

**Item 1. Cover Page**



**PT Asset Management, LLC**

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June 12, 2014

This Brochure provides information about the qualifications and business practices of PT Asset Management, LLC ("PTAM"). If you have any questions about the contents of this Brochure, please contact us at 888-282-3220 and/or [investorrelations@ptam.com](mailto:investorrelations@ptam.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.

PT Asset Management is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about PT Asset Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2.       Material Changes**

Since the filing of its last Brochure in March 2014, the business of PTAM has not experienced a significant material change. However, we updated Item 7, Types of Clients, to verify that the \$150,000 minimum account level for SMAs was for sub-advisory relationships while the newly added \$10,000,000 minimum account level for SMAS was for independent relationships. We also updated Item 8, Methods of Analysis, Investment Strategies and Risk of Loss, to include risks in trading commodities, futures, options and ETFs.

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

Currently, our Brochure may be requested by contacting PTAM Investor Relations at 312-521-1174 or [investorrelations@ptam.com](mailto:investorrelations@ptam.com). Our Brochure is also available on our website, [www.ptam.com](http://www.ptam.com), also free of charge.

Additional information about PT Asset Management is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with PTAM who are registered, or are required to be registered, as investment advisor representatives of PTAM.

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## **Item 4.           Advisory Business**

### *Description and Principal Owners*

PT Asset Management, LLC (“PTAM”) is an investment advisor/manager with over 20 years of experience providing investment advice to fixed-income portfolios for institutions and individuals. PTAM employs a disciplined analytical framework that evaluates potential risks and rewards across and within investment sectors. Using our Performance Trust Total Return™ methodology, PTAM strives for consistent, unbiased investment decisions rather than decisions made by conventional market assumptions and speculations.

PTAM believes this methodology has historically revealed investment opportunities and exposed otherwise embedded risks. First and foremost is our goal of creating the most beneficial risk/reward profiles to help our clients meet a wide range of investment objectives.

PTAM is a wholly-owned subsidiary by PT Financial, LLC (“PTF”). PTF is owned principally by Mr. Richard S. Berg through Gideon Management LLC and Mr. Philip M. Nussbaum through Micah 68, LLC.

PTMR Advisors, LLC (“PTMR”) is a subsidiary of PTAM with Michael F. Rosinus through TRF Partners, LLC.

### *Investment Portfolio Advisory and Management Services*

PTAM provides investment advisory services to institutions and individuals through separately managed accounts (“SMAs”), sub-advisory services, pooled investment vehicles, and mutual funds. PTAM has primarily focused on quantitative research and analysis, including through fixed-income securities or equity in companies.

For PTAM’s investment advisory services, PTAM tailors its investment advice to the individual needs of each client, whether the clients are invested in pooled investment vehicles or SMAs. PTAM clients may impose certain restrictions on PTAM’s investment advisory services through a request in writing or via a private placement memorandum.

As of December 30, 2013, PTAM has approximately \$1.1 billion in regulatory assets under management.

### *Separately Managed Accounts*

PTAM shall supervise and direct the investments of and for the client’s account on a discretionary basis. This authority is subject, however, to such limitations and restrictions as a client may impose, or may thereafter impose, by notice in writing to PTAM. This discretionary authority makes PTAM the agent and attorney-in-fact with full power and authority in connection with the account (a) to buy, sell, exchange, convert and otherwise trade in any and all stocks, bonds and other securities as PTAM may select; and (b) to establish and deal through accounts with one or more securities brokerage firms, dealers, or banks as PTAM may select (e.g., TD Ameritrade, Pershing, Charles Schwab, etc.), except that the client may designate specific brokers or dealers and/or designate the use of a broker or dealer as custodian of client’s account through which PTAM shall enter orders for the account under the terms and conditions set forth in the investment advisory agreement. In addition, PTAM may invest in certain public companies or other securities for which PTAM’s directors and/or officers may be deemed as affiliates or have common ownership.

### *Sub-advisory Services*

PTAM may act as a sub-advisor to other investment advisors serving individuals or institutions. The nature and extent of PTAM's sub-advisory services will be negotiable on an individual basis depending on the needs of the advisor to which PTAM is providing sub-advisory services.

