes. In this regard, the prices reported by Crescent Capital may not always match custodial prices, based on the various pricing services. In the rare instance where custodian(s) do not price a security, the price may be obtained from independent pricing services.

### **Negotiability of Fees**

The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of a client. The schedule represents the majority of the services offered to Crescent Capital clients. However, a fixed fee may be charged for a service provided based on a specific client mandate for which there is not a set fee schedule and is therefore not represented in this brochure. These instances generally are negotiated with the client on a case-by-case basis. Under some circumstances, which Crescent Capital considers appropriate, we may waive fees or make special fee arrangements which may vary from the fee schedules above.

In certain cases, based on investment objectives, location, and/or portfolio size, fees may vary among accounts. The quarterly market value of the portfolio will serve as the basis for quarterly fee calculations. Certain accounts, per account contract and/or custodial considerations, are payable quarterly or monthly in arrears. In certain circumstances, fees and account minimums may be negotiable.

### **Account and fee minimums**

As a general matter of policy, Crescent Capital does not have any account or fee minimums.

Crescent Capital does require a minimum investment of \$100,000 in the wrap-fee program. The client must also satisfy the investment manager's minimum investment criteria in order to participate in a wrap-fee program or to establish a transaction-based, separately managed account.



Any applicable minimum investment for any independent investment manager or in another investment vehicle, such as a private fund, mutual fund or a limited partnership, is established by the individual investment management firm or fund distributors.

### **Termination**

If an investment agreement is terminated prior to the end of a quarter for which a fee has already been paid, Crescent Capital will refund a pro-rated amount of such fee based upon the termination date. An investment agreement may generally be terminated at any time by the client or Crescent Capital on 30 days written notice to the other party. The investment agreement is not assignable by either party.

### **Custody and Brokerage Expenses**

The fees charged by Crescent Capital do not include custodial fees or trading costs incurred in buying and selling securities. The client has the ultimate decision on the custodian to be used and the asset mix. Crescent Capital does not act as custodian of client assets (but does have authority to deduct advisory fees upon individual client instructions). Also, in most instances, cash is invested in short-term interest bearing instruments and/or funds available through the custodian. A charge may be made by such custodian, which may not be disclosed on the custodian's statement if a commingled or money market mutual fund vehicle is utilized. For a determination of such charges, information or a prospectus may be obtained from the custodian. Any such charges by the custodian would be in addition to fees paid to Crescent Capital.

### **Separate Expenses and Fees**

All fees paid to Crescent Capital for investment management consulting services are separate and distinct from the fees and expenses charged by third party money managers, private funds, including any management and performance fees, mutual funds and exchange traded funds (ETFs) to their clients, investors or shareholders. These fees and expenses are described in each manager's disclosure brochures, private fund offering documents or fund's prospectus. These fees will generally include a management fee and possibly a performance fee and other fund expenses, and a possible distribution fee for mutual funds. If the mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest with a third party money manager, private fund, mutual fund or ETF directly, without the services of Crescent Capital. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which third party money manager, private fund, mutual fund or ETF are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the money managers, private funds, mutual funds or ETFs and the fees charged by our firm to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided.

### **Debiting of Advisory Fees**

For certain clients that maintain custodian brokerage accounts, Crescent Capital, with the written consent of clients, provides such clients and custodian with an invoice for payment of such advisory fee. Each client invoice describes the amount of the advisory fee, the value of the client's assets on which the fee was based and the manner in which the fee was calculated. The custodian deducts, unless a client otherwise instructs the custodian, the advisory fee from the clients' account and remits such amount directly to Crescent Capital.

At least on a quarterly basis, the custodian sends each client a statement summarizing all amounts disbursed from such client's account during such period, including the amount of such client's advisory fees, if any, paid directly to Crescent Capital by the custodian.

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

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

Crescent Capital may, as a matter of policy and practice, offer and charge any performance-based fees for its investment management services when appropriate and agreed upon with a qualified client. Currently, Crescent Capital has no such fee arrangements.

Our advisory fees are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Investment Advisers Act of 1940, as amended).

