

ITEM 1 – COVER PAGE



**THE PALISADES GROUP, LLC**

PART 2A DISCLOSURE BROCHURE

OCTOBER 11, 2013

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This Disclosure Brochure provides information about the qualifications and business practices of The Palisades Group, LLC. If you have any questions about the contents of this Brochure, please contact us at (424) 280-7575. 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.

The Palisades Group, LLC is registered as an investment adviser with the Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about The Palisades Group, LLC and our investment adviser representatives is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 2 – MATERIAL CHANGES**

This brochure dated October 11, 2013 amends our Form ADV dated March 22, 2013. Since that date, there has been a material change in the ownership of our business. On September 10, 2013, The Bank of California, Inc. acquired 100% of our outstanding Units. Please see Items 4 and 10 for a more detailed discussion of our relationship with our parent company and its affiliates.

Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. When we amend our brochure for our 2014 annual update, this Item 2 will discuss any material changes since our last annual updated dated March 22, 2013. We may further provide other ongoing disclosure information about material changes as necessary. We encourage everyone to read this brochure in its entirety.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, a free copy of our brochure may be requested by contacting us at (424) 280-7575.

Additional information about The Palisades Group, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**ITEM 4 – ADVISORY BUSINESS****A. Principal Owners and Background**

The Palisades Group, LLC (“Palisades”), a Delaware limited liability company, is a real estate, mortgage credit and fixed income investment advisory firm founded by Stephen M. Kirch and Jack L. Macdowell, Jr. in 2012. Palisades is now a wholly owned subsidiary of The Banc of California, Inc., a publicly traded bank holding company traded under the NASDAQ symbol BANC (the “Parent Company”).

**B. Types of Advisory Services**

The advisory business of Palisades primarily consists of providing investment advisory services to financial institutions and other institutional clients (collectively “Clients”) whose strategies are focused on making direct investments in residential mortgages, real estate, and real estate related assets. Palisades also provides investment advice regarding the acquisition and management of mortgage loans and real estate related assets including sourcing, valuation, analytical services, and portfolio and risk management strategies. As part of the normal course of managing certain mortgage loan portfolios, Palisades performs due diligence on mortgage loan servicing partners, negotiates terms of servicing arrangements and retains certain rights to direct the servicers’ activities, and transfer the servicing duties with or without cause.

Palisades primarily provides investment advice with respect to investments located in North America. In connection with the consummation of certain investments on behalf of Clients, Palisades may employ hedging techniques designed to protect the Client against adverse market movements, including interest rate swap agreements, interest rate cap agreements, interest rate floor or collar agreements, futures, options or any other financial instruments that we deem appropriate for our Clients.

Services and activities performed by Palisades for Clients may include one or more of the following:

- (i) investigating, identifying, analyzing, evaluating and selecting on a discretionary and non-discretionary basis possible investment opportunities and negotiating, acquiring, financing, retaining, monitoring, selling, restructuring, hedging or disposing of assets consistent with the Client’s investment or asset management guidelines;

- (iii) negotiating financing arrangements, including credit facilities (including term loans and revolving credit facilities), securitizations, warehouse facilities, repurchase agreements, and similar agreements and engagements;

- (iv) evaluating and engaging in hedging activities on the Client’s behalf, consistent with the Client’s asset and risk management guidelines;

- (v) performing due diligence on, negotiating commercial arrangements with and supervising parties and independent contractors that provide real estate, investment banking, mortgage brokerage, mortgage loan servicing, appraisal, securities brokerage, underwriting review, due diligence, insurance, legal and accounting and other, legal or administrative financial services, and similar services; and

(vi) in certain cases, performing management services as may be required from time to time and other activities relating to the Client's assets and business as the Client's board of directors shall reasonably request or we shall deem appropriate.

### **C. Tailoring of Advisory Services**

Palisades tailors its investment advisory services in accordance with the investment objectives and strategies of its Clients. Investment advisory services may be provided on both a discretionary and a non-discretionary basis.

### **D. Wrap Fee Programs**

Palisades does not participate in wrap fee programs.