### *Pooled Investment Vehicles*

PTAM provides investment advisory services to certain pooled investment vehicles organized to operate as private investment partnerships. The investment objective of these pooled investment vehicles is to purchase undervalued debt securities and earn returns through interest income and potential capital appreciation.

Alternatively, PTMR provides investment advisory services to a pooled investment vehicle organized to operate as a private equity partnership primarily for the benefit of taxable U.S. investors. The focus of this pooled investment vehicle is to seek investments in distressed community banks.

The pooled investment vehicles are structured as a 3(c)(1) or 3(c)(7). Only investors who qualify both as (i) "accredited investors," as defined in Regulation D under the 1933 Act, and (ii)(a) "qualified clients," as defined in the Investment Advisers Act of 1940, (the "Advisers Act") and the rules promulgated thereunder or (ii)(b) "qualified purchasers," as defined in the Advisers Act and the rules promulgated thereunder may invest.

### *Mutual Funds*

PTAM serves as the investment advisor to two fixed income mutual funds: Performance Trust Strategic Fund and Performance Trust Municipal Bond Fund (information available at [www.PTAMfunds.com](http://www.PTAMfunds.com)).

## **Item 5. Fees and Compensation**

All fees are subject to negotiation.

The specific manner in which fees are charged by PTAM is established in a client's written agreement, either through an investment advisory agreement or a private placement memorandum, with PTAM. PTAM will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize PTAM to debit fees from client accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

PTAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and pooled investment vehicles also charge internal management fees, which are disclosed in a fund's prospectus or private placement memorandum. Such charges, fees and commissions are exclusive of and in addition to PTAM's or PTMR's fees, and PTAM/PTMR shall not receive any portion of these commissions, fees, and costs.

PTAM, including PTMR, may compensate PTAM/PTMR representatives or other representatives from PTAM's affiliates on a commission basis; however, the compensation paid will be from PTAM's or PTMR's fees, not additional fees charged to the client. Supervised persons may accept compensation

for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of certain funds, including pooled investment vehicles or mutual funds, which such practice presents a conflict of interest by providing an incentive to the supervised person to recommend investment products based on the compensation received, rather than based on a client's needs.

### *Investment Portfolio Advisory and Management Services*

#### *Separately Managed Accounts*

Accounts are valued on the last business day of each month. Fees are based on the market value of the client's account according to the current monthly appraisal and are negotiable. Clients may be charged some combination of management and performance incentive fees. The management fees are payable quarterly in arrears, according to the annual rate of up to 2% of asset value. Incentive fees are payable annually in arrears or at the termination of the investment advisory agreement, whichever is sooner, up to 20% of appreciation in asset value. The incentive fee calculation is subject to a "high-water mark," in which an incentive fee may only be charged to the extent the asset value has increased beyond the previous year-end value. Where a performance incentive fee is paid, the client must qualify both as (i) "accredited investor," as defined in Regulation D under the 1933 Act, and (ii) "qualified client," as defined in the Advisers Act and the rules promulgated thereunder.

#### *Sub-advisory Services*

Occasionally, PTAM may act as sub-advisor to other investment advisors serving individuals or institutions. In such case, the advisory fees charged may be discounted from the rates set forth above to reflect the advisor's lower costs involved in servicing these accounts. PTAM's sub-advisory fees are generally similar to fees charged by the investment advisor to the scheduled accounts for the investment advisor's services. Actual sub-advisory fees will be negotiated depending on the specific responsibilities required by the client based on the client's needs, including respective securities holdings.

#### *Pooled Investment Vehicles*

The pooled investment vehicles may incur custodial, accounting, transfer agency, audit and administrative fees paid to third parties. These expenses will be borne by investors in those pooled investment vehicles.

#### *Mutual Funds*

Please refer to the prospectus of each respective fixed income mutual fund, Performance Trust Strategic Bond Fund and Performance Trust Municipal Bond Fund, for their fees and expenses (information available at [www.PTAMfunds.com](http://www.PTAMfunds.com)).

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

PTAM manages assets for clients who pay non-performance-based fees. And, in some cases, PTAM has entered into performance fee arrangements with "qualified clients" (as defined by the Advisers Act). These fees are subject to individualized negotiation with each such client, including a pooled investment vehicle where the performance-based fee arrangement will be described in the private placement memorandum. PTAM, including PTMR, will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, PTAM/PTMR shall include realized and unrealized capital gains and losses.