Side-by-side management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions and also mutual funds and/or hedge funds. In such circumstances, potential conflicts of interest may arise by and between the clients and the mutual and hedge funds, e.g., performance fee arrangements.

Crescent Capital does not currently manage any hedge funds or mutual funds or have any performance based fee arrangements. Accordingly, Crescent Capital does not have any side-by-side potential or actual conflicts of interests other than to the extent investment opportunities may be available and allocated among the various clients. Crescent Capital, as a fiduciary to our clients, has adopted allocation policies for the fair and equitable treatment of all clients as more fully described in Item 12 below.

### **Item 7. Types of Clients & Investments**

Crescent Capital offers and provides these investment management consulting services to high net worth individuals, corporations, pension and profit sharing plans, trusts, estates, foundations, endowments and charitable organizations, among other institutions.

Crescent Capital itself does not generally engage in the purchase or sale of individual securities for a client's account. Typically securities transactions are conducted in the client's account either through (1) separately managed accounts (2) wrap-fee accounts (3) mutual fund shares or (4) limited partnership interests.

Our firm does, to a limited extent, manage and trade legacy securities holdings, ETFs and mutual funds on our clients' behalf.

In each instance, an independent, third-party professional investment manager is retained to manage the client's assets. Crescent Capital makes no investment decisions related to the investments in a client's accounts. We may, from time to time, assist in the rebalancing and/or reallocating of client accounts which may involve the purchase and/or sale of individual securities.

In some instances Crescent Capital does require an account minimum. Please see Section 5: Fees & Compensation; GENERAL INFORMATION ON FEES; Account and Fee Minimums for more detail about account minimums.

#### **Item 8. Methods of Analysis, Sources of Information and Investment Strategies**

With respect to the investment managers recommended to a client, Crescent Capital ordinarily employs a variety of quantitative and qualitative methods.

The quantitative aspect of our analysis is supported by several comprehensive databases of investment managers incorporating virtually every type of portfolio – from mutual funds and commingled trusts to separately managed portfolio to limited partnerships. Investment performance is examined over a number of different market cycles for (1) Consistency of returns (2) Consistency of investment style (3) Dispersion in investment returns (4) Regression statistics (5) Tracking error. The qualitative aspects are generally contained within Crescent Capital's commitment to a program of ongoing due diligence efforts.

##### ***Manager, Mutual fund and/or ETF analyses***

We look at the experience and track record of the independent investment managers and the managers of the mutual funds, ETFs, or private funds in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets of an independent investment manager, mutual fund, ETF, or private fund in an attempt to determine if there is significant overlap in the underlying investments held in other funds in the client's portfolio. We also monitor the independent investment manager, private fund, mutual fund or ETF in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of any independent investment manager, private fund, mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to continue or replicate that success in the future.

In addition, as we do not control the underlying investments in any fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the independent investment manager, private fund, mutual fund or ETF, which could make any manager, fund or ETF less appropriate for the client's portfolio.

### ***Risks for all forms of analysis***

Our securities analysis methods rely on the assumption that the companies whose securities we recommend, purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are aware that indications, reporting or data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investing in securities involves risk, including the possible loss of principal. Diversification does not assure or guarantee better performance and cannot eliminate the risk of investment loss. Past performance does not guarantee future results.

## **Item 9. Disciplinary Information**

On October 23, 2013, Mr. Gisclair, a minority owner of Crescent and its former Chief Compliance Officer, submitted an Offer of Settlement ("Offer") in connection with an administrative proceeding pursuant to Section 203(f) and 203(k) of the Investment Advisers Act of 1940 and Section 15(b)(6) of the Exchange Act. The Offer was presented to the SEC and the SEC has determined to accept it. Solely for the purpose of proceedings brought by or on behalf of the Commission or to which the SEC is a party, Mr. Gisclair agreed to consent to the entry of a cease and desist order ("Order") without admitting or denying the matters set forth therein (other than those relating to the jurisdiction of the SEC over it and the subject matter of the action). The resulting Order resolved the SEC's allegations that Mr. Gisclair aided and abetted and caused his previous and current employers to violate Investment Advisers Act Sections 206(4) and 207, Rules 206(4)-1(a)(5) and 206(4)-7 thereunder, and Rule 10 of Regulation S-P. The Order resolved the SEC's concerns that there may have been (i) false or misleading advertisements; (ii) a failure to have sufficient policies and procedures reasonably designed to prevent violations of the Advisers Act; (iii) a failure to conduct annual reviews of such policies; and (iv) the disclosure of nonpublic personal information without sufficient notice and opportunity to opt out. The Order requires Mr. Gisclair to cease and desist committing or causing violations of the securities laws and regulations identified above, pay a \$90,000 civil money penalty, and notify certain advisory clients of the Order. Mr. Gisclair paid the penalty on October 24, 2013 and the notices were mailed on November 22, 2013.