### **E. Assets Under Management**

As of September 6, 2013, Palisades was actively managing on a non-discretionary basis assets in the amount of \$1,718,752,143.

Palisades does not currently manage any assets on a discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### **A. Our Compensation for Advisory Services**

For investment advisory services managed on a discretionary basis, Palisades may be compensated by one or more of the following investment management fees.

#### Base Fee

For certain Client accounts, a base management fee will be based on the Client's total assets. The base management fee will generally be payable to Palisades monthly or quarterly in arrears, in cash. The fee will either be deducted from Client's accounts or billed to the Client.

#### Incentive Fee

With respect to certain Client accounts, a performance-based fee that is payable quarterly, or more or less frequently pursuant to the applicable agreement, based on a share of income and/or capital appreciation above a specified threshold and subject to the Client account achieving certain specified returns.

The types and amounts of, and the related limitations and restrictions on, fees charged by Palisades may not be uniform among Clients and may be affected by the extent of services to be provided or the size of the account. Therefore, Palisades does not maintain a fee schedule. The fees and expenses related to

pooled investment Clients will be fully specified in the offering materials related to each Client. These materials are available from Palisades upon request. Our fees are negotiable.

#### Analytical Services Fees

Palisades may also receive fees for performing analytical services for Clients, including reviews and analysis of Client portfolios. Such fees are transaction based and are negotiated by the parties in advance. Generally, these fees are not based on a formula relating to assets under management and do not fluctuate based upon the future performance of Client assets.

### **B. How We Collect Fees**

With respect to Client accounts where Palisades has discretionary management, applicable advisory agreements will generally provide that base management fees will be deducted from Client accounts.

Non-discretionary advisory services and Analytical Services Fees are paid directly by the Client upon invoicing by Palisades.

### **C. Other Fees and Expenses**

Clients will generally bear all costs and expenses in maintaining their operations and investments, including legal and accounting expenses, brokerage fees, servicing fees, the cost of annual audits, custodial fees, insurance and litigation expenses, and taxes, fees, and other governmental charges. Please refer to Item 12 for our brokerage practices.

#### Settlement Fee

For certain Client accounts, a settlement fee is payable upon achieving certain transaction settlement milestones, in most cases such milestones represent the successful completion of transactions. The settlement fee will generally be payable to Palisades at closing of such transactions.

#### Reimbursement of Expenses

Clients will pay or reimburse Palisades for certain expenses incurred in connection with its services. These reimbursed expenses include other expenses actually incurred by Palisades which are reasonably necessary for the performance of its duties and functions under the operative investment advisory agreement.

Clients will not reimburse Palisades for the salaries and other compensation of its personnel.

**Termination Fee**

In some instances, Palisades may collect a termination fee to the extent a Client chooses to terminate Palisades as the investment advisor prior to the stated termination date of the applicable advisory agreement.

**D. Advance Payment**

Base fees and incentive fees payable by Clients to Palisades are paid in arrears.

In certain instances, for analytical services Palisades may receive upfront retainer payments that are offset against fees owed upon the completion of such mandate.

**E. Compensation for Sales of Securities**

Neither Palisades nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

**ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As referenced above in Item 5, we will be entitled to a performance fee with respect to certain Clients and expect to enter into fee arrangements that provide for performance fees in the future. The use of performance-based compensation generally may create an incentive for us to choose an investment strategy that may carry a higher degree of risk. In addition, if in the future we were to manage portfolios for Clients that are not charged an incentive-based fee, we may have an incentive to favor Client accounts that have a performance fee. We have implemented policies and procedures to ensure that investment opportunities are allocated pro-rata among our Clients based on the investment capacity and investment guidelines of each Client.

**ITEM 7 – TYPES OF CLIENTS**

Palisades provides investment advice to financial institutions and other institutional clients. In particular, Palisades focuses on institutional clients that invest in residential mortgage and real estate related assets, including residential mortgage loans and residential mortgage-backed securities (RMBS), real estate owned properties and mortgage servicing rights. Palisades does not generally offer its services to the public.

**ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS****A. Method of Analysis**

Palisades utilizes proprietary and licensed analytical tools to make investment decisions and manage portfolio risk. These tools include mortgage credit risk modeling that focuses on borrower credit attributes, loan characteristics and econometric trends that are specific to a property's geography.

Mortgage loans and related assets are evaluated under a variety of scenarios which may include varying home price forecasts, interest rate environments and other factors that may influence prepayment potential, default probability, loss mitigation techniques and loss severity.

Palisades' investment process considers and evaluates the following fundamental criteria and attributes when assessing the appropriateness of any investment:

- Acquisition Price. An acquisition price that is at a considerable discount to current property value in distressed situations; and for all investments, which we believe is attractive relative to intrinsic risk of the investment.
- Seller Motivation. Existence of motivated or disinterested seller.
- Sources of Competitive Edge. Ability to control asset performance through loan servicing or other market inefficiencies and informational arbitrage.
- Appropriate Risk/Reward Profile. Investments with actual or potential cash flow characteristics with downside protection and upside potential.
- Underwriting and Due Diligence. Ability to perform loan level diligence, obtain and reconcile asset valuations and review borrower credit attributes and servicing notes.
- Financing Alternatives. Ability to secure prudent leverage and flexibility of financing structures available for the assets.
- Quality of Loan Servicing Partners. Previous experiences with management; unique industry expertise; aligned interests and commitment to integrity of relationship.
- Control. Ability to determine or influence the direction of the investment, a financing edge and/or the resolution or exit strategy.

As it relates to certain investment strategies, Palisades performs, or causes to be performed, various functions prior to investment:

- Sourcing assets from key relationships, including but not limited to banks, broker dealers, and other financial institutions;
- Analyzing investments and deriving a top down view as to the appropriateness of the assets within the context of the overall Client portfolio;
- Valuing investment opportunities using a variety of quantitative econometric variables and home price estimates;
- Preparing trade strategies with counterparties; and
- Performing loan level due diligence, including but not limited to, compliance reviews, title searches and property value reconciliations; and

## **B. Investment Strategy**

Palisades' investment approach is driven by a discipline focused on identifying areas with below market risk relative to potential for above market returns. The objective is to secure risk-adjusted returns that provide attractive, secure income and capital appreciation in a variety of market conditions and economic cycles. Additionally, Palisades focuses on investments whose value may be enhanced through strict oversight of mortgage loan servicing functions and strategic borrower outreach and resolution campaigns. Palisades believes it maintains a competitive advantage with respect to its valuation and



analytical capabilities, knowledge of mortgage loan servicing, its loan servicing partnerships and the transparency it has into the daily connectivity with each borrower.

In order to execute the Client's investment strategies, Palisades continually analyzes relevant market, property and borrower data. We make use of proprietary data as well as licensed information from key statistical sources. Such data is used to define new investment targets as well as observe and manage potential concentration risk.

### *C. Risk of Loss*

Investing in residential mortgage loans, real estate and real estate related assets as well as securities (including both public and private companies) involve the risk of loss. While Palisades' ultimate goal is to provide attractive returns over a long period of time, there can be no assurance we will achieve this goal. Investments made by Palisades on behalf of Clients may involve a high degree of business and financial risk that can result in substantial or even total loss.

Other risks associated with Palisades' services to Clients include:

- Competition. Palisades operates in a competitive market, and competition may result in reduced risk-adjusted returns. In particular, while Palisades believes that meaningful investment opportunities in residential mortgage and real estate related assets exist, these opportunities may become scarce as additional knowledgeable investors enter the market for such assets.
- Economic Slowdown. Palisades believes the risks associated with its strategies will be more severe during periods of economic slowdown or recession, especially if these periods are accompanied by declining real estate values.
- Limited History. While Palisades' principals have significant experience investing in residential mortgage and real estate related assets, Palisades itself has a limited operating history.
- Dependence on our Firm and Key Personnel. The success of our clients is largely dependent upon our firm. There is no guarantee that our firm or the individuals employed by our firm will remain willing or able to provide advice to the clients' accounts or that trading on this advice by our firm will be profitable in the future. The performance of our firm depends upon certain key personnel, particularly Mr. Kirch and Mr. Macdowell who manage our firm and are involved in all of our investment decisions. If any of these personnel become incapacitated, the performance of our clients may be adversely affected.
- Loan Modification and Government Intervention Initiatives. Mortgage loan modification and refinancing programs and future legislative action may adversely affect the value of, and the returns on, the portfolios of Clients. In particular, Palisades cannot at the present time predict the consequences and market distortions that may stem from anticipated far-ranging governmental intervention in the economic and financial system or from regulatory reform related to the oversight of financial markets.
- Default & Liquidity Risk. Mortgage related assets are subject to delinquency, foreclosure and loss. Many of these assets may be illiquid, which may adversely affect Palisades' ability to value and sell its assets and accordingly the asset's performance.
- Borrowing/Leverage. Palisades may borrow against its assets when management believes that the proceeds from doing so will exceed the interest paid on the borrowing. Borrowing involves risk to Clients because the interest on the borrowed amount may be greater than the income

from or increase in the value of the assets purchased with the borrowed amount. Also, there is always a possibility that the value of the assets purchased with the borrowed amount can decline below the amount borrowed. Generally, borrowing-type techniques used to increase potential returns are all forms of leverage.

- Hedging. Palisades may enter into hedging transactions that could expose its Clients to contingent liabilities in the future.
- Suitable Investments. Palisades may not be able to source suitable investments on favorable terms that satisfy the Client portfolio objectives.
- Due Diligence. Palisades' due diligence of investment opportunities may not identify all pertinent risks, which could materially affect the performance of Client assets.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's or prospective Client's evaluation of an adviser or the integrity of its management. Neither Palisades nor its management persons has been involved in any such legal or disciplinary events and thus has no information to disclose with respect to this Item 9.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Broker-Dealer Registration**

Palisades is not registered as a broker-dealer or registered as a representative of a broker-dealer, nor does it have any pending application to register. In addition, Palisades and its management persons are not affiliated with any broker-dealer.

### **B. Futures and Commodities Registration**

Neither Palisades nor any of its management persons is registered as a futures commission merchant, commodity pool operator, commodity trading adviser, or associated party of any of those, nor does it have any pending application to register as such.

### **C. Related Persons**

The Adviser is a wholly owned subsidiary of The Banc of California, Inc., a publicly owned bank holding company formerly known as First PacTrust Bancorp, Inc. ("Parent Company"). The Parent Company also owns and controls Pacific Trust Bank, which is a client of the Adviser ("PacTrust Bank").

The Adviser is governed by a Board of Managers, the members of which are currently Chad Brownstein, Stephen Kirch, Jack Macdowell, Jeffrey Seabold and Steven Sugarman. Messrs. Brownstein, Seabold and Sugarman are directors of the Parent Company and Messrs. Seabold and Sugarman are executive officers of PacTrust Bank.

Except for the foregoing, Palisades has no current relationships that are material to its advisory business or to its Clients with any related person of the type listed below:

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker;
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund);
3. Other investment adviser or financial planner;
4. Futures commission merchant, commodity pool operator, or commodity trading advisor;
5. Banking or thrift institution;
6. Accountant or accounting firm;
7. Lawyer or law firm;
8. Insurance company or agency;
9. Pension consultant;
10. Real estate broker or dealer; or
11. Sponsor or syndicator of limited partnerships.

#### **D. Conflicts of Interest**

Palisades is not compensated for recommending or selecting other investment advisers for its Clients. Palisades also has no other business relationships with other advisers that create any material conflict of interest.

Our relationship with our Parent Company and its subsidiary PacTrust Bank could create conflicts of interest. PacTrust Bank is a client of the Adviser. Although this may create a conflict of interest in the allocation of investment opportunities, we manage this conflict through our policies and procedures, which require us to distribute investment opportunities in a fair and equitable manner based on the investment guidelines and investment capacity of our clients.

### **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Palisades has a fiduciary responsibility to treat Clients fairly and avoid actual or potential conflicts of interest to the extent possible and to manage conflicts that cannot be avoided. The employees of Palisades have an obligation to act solely in the best interests of Clients, and to make full and fair disclosure of all material facts, particularly where the Clients' interests may conflict with the interests of Palisades or its affiliates.