Performance-based fee arrangements may create an incentive for PTAM/PTMR to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. PTAM has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients, including that PTAM does not solely compensate supervised persons based on performance-based fees.

## **Item 7.       Types of Clients**

PTAM provides portfolio management services to individuals, high net worth individuals, other investment advisors, registered mutual funds, private investment funds, and other U.S. institutions.

Although the minimum account size may be negotiated and is subject to change without notice, the minimum account size for opening accounts are as follows: Sub-advisory SMAs - \$150,000; Independent SMAs - \$10,000,000; Pooled Investment Vehicles – \$1,000,000 and \$2,000,000; Performance Trust Strategic Bond Fund - \$5,000 and Performance Trust Municipal Bond Fund - \$2,500 (Retail Class) and \$1,000,000 (Institutional Class).

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

PTAM strives to identify sectors with the best risk-reward profiles and employ a quantitative approach in order to select specific securities that generate portfolio outperformance. PTAM blends a disciplined analytic-based investment strategy to look at total return characteristics over a variety of interest rate scenarios, yield curve shifts, and time horizons. PTAM focuses on a relative value approach to exploit pricing inefficiencies within the identified sectors and among securities.

Investors should consider carefully the investment objectives, risks, charges, and expenses, including reading the prospectus and private placement memorandum, prior to investing. Investing in securities, including fixed-income securities, involves risk, including the risk of principal loss. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in asset-backed and mortgage-backed securities include additional risks that investors should be aware of, such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Investments in Real Estate Investment Trusts (“REITs”) involve additional risks such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments. Investments in derivatives involve investment exposure that may exceed the original cost and a small investment in derivatives could have a large potential impact on the performance of the investor’s investments. Investments in commodities, futures, and options contracts involve risks including, without limitation, leverage; margin is usually only 5% to 15% of the face value of the contract and exposure can be nearly unlimited. Futures markets can also be highly volatile. Options and swap positions held as investments may be illiquid and the investor may have difficulty closing out a position. Investments in exchange-traded funds (“ETFs”) involve risks that the market price of an ETF’s shares may trade at a discount to its net asset value, an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact the investor’s ability to sell its shares.

The prices of securities held by an investor may rapidly and unpredictably decline in response to certain events taking place around the world, including conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and interest rate fluctuations. Investors should have a long-term perspective and be able to tolerate declines in value.

There is no guarantee that PTAM's or PTMR's strategies and services will provide positive performance over any period of time or outperform other strategies and services. Certain assumptions may have been made in connection with PTAM's or PTMR's analysis, and changes to these assumptions may have a material impact on the analysis or results. Past performance is no guarantee of future results. Although PTAM's or PTMR's research and analysis have been obtained from sources considered to be reliable, PTAM/PTMR does not guarantee their accuracy, adequacy or completeness.

Additionally, there are risks associated with PTAM's use of prepayment assumptions and/or the future performance of any securities or structures. Collateralized Mortgage Obligation ("CMOs") and mortgage-backed yields and cash flow projections are calculated using estimates based on assumed prepayment assumptions that may or may not be met, and are quoted as bond equivalent yields unless otherwise noted. Changes in prepayment rates and/or payments may significantly affect yield, price total return and average life. Prices, quotes, yields, call features and availability are subject to change. Market prices are only indicators and are subject to changes in market conditions and prior sale and price fluctuations. ***Investing in securities involves risk of loss that clients should be prepared to bear.***

For mutual funds and pooled investment vehicles, a more detailed discussion of the investment strategies and material risks can be found in the prospectus or private placement memorandum.

## **Item 9. Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PTAM or the integrity of PTAM's management. PTAM has no information applicable to this Item.

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

Some of the officers, agents and owners of PTAM have entered into a business relationship with an affiliated broker-dealer – Performance Trust Capital Partners, LLC ("PTCP"). PTCP is a member of the Financial Industry Regulatory Authority ("FINRA").