**Item 10. Other Financial Industries Activities or Affiliations*****Additional Compensation***

The investment professionals of Crescent Capital have no other financial affiliations or activities and devote substantially all their time and efforts to the investment activities of Crescent Capital and the firm's clients. These individuals receive no additional compensation from any outside financial entities or affiliations.

Andrew Wisdom, Principal, Investment Management Consultant, serves as Chairman of the Board of Directors of TurboSquid, Inc., a New Orleans technology company providing an on-line marketplace for 3D images.

As Chairman of the Board of Directors, Mr. Wisdom does receive customary directors fees. This outside activity does not present any conflict of interest with his Crescent Capital responsibilities except to the extent he devotes a small portion of his time to this non-financial affiliation.

Crescent Capital is a registered investment advisor under the Investment Advisers Act of 1940 (as amended). We have established a number of industry affiliations to enable our clients to access a wide variety of financial services. Clients may select from a variety of investment management consulting services, as described in Item 4 of this document. Crescent Capital provides services to clients through individuals who are referred to generally as "Consultants". Crescent Capital's Consultants may have specific expertise in areas such as investment consulting, private wealth management, 401(k) and retirement plan consulting, and/or financial and estate planning.

Clients may also select one of the custodian relationships Crescent Capital has established or may designate another custodian that they wish to utilize.

**Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading*****Code of Ethics***

Crescent Capital's employees may at times own securities that are also owned by Crescent Capital's clients. Our employees may also at times own securities that are similar to or different from those owned by or recommended to Crescent Capital's clients. However, the purchase and sale of securities by employees must comply with Crescent Capital's Code of Ethics, which is subject to certain restrictions and which includes pre-approval authorization for certain securities transactions in addition to quarterly and annual reporting and monitoring of transactions and holdings.

One purpose of our Code is to prevent an "access person" (those authorized for access to investment information) with the firm from knowingly benefiting in his or her personal investments from his or her position with the firm or to make personal investment decisions based on the investment decision of advisory clients. One of the founding principles of Crescent

Capital is always putting our clients' interest first. This is particularly true in the area of personal investment transactions.

Crescent Capital's Code of Ethics reflects the firm's commitment to ethical and honest conduct. At all times Crescent Capital and its associates will comply with the Code of Ethics. The Code is designed to also ensure that the high ethical standards long maintained by Crescent Capital continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

Crescent Capital's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to disciplinary action, including termination of employment with Crescent Capital.

A copy of our current Code of Ethics is available upon written request to Crescent Capital.

### ***Additional Conflicts of Interest***

Crescent Capital also seeks to avoid conflicts of interest but makes best efforts to disclose instances in which potential conflicts of interest could arise:

- While Crescent Capital is a registered investment adviser and investment management consulting firm, currently there are no referral arrangements between any other firm for compensating our firm for introducing clients or prospective clients to the other firm.
- Crescent Capital has been hired as investment consultant for some of its principals and for friends and relatives of some of its employees. This could appear to be a potential conflict in favoring these accounts over others managed by our firm. Fair allocation procedures have been put in place to address this potential conflict.
- At Crescent Capital, one of our core values is to reinvest in our communities. In this regard, Crescent Capital makes contributions to non-profit entities, some of which are clients of Crescent Capital. This could appear to be a potential conflict in contributing to clients to retain their business. As these situations may appear to be a conflict of interest, we have established various additional policies in order to ensure our fiduciary responsibilities.