#### **A. Code of Ethics**

Palisades has adopted, and requires all employees to understand, acknowledge and follow, a Code of Ethics. The fiduciary principles that govern personal investment activities of employees are, at a minimum, the following: (1) the duty at all times to place the interests of Clients first; (2) the requirement that all personal securities transactions be conducted in a manner that is consistent with Rule 204A-1 of the Advisers Act and in such a manner so as to avoid any actual or potential conflict of interest, or any abuse of an individual's position of trust and responsibility; and (3) the fundamental

standard that personnel providing services to Clients should not take inappropriate advantage of their positions. Palisades' policy is that the interest and privacy of Clients always comes first and all employees will conduct themselves in accordance with the highest standards of integrity, honesty and fair dealing. Palisades monitors compliance with the Code on an ongoing basis, and employees may be subject to disciplinary actions as severe as dismissal for certain infractions. Palisades' Code of Ethics is available to its Clients and prospective Clients upon request.

#### **B. Participation or Interest in Client Transactions**

Palisades may, to the extent permitted under applicable law, recommend or effect transactions where securities are bought or sold for the account of an affiliated Client from or to the account of other Clients. Palisades recognizes that such transactions may be subject to the disclosure and consent requirements of Section 206(3) of the Advisers Act and intends to satisfy such requirements, including through use of an independent representative.

#### **C. Personal Securities Investing**

Principals or affiliates of Palisades may invest in similar securities, assets, investments, or mortgage loans as its Clients; however, we will adopt personal trading policies and procedures to prevent conflicts of interest with our Clients. Palisades takes its role as a fiduciary of its clients' assets very seriously. Pursuant to this duty, our Code of Ethics requires that we must—at all times—act in the clients' best interests, and we have a duty to ensure any recommendations are suitable for Client's objective needs and circumstances.

#### **D. Personal Securities Trading**

Palisades will adopt personal trading policies and procedures to prevent conflicts of interest with its Clients. Palisades will maintain a restricted list of securities that its employees may not trade in order to avoid the misuse of material non-public information or confidential Client information. However, our affiliates may be personally invested alongside Clients to align our interest with those of our Clients.

### **ITEM 12 – BROKERAGE PRACTICES**

#### **A. In General**

Palisades may select dealers or brokers to execute the purchases and sales of Clients' investments. If any dealers or brokers are used in connection with the purchase or sale of any investments, Palisades will seek best execution for each transaction that provides the most favorable cost or proceeds reasonably obtainable under the circumstances.

Best execution may be measured over time through several transactions rather than a single transaction. Our Clients generally do not pay commissions on investment transactions as substantially all transactions are on a principal basis with dealers or directly with the sellers which may or may not include a markup or a markdown. No Client will be favored over any other Client that participates in an aggregated order. Transaction costs are shared on a pro rata basis depending upon each Client's

participation in the transaction. Palisades may execute transactions on an aggregated basis and the investment will be allocated at all times on a fair and equitable basis, which is generally based on the available investment capacity and investment guidelines for each Client.

In the case of *pro rata* purchases of pools of loans where the pool is allocated among Client accounts, Palisades, at the time of purchase, seeks to allocate the individual mortgage loans in the pools among Client accounts such that the overall allocation of acquired mortgage loans in the pools will target reasonable symmetry of borrower credit attributes, loan characteristics and geographic distribution.

As the investment programs of the various accounts managed by Palisades change and develop over time, additional issues and considerations may affect Client allocation policy and Client's expectations with respect to the allocation of investment opportunities among the various entities and accounts managed. Notwithstanding Palisades' intention to effect fair and equitable allocations of investment opportunities, it is expected that the performance of each Client account will differ from the performance of other Client accounts for many reasons, including differences in the legal or regulatory characteristics, or tax classification, of the entities or accounts or due to differing fee structures or the idiosyncratic differences in the outcome of individual mortgage loans.