PTCP may act as an agent or principal for trades executed with SMA and mutual fund accounts of PTAM. When transacting fixed-income securities with PTAM clients, PTCP will take securities into its own inventory as a principal transaction or sell securities out of inventory to a client. The investment advisory agreements will disclose the manner of considering sales commissions or mark-ups. All principal transactions will require a client's consent.

PTAM and PTMR are affiliates of the General Partners of the respective previously described pooled investment vehicles. As such, our clients may be solicited to invest in these investments. PTAM/PTMR will not engage in any principal transactions within these investments. PTAM may recommend to clients that they become investors in the pooled investment vehicles, which PTAM manages and for which PTAM receives fees. PTAM, its principals and their respective affiliates, officers and employees, including the General Partners, may hold an interest in the pooled investment vehicles as investors ("Interests"), which Interests may be significant from time to time. PTAM, its principals, and affiliates will have various conflicts of interest arising out of their relationships with these pooled investment vehicles, and the limited partners.

The performance-based portion of the pooled investment vehicles and when applicable, of the SMAs that is payable to PTAM may create an incentive for PTAM to make investments that are riskier or more speculative than would be the case in the absence of a performance-based compensation arrangement. Additionally, the management fee payable each month to PTAM is calculated based on capital contributions (as they may be reduced from time to time as a result of distributions) and not on a valuation of the assets held by the pooled investment vehicles, and when applicable, by the SMAs. Consequently, the management fee or investment advisory fee will not be affected by any losses

experienced with respect to the pooled investment vehicles' assets, or when applicable, to the SMAs. Fees paid to PTAM are negotiable.

## **Item 11. Code of Ethics**

Pursuant to Rule 204A-1 under the Advisers Act and to help prevent conflicts of interest, PTAM has adopted a Code of Ethics and Insider Trading Policy (the "Code") to (a) specify and prohibit certain types of personal securities transactions deemed to create a conflict of interest, and (b) to aid us in preventing, detecting and imposing sanctions for insider trading. Each of our members, officers, and employees must review, acknowledge receipt of (at least annually) and follow these procedures, or risk serious sanctions, including dismissal, substantial personal liability and criminal penalties.

The Code imposes restrictions on "access persons," that includes employees' purchase or sale of securities in their personal accounts and other accounts in which they have a beneficial interest. Access persons may not place their interests before the interests of our clients, and must conduct all personal securities transactions consistent with the Code, so as to avoid any actual or potential conflicts of interest, or an abuse of a position of trust or responsibility, and must not take inappropriate advantage of their position with PTAM or one of our affiliates. Access persons are also required to pre-clear certain transactions, provide initial and annual disclosure of brokerage accounts, report quarterly of all transactions of reportable securities beneficially owned by the access person and are subject to blackout periods and restrictions on short-term trading. In addition, the Code outlines guidelines concerning the misuse of material non-public information that are designed to prevent insider trading by any principal or employee.

PTAM will provide a copy of the Code to any client or prospective client upon request.

## **Item 12. Brokerage Practices**

### *Factors Considered in Selecting Broker-Dealers for Client Transactions*

Clients may open accounts at TD Ameritrade, Pershing, Charles Schwab, or another broker-dealer of their own choosing, depending on the circumstances, for safekeeping and brokerage transactions purposes. In all cases, the safekeeping of assets and execution are through registered broker-dealers. PTAM does not give priority consideration with regard to transactions to any broker-dealer. Broker-dealer transactions are chosen based on the best price available to the client considering all available factors, including possibly aggregating client transactions. PTAM may aggregate client transactions where it is most favorable with the client(s) to obtain the best price available due to a larger block size transaction.

### *Best Execution*

In executing securities transactions for client, PTAM seeks to obtain best execution of trades unless the client directs PTAM to use a broker selected by the client. In such cases, clients should be aware that they may not receive best execution and may pay a higher price and/or transaction and execution costs than could be obtained elsewhere. Consistent with best execution, PTAM may use its affiliated broker-dealer, PTCP, for trade execution in SMA and mutual fund accounts, unless otherwise directed by the client. This may result in compensation being paid to such affiliated entity. In evaluating execution on behalf of clients, PTAM considers all permissible factors under Section 28(e) of the Exchange Act, as amended, and may not necessarily pay the lowest commission to obtain the lowest price possible. Factors that may be considered include research services (which may be used for other accounts), execution capability, responsiveness, financial responsibility and other permissible factors.