It is the policy of our firm that no person may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing any employees from benefiting from transactions placed on behalf of advisory accounts.

1. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on



reasonable inquiry. No principal or employee of our firm may prefer his or her own interest to that of the advisory client.

2. We maintain records of securities transactions and holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the firm's Chief Compliance Officer.
3. We disclose the unrestricted right of the client to decline to implement any advice rendered.
4. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
5. Any individual not in observance of the above may be subject to termination.

## **Item 12. Brokerage Practices**

### ***Selection of Broker-Dealers***

Our firm endeavors to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help our firm in providing investment management services to clients.

Crescent Capital does not generally engage in the purchase or sale of individual securities for a client's account. Typically, securities transactions are conducted in a client's account either through (1) separately managed accounts, (2) wrap fee accounts, (3) mutual fund shares or (4) limited partnership interests.

Our firm does, to a limited extent, manage and trade client legacy securities portfolio holdings, ETFs and mutual funds on our clients' behalf.

### ***Schwab Advisor Services***

Crescent Capital may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer and SIPC member firm, to maintain custody of clients' assets and to effect trades for their accounts. Although Crescent Capital may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Crescent Capital is independently owned and operated and not affiliated with Schwab.

Schwab provides Crescent Capital with access to its institutional and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab



Advisor Services. These services are not contingent upon Crescent Capital committing to Schwab any specific amount of business (assets in custody). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Crescent Capital's client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to Crescent Capital other products and services that benefit our firm but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Crescent Capital's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Crescent Capital in managing and administering clients' accounts include software and other technology that (1) provide access to client account data (such as trade confirmations and account statements); (2) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (3) provide research, pricing and other market data; (4) facilitate payment of our advisory fees from its clients' accounts; and (5) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help Crescent Capital manage and further develop its business enterprise. These services may include: (1) compliance, legal and business consulting; (2) publications and conferences on practice management and business succession; and (3) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Crescent Capital. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Crescent Capital.

Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of Crescent Capital personnel. In evaluating whether to recommend that clients custody their assets at Schwab, Crescent Capital may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### ***Pershing Advisor Solutions***

Crescent Capital has also established a relationship with, and may recommend that clients establish brokerage accounts with Pershing Advisor Solutions ("PAS"), a division of Pershing, LLC ("Pershing"), a FINRA registered broker-dealer and SIPC member firm, to maintain custody of clients' assets and to effect trades for their accounts. Although Crescent Capital may recommend that clients establish accounts at PAS, it is the client's decision to custody assets

with PAS. Crescent Capital is independently owned and operated and not affiliated with Pershing or PAS.

PAS provides Crescent Capital with access to its institutional and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at PAS.

These services are not contingent upon Crescent Capital committing to Pershing or PAS any specific amount of business (assets in custody). Pershing's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Crescent Capital's client accounts maintained in its custody, PAS generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through PAS or that settle into PAS accounts. Pershing and PAS also make available to Crescent Capital other products and services that benefit our firm but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at PAS.

Pershing and PAS products and services that assist Crescent Capital in managing and administering clients' accounts include software and other technology that (1) provide access to client account data (such as trade confirmations and account statements); (2) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (3) provide research, pricing and other market data; (4) facilitate payment of Crescent Capital's fees from its clients' accounts; and (5) assist with back-office functions, recordkeeping and client reporting.

PAS also offers other services intended to help Crescent Capital manage and further develop its business enterprise. These services may include: (1) compliance, legal and business consulting; (2) publications and conferences on practice management and business succession; and (3) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Crescent Capital. Pershing and/or PAS may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Crescent Capital.

Pershing and/or PAS may also provide other benefits such as educational events or occasional business entertainment of Crescent Capital personnel. In evaluating whether to recommend that clients custody their assets at PAS, Crescent Capital may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by PAS, which may create a potential conflict of interest.

Crescent Capital is an independent firm and is not owned in any part by Schwab Advisor Services, Charles Schwab & Co., Pershing Advisor Solutions, or Pershing, LLC.