## **B. Soft Dollars**

While Palisades does not currently use "soft dollars", Palisades has the option to use "soft dollars" generated by Client transactions to pay for the research and non-research related services described above. The term "soft dollars" refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for Clients of the investment adviser. In the event that Palisades decides to use soft dollars in the future, it intends to stay within the so-called 28(e) safe harbor for soft dollars. The availability of soft dollar benefits may influence Palisades to select one broker rather than another to perform services for Client accounts. In addition, the use of soft dollars may result in a Client paying for products and services that are not exclusively for the benefit of such Client and that may be primarily or exclusively for the benefit of Palisades. In other words, soft dollars can create a conflict of interest. Nevertheless, Palisades will attempt to assure either that the fees and costs for services provided to any Client by brokers offering these benefits are not materially greater than they would be if the services were performed by equally capable brokers not offering such services or that such Client also will benefit from the services.

## **ITEM 13 – REVIEW OF ACCOUNTS**

Portfolios and portfolio positions are monitored on a daily basis, or as frequently as reasonably possible depending on the asset type. Portfolios are reviewed for performance, concentration limits, risk factors and other metrics to ensure conformity with Client investment guidelines. Palisades will provide monthly reports with respect thereto to Clients, including comparative information with respect to such operating performance and budgeted or projected operating results. The monthly unaudited reports will contain evaluations of the portfolio and other material Palisades believes are relevant to evaluate the portfolio. Additionally, Clients will receive no less than annually audited reports either electronically or through a secured website.

**ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION****A. Third Party Compensation**

No third party provides any economic benefit to Palisades for providing investment advice or other advisory services to any Client.

**B. Client Referrals**

At the present time, Palisades does not directly or indirectly compensate any person who is not a supervised person for client referrals. Palisades may in the future enter into arrangements for third-party marketing services although none are contemplated at this time. Any solicitation arrangements will comply with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, pursuant to which persons introducing new Client accounts to Palisades may receive a portion of the advisory fee generated by the account for a period of time that varies on a case by case basis. Any and all such arrangements would be disclosed to potential Clients and current Clients.

**ITEM 15 – CUSTODY**

Assets for which we have custody are held only at qualified custodians and in accordance with applicable regulations. These regulations require us to maintain Client assets with a qualified custodian in a separate account for each Client. Clients will either receive quarterly account statements from the custodian; or the accounts will be subject to an annual audit and these audited financial statements will be distributed to each Client.

**ITEM 16 – INVESTMENT DISCRETION**

Discretionary Services. With respect to certain Clients, Palisades may have investment discretion to manage Client assets. The applicable management or advisory agreements with any such discretionary Client will generally provide Palisades with the ability to select investment assets to be bought and sold. Palisades may make investment decisions, without consultation with the Client or its board of directors, regarding the sourcing of assets, the analysis and valuation of such assets, determining the appropriate price for such assets, the negotiating and executing the acquisition of such assets, the disposition strategy or strategies with regard to such assets, the strategies used to finance the assets or the broker-dealers, if any, with which orders are placed for execution and the commission rates at which investment transactions are effected.

Non-Discretionary Advisory Services. Palisades also provides non-discretionary investment advisory services to financial institutions and other institutional Clients. The selection of assets acquired and price paid for such assets is determined solely by the financial institution. Palisades' advisory

services are limited to sourcing and analyzing investment assets, and assisting in the execution of the acquisition, resolution and disposition of such assets.

### **ITEM 17 – VOTING CLIENT SECURITIES**

Palisades does not expect to invest in securities that have conventional voting rights. In the event it does, in accordance with Rule 206(4)-6 of the Advisers Act, Palisades has adopted securities voting policies and procedures to address how we will vote any voting securities managed by Palisades on behalf of Clients. The policy is designed to ensure that securities are voted in the best interest of our Clients, including procedures that apply when there may be material conflicts of interest in voting securities.

A copy of our Voting Policies and Procedures and information about how we voted securities may be obtained by contacting Palisades.

### **ITEM 18 – FINANCIAL INFORMATION**

Palisades does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. Palisades does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to Clients, and has not been the subject of a bankruptcy proceeding.