## *Soft Dollars*

The General Partners of the pooled investment vehicles may select a broker-dealer that furnishes directly or through correspondent relationships with research (including third party research) or other services which provide, in the General Partner's view, appropriate assistance in the investment decision-making process. Such research or other services may include research reports on companies, industries and securities; economic and financial data; economic surveys and analyses; recommendations as to specific securities; financial publications; computer data bases; quotation equipment and services; and research-oriented computer software and other services. In some circumstances, the commissions paid on transactions with broker-dealers or merchants providing such services may exceed the amount another broker-dealer or merchant would have charged for effecting such transactions. The use of these commissions or "soft dollars" to pay for such research or other services, whether provided directly or indirectly, may be utilized, to the extent permissible under applicable law, including, without limitation, Section 28(e) of the Exchange Act. Soft dollars may be generated in various trading activities, including, among others, agency transactions, fixed-price offerings and over-the-counter principal transactions. If the General Partner of the pooled investment vehicles receives products or services from broker-dealers or merchants that are used both for research purposes and for administrative or other non-research purposes, it will make a good faith effort to determine the relative proportions of such products or services which may be considered as investment research, based primarily on anticipated usage, and will pay for the costs attributable to the non-research usage in cash.

In cases where PTAM uses soft dollars (i.e., PTAM uses client brokerage commissions [or markup or markdowns] to obtain research or other products or services) for other accounts, PTAM receives a benefit because PTAM does not have to produce or pay for the research, products or services. In such cases, PTAM may have an incentive to select or recommend a broker-dealer based on PTAM's interest in receiving the research or other products or services, rather than on the clients' interest in receiving the most favorable execution. At this time, PTAM is not engaging in any soft dollars.

## *Trade Aggregation*

Aggregation of orders for fixed income securities is infrequent due to the nature of how such orders are placed and processed. However, purchases and sales of these securities for clients may be aggregated or bunched with orders for other client accounts. Prevailing trading activity may make it impossible for the receipt of the same price or execution on the entire volume of securities purchased or sold.

## *Trade Allocation*

In order to ensure fairness in the allocation of investment opportunities among the types of accounts it manages, PTAM will allocate investment opportunities on a *pro rata* or random basis, taking into consideration the prime determinants of market exposure, cash and financing availability, the anticipation of new money/subscriptions or upcoming redemptions, bond level de minimis and industry sector exposure, and with regard to the suitability of such investments to each account. In determining the suitability of each investment opportunity to an account, consideration will be given to a number of factors, the most important being the account's investment objectives and strategies, existing portfolio composition and cash and financing levels.

Transactions are allocated promptly, usually on the trade date. There will be instances when certain trades will not be allocated across all accounts. However, PTAM's objective over time is to ensure that all accounts and products receive fair treatment in the allocation of trades.

As a fiduciary, PTAM places clients' interests first and foremost. The Operations Team (sometimes at the discretion of the portfolio manager) allocates fixed income securities on a *pro rata* or random basis, taking into consideration the prime determinants described above and/or specific fund objectives and

restrictions. Under no circumstances do affiliated, house, or employee accounts receive any preferential treatment in the trade allocation process.

### *Agency Cross Transactions*

PTAM does not engage in any agency cross transactions.

### *Cross Transactions*

On occasion, PTAM may order brokers to effect cross transactions between client accounts, mutual funds or pooled investment vehicles under the same advisorship, in which one client will purchase securities held by another client. Such transactions are only entered into when:

- we believe the transaction is in the best interest of both clients;
- we determine the price to be fair to both clients; and
- we believe the transaction constitutes “best execution” for both clients.

Neither PTAM nor any related party receives any compensation in connection with such cross transactions.

Clients may be charged a commission by the executing broker for a cross transaction. Other local transaction charges and fees may also apply. The total brokerage compensation a client may pay in connection with such cross transactions may depend on:

- the commission rate we negotiated on the transaction (if any);
- the terms of your brokerage agreement with the participating broker; and/or
- any other local market regulations and/or practices.