### ***Directed Brokerage***

Crescent Capital may place orders with brokerage firms pursuant to directions received from clients ("broker-dealer directed accounts"), including situations in which Crescent Capital has suggested or introduced clients to brokers. In broker-dealer directed accounts, it is the sole responsibility of the client, not Crescent Capital, to negotiate the commission rates.

Clients should recognize that they may pay a higher brokerage commission or receive less favorable execution than might otherwise be possible.

Clients should also be aware of Crescent Capital's lack of authority to negotiate commissions, obtain volume discounts, and that best execution may not be achieved for broker-dealer directed accounts. Clients should also be aware that disparities in commission charges may exist between the commissions charged to other clients, or greater spreads or less favorable net prices for similar trades in various accounts, and that there is a potential conflict of interest on the part of Crescent Capital arising from the described referrals and directed brokerage practices. Additionally, directed brokerage accounts may be traded after discretionary accounts.

Crescent Capital receives no cash benefit, including commissions, from any non-client in connection with giving advice to clients. However, Crescent Capital has clients custodied at Schwab Advisor Services or Pershing Advisor Services that may provide us with economic benefits not available to us otherwise, including but not limited to, electronic trading capabilities, bundled statements, access to compliance information/seminars and deduction of advisory fees when authorized by the client.

### ***Aggregation***

As a matter of firm policy and practice, Crescent Capital does not aggregate trades for our clients' portfolios because client portfolios and transactions are handled on an individualized basis according to each client's needs and services.

Trades for client accounts held in custody at Schwab or Pershing may be executed through a different broker-dealer than trades for Crescent Capital's other clients. Thus, trades for accounts custodied at Schwab or Pershing may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

### ***Allocation of Investment Opportunities***

As a matter of policy, Crescent Capital seeks to allocate investment opportunities and transactions on a fair and equitable basis for all clients over time and to not favor certain clients over others. In the unlikely event that limited investment opportunities or transactions would need to be allocated among advisory clients, we would allocate the investments or transactions fairly and equitably and typically on a pro-rata basis.

***Principal and Agency Cross Transactions***

As a matter of Crescent Capital policy and procedures, our firm does not engage in any principal trading or agency cross transactions on behalf of our firm for any advisory clients.

***Trade Errors***

Crescent Capital has adopted a policy and procedures for identifying and correcting any trade errors as promptly as possible. In the event a trade error occurs which is Crescent Capital's responsibility, any affected clients will not incur any loss as a result of the error and may benefit from any gain attributable to the error.

**Item 13.      Review of Accounts & Reports to Clients****Investment Reviews**

Client portfolios are under ongoing supervision by the assigned Crescent Capital Consultant and are also reviewed periodically by other members of the firm. Investment recommendations are also made on an ongoing basis. The firm recommends meeting with clients at least annually, and, in some cases, more often, to review the investment outlook, investment goals and objectives, investment policies and strategies, procedures, and the portfolio positions and performance. Client portfolios also receive additional review on a monthly basis. More frequent reviews may be triggered by changes in market, political or economic conditions, or a client's request.

***Wrap-Fee Accounts***

Crescent Capital is primarily responsible for reviewing the client's accounts and ensuring its continued suitability with respect to the client's financial goals and objectives, time horizons, and risk parameters. We require each client that participates in the wrap fee program to complete an investor profile questionnaire which is intended to measure the client's individual objectives, time horizons and risk parameters. Additionally, representatives of our firm will consult with the client to better understand the client's investment goals. The client is responsible for promptly bringing any material change in their investment objectives or financial condition to Crescent Capital's attention. Crescent Capital will contact the client at least annually to confirm the investment goals of the client and will be available to all clients for consultation regarding their investment accounts.

For wrap-fee accounts, Crescent Capital will customarily provide the client with a Portfolio Evaluation Report on a quarterly basis. The report includes the performance of the client's account in terms of time-weighted rate of return and compares the account's performance to that of selected benchmarks. We ordinarily select the benchmarks on the basis of the client's investment objectives and the client's preferences.