## **Item 13.      Review of Accounts**

As applicable, clients are assessed initially on their investment objectives, suitability, and risk tolerances, among other things. Thereafter, account reviews are performed at least quarterly (but typically more often than quarterly) on portfolio holdings, characteristics, performance and attribution. For fixed-income securities portfolios, and based on scenario analysis, reviewers may use total return as a measurement of the levels of performance.

### *Investment Portfolio Advisory and Management Services*

Clients shall be responsible for maintaining custody of all assets and securing independent accounting reports. Clients receive statements from their custodian every month during which there is activity in their account(s). Additionally, PTAM may provide clients with a report at the end of each calendar quarter that can include relevant account and market related information.

### *Pooled Investment Vehicles*

Following the end of each fiscal year, each investor in the pooled investment vehicles will be furnished with a set of audited financial statements for the fiscal year, as well as all information pertaining to these investments, necessary in the opinion of the General Partners for the preparation of the limited partner's federal, state or local income tax return. PTAM also furnishes monthly reports providing a valuation of the assets and commenting on the pooled investment vehicles' business for each monthly period. The pooled investment vehicles will use their reasonable efforts to provide annual tax information as soon as possible after the close of their taxable year. However, if these investments have not received all of the

necessary underlying information on a timely basis, they may be unable to provide final tax information to the limited partners for any given taxable year until after April 15 of the following year.

The financial statements of the pooled investment vehicles will be audited by McGladrey & Pullen, LLP, Ernst & Young LLP, Ernst & Young Ltd., RSM Cayman Ltd. or such other certified public accountants of similar standing selected by the General Partners from time to time, as of the end of each fiscal year.

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

PTAM may pay solicitors for client referrals on the mutual funds, SMAs and pooled investment vehicles and receive as compensation a percentage of the amount invested or a portion of the management fee or performance-based fee for such accounts and pooled investment vehicles. The payments made for client referrals will not impact the overall fees paid by clients. PTAM will make full disclosure to the client of the client referral at the time of entering into an agreement with client, including a description of the arrangement and the compensation. The receipt of compensation for the promotion of these PTAM products, including the mutual funds, presents a conflict of interest and gives supervised persons an incentive to recommend investment products based upon the compensation received, rather than a client's needs.

#### **Item 15. Custody**

If provided with the authority, PTAM has the ability to debit advisory, management and other fees directly from client accounts; however, PTAM does not have authority to possess or take actual custody of clients' funds or securities. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. PTAM urges the client to carefully review such statements and compare such official custodial records to the account statements that PTAM may provide to the client. PTAM's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

PTAM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. 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, PTAM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, PTAM'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 made.

Investment guidelines and restrictions must be provided to PTAM in writing.

#### **Item 17. Voting Client Securities**

For advisory clients who have given PTAM the authority to vote proxies relating to equity securities on their behalf, PTAM has developed policies and procedures to ensure that such proxies are voted in the clients' best interests. These policies and procedures are relatively general in nature to allow PTAM the flexibility and discretion to use its business judgment in making appropriate decisions with respect to client proxies. It is PTAM's policy to vote client shares primarily in conformity with Glass Lewis & Co. ("Glass Lewis") recommendations, in order to limit conflict of interest issues between PTAM and its clients. Glass Lewis is a neutral third party that issues recommendations based on its own internal

guidelines. PTAM votes client shares via ProxyEdge, an electronic voting platform provided by Broadridge Financial Solutions Inc. Additionally, ProxyEdge retains a record of proxy votes for each client.

Clients may obtain a copy of PTAM's complete proxy voting policies and procedures, information on how ProxyEdge has actually voted proxies with respect to equity securities held in their accounts for which they have exercised voting authority to PTAM, or Glass Lewis' proxy voting guidelines by emailing [investorrelations@ptam.com](mailto:investorrelations@ptam.com). Within 3 business days of receipt of the request, PTAM will honor the request via first class mail.

## **Item 18. Financial Information**

As a registered investment advisor, PTAM is required in this Item to provide you with certain financial information or disclosures about PTAM's financial condition. PTAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients, and has not been the subject of a bankruptcy proceeding.