The performance figures reflected in the quarterly Performance Evaluation Reports are prepared on a uniform and consistent basis by an information system based upon account data submitted by the clearing broker-dealer firm providing custodial services for the accounts. Crescent Capital usually will also arrange for the client to receive (1) trade confirmations reflecting all transactions effected on the client's behalf, and (2) monthly statements itemizing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month and listing securities in custody held in the account, or quarterly statements listing securities held in custody where there is no monthly activity.

### ***Separate Accounts***

For clients who retain an investment manager in a transaction-based, separate account format, the Client's Investment Policy Statement will ordinarily outline the client's goals and objectives, time horizons and risk parameters. The client is responsible for promptly bringing any material change in their investment objectives or financial condition to Crescent Capital's attention. Crescent Capital will contact the client at least annually to confirm the investment goals and risk parameters of the client and will be available to all clients for consultation regarding their investment accounts.

For separate accounts, Crescent Capital will also generally prepare the quarterly Performance Report based on account data supplied by the client's custodian. Reports are usually prepared on a uniform and consistent basis by Crescent Capital's team of professional performance analysts and are distributed to the clients quarterly.

### **Item 14. Client Referrals**

While Crescent Capital is a registered investment adviser and investment management consulting firm, currently there are no referral arrangements for compensating our firm or any other firm for introducing clients or prospective clients.

### **Item 15. Custody**

Crescent Capital is deemed to have "constructive custody" under regulatory guidelines as a result of Crescent Capital's authority from certain clients for our firm to directly debit client advisory fees from their custodian accounts consistent with industry practices and regulatory guidelines.

Clients will receive monthly/quarterly statements from Crescent Capital and should carefully review each statement. In order to ensure that all account transactions, holdings and values are correct and current, we urge clients to compare our firm's statements with the statements you receive directly from your independent brokerage or bank qualified custodian.

**Item 16. Investment Discretion**

Crescent Capital has investment discretionary authority for certain client relationships to determine the securities to be bought and sold without obtaining specific client consent, unless a client of Crescent Capital specifically requests that certain securities of corporations not be purchased in their accounts; e.g. no tobacco stocks. Certain clients have put restrictions on their accounts, such as retaining a particular security and/or tax considerations involving taxable accounts. In accounts with such restrictions, performance may be dissimilar to performance of other Crescent Capital clients' performance. Any limitations on our firm's discretionary authority are to be provided by the client in writing, and any change or amendments of any investment restrictions or limitations are also to be provided by the client in writing.

To a limited extent, Crescent Capital also has the authority to determine the amount of the securities to be bought or sold without obtaining specific client consent, subject to the restrictions outlined above. Crescent Capital will adhere to prudent diversification principles.

***Wrap-Fee Accounts***

With respect to wrap-fee accounts, Crescent Capital has access to the platforms established and sponsored by both Schwab Advisor Services ("Schwab") and Pershing Advisor Solutions ("PAS"), as the participating broker-dealer of their respective managed accounts programs. Participation in such a program requires all client accounts to be held at either Schwab or PAS. Accordingly, Schwab and PAS require all money managers who participate in their wrap-fee program to execute all transactions through the Schwab or PAS trading desk. Crescent Capital has no control over the trading activity conducted between the client's money manager and either Schwab or PAS respectively. Money managers acting on their clients' behalf may be able to obtain better execution for securities transactions from another broker-dealer.

***Separate Accounts***

With respect to separate accounts, a client is free to establish and maintain their account at any financial institution of their choosing.

**Item 17. Voting Client Securities*****Proxy Voting***

Crescent Capital does not have any proxy voting responsibility for any client relationships.

***Legal Proceedings***

Crescent Capital, as a matter of policy and practice, may not provide legal or tax advice or act on behalf of clients for any legal proceedings, including class actions, bankruptcies or other proceedings, involving companies whose securities are held or previously held in client portfolios.

**Item 18. Financial Information**

As a matter of firm policy and practice, our firm will not charge or earn advisory fees in excess of \$1,200 more than six months in advance of the services rendered.

Also, our firm and its principals have no financial events or proceedings to disclose.