## **Miscellaneous**

### **Privacy Policy**

PT Asset Management, LLC (which, along with its affiliates, is referred to as "Performance Trust") is committed to safeguarding the personal information that you provide. This notice describes our privacy policy and how we handle and protect personal information Performance Trust collects about individuals, such as yourself, who apply for or obtain Performance Trust products and services. At Performance Trust, your privacy is our priority.

#### **Information We Collect**

Performance Trust collects personal information about you for business purposes, such as evaluating your financial needs, processing your requests and transactions, informing you about products and services that may be of interest to you, and providing client service. The personal information Performance Trust may collect about you includes:

- Information you provide to Performance Trust on applications and other forms (such as your name, address, social security number, occupation, assets, and income); and/or
- Information about your transactions with our affiliates, others and Performance Trust.

#### **Protecting Your Information**

Our employees have limited access to your information. They have access only when it will help you do business with Performance Trust or help Performance Trust do business with you, including helping you accomplish your financial objectives, such as providing you with a broad range of products and services. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard client information.

#### **Disclosure to Nonaffiliated Third Parties**

We may share the personal information described above for business purposes with the following companies not affiliated with Performance Trust:

- Financial service institutions (such as mutual fund companies, securities brokers, clearing brokers and banks) with whom Performance Trust has joint marketing agreements (such as

- agreements to market financial services or products that its affiliate jointly offer, endorse or sponsor); or
- Companies under contract to perform services for Performance Trust or on our behalf (such as vendors providing data processing, computer software maintenance and development, transaction processing and marketing services).

Performance Trust will share personal information with non-affiliated companies only when they agree to uphold and maintain our privacy standards when handling a client's personal information.

Also, Performance Trust may disclose personal information with non-affiliated companies and regulatory authorities as permitted by applicable law. For example, Performance Trust may disclose personal information to cooperate with regulatory authorities and law enforcement agencies and as necessary to protect our rights or property.

### **Accessing and Revising Your Personal Information**

Performance Trust endeavors to keep our client files complete and accurate. Performance Trust will give you reasonable access to the information we have about you. Most of this information is contained in account statements that you may receive from Performance Trust and applications that you submit to obtain our products and services. Performance Trust encourages you to review this information and notify Performance Trust if you believe any information should be corrected or updated. If you have a question or concern about your personal information or this privacy notice, please contact your Performance Trust representative.

## **Business Continuity Plan Summary Notice**

PT Asset Management, LLC (which, along with its affiliates, is referred to as “Performance Trust” or the “Firm”) has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our Business Continuity Plan.

**Contacting Us** – If after a significant business disruption you cannot contact us as you usually do at 312-521-1000, you should call our alternative number at 888-282-3220 or go to our website at [www.ptam.com](http://www.ptam.com). If you cannot access us through either of those means, you should contact our custodial firm, TD Ameritrade at P.O. Box 2209, Omaha, NE 68103-2209, 800-454-9272, [www.tdameritrade.com](http://www.tdameritrade.com), Pershing LLC at One Pershing Plaza, 4<sup>th</sup> Floor, Jersey City, NJ 07399, 800-870-7230, [www.pershing.com](http://www.pershing.com), or Charles Schwab & Co., Inc. at P.O. Box 52114, Phoenix, AZ 85072-2114, 866-855-9102, [www.schwab.com](http://www.schwab.com).

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the Firm’s books and records, and allowing our customers to transact business. In short, our Business Continuity Plan is designed to permit our Firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our Business Continuity Plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

Our custodial firm, TD Ameritrade, Pershing or Charles Schwab, backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our custodial firm that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments within a recovery period of four hours and a resumption time of four hours. Your orders and requests for funds and securities could be delayed during this period.

**Varying Disruptions** – Significant business disruptions can vary in their scope, such as only our Firm, a single building housing our Firm, the business district where our Firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our Firm or a building housing our Firm, we will transfer our operations to our Wheaton, IL site when needed and expect to recover and resume business within 24 hours or sooner. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within 48 hours or sooner. In either situation, we plan to continue in business, transfer operations to our custodial firm if necessary, and notify you through our website, [www.ptam.com](http://www.ptam.com), or our customer emergency number, 312-521-1000, on how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

### **Data Backup and Replication Policy**

A robust backup and replication policy is a critical part of any disaster recovery ("DR") process. Performance Trust currently utilizes several data management products to support disaster recovery. These systems are as follows:

- We currently utilize Symantec backup exec with a robotic tape library for our data backups. This system utilizes a 24 slot tape library with a capacity of 800 GB per tape. This is the optimal system for our needs as we are able to back up all of our data efficiently as well as utilize the software to check for data integrity and issues.
- Data backups are done daily (incremental) in addition to the full weekly and monthly backups of file and database systems. Backups are stored on tape. Weekly and monthly tapes are rotated to a secure off-site location through a professional data storage company located outside of Chicago.
- Tape backups are tested every 6 months by requesting chosen tapes from different time frames and restoring their contents on to test file and database servers.
- The majority of our server environment utilizes a shared redundant storage system (Compellent SAN). Copies of this data are made each night and are stored in replay files also located on the SAN. These replays are then sent over our point to point connection each night to our DR site and stored on the backup SAN there. This ensures that our DR data is always up-to-date.
- We will conduct a test recovery of our replicated data once per year. This will be done by utilizing our standby servers at the DR site to bring chosen servers online to test the hardware and replicated data functionality.

### **Standby Server**

- Servers are not easy to get off the shelf and require weeks of lead time for delivery. In order to have access to functional servers during a disaster recovery, standby servers are needed.
- New servers will be ordered and used as standby disaster recovery servers. We will need both physical server replacements as well as VMware Host servers in order to bring our replicated data online.
- These servers will be housed at our DR facilities in South Bend, IN.

- There is and will be multiple persistent Point to Point connections between South Bend and Chicago to keep these servers up-to-date.
- We will be composing a list of mission critical servers and prioritization for bringing these systems online.

### **Other Key Service Providers**

*Mutual Fund Administrator:* U.S. Bancorp Fund Services, LLC, Mail Code MK-WI-LC1, 615 E. Michigan Street, Milwaukee, Wisconsin 53202; Jacob Friess 414.287.3767; facsimile 414.287.3838

*Pooled Investment Vehicle Administrators:*

- 1) U.S. Bancorp Fund Services, Ltd. (f/k/a AIS Fund Administration Ltd.), 433 Hackensack Avenue, 11<sup>th</sup> Floor, Hackensack, NJ 07601; Investor Services 201.708.9705; facsimile 855.269.3571; email [AISFundAdminShared@usbank.com](mailto:AISFundAdminShared@usbank.com)
- 2) Northern Trust Hedge Fund Services LLC, 50 South LaSalle Street LQ-9, Chicago, IL 60603; Investor Services 312.630.6245; facsimile 312.267.3703; email [investorservices@ntrs.com](mailto:investorservices@ntrs.com)
- 3) Northern Trust Global Fund Services Cayman Limited, 94 Solaris Avenue, Camana Bay, P.O. Box 1348, Grand Cayman KY1-1108, Cayman Islands; Investor Services 345.943.5499; facsimile 345.943.3703; email [investorservices@ntrs.com](mailto:investorservices@ntrs.com)
- 4) Mitsubishi UFJ Fund Services (Canada) Limited (f/k/a Butterfield Fulcrum Group (Canada) Limited), 725 Bridge Street West, Suite 101, Waterloo, Ontario, N2V 2H1, Canada; Paul Raetsen 519.748.6028 x112; email [praetsen@bfgl.com](mailto:praetsen@bfgl.com)

*Communication Records Retention:* Smarsh, Inc. 866.762.7741

**For more information** – If you have questions about our Business Continuity Plan, you can contact PTAM Investor Relations at [investorrelations@ptam.com](mailto:investorrelations@ptam.com).

## **BROCHURE SUPPLEMENT (Part 2B of FORM ADV)**

### **Education and Business Standards**

PT Asset Management, LLC (“PTAM”) requires that investment advisors/portfolio managers in its employment have a bachelor’s degree including further coursework demonstrating knowledge of financial investment. Examples of acceptable coursework include: an MBA, a CFA, a CHFC, a CFP, JD or CPA. Additionally, investment advisors/portfolio managers must have work experience that demonstrates their aptitude for investment management.

### **Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor’s degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member’s Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Certified Public Accountant (CPA): Certified Public Accountants are licensed by the National Association of State Boards of Accountancy, Inc. (NASBA) to use the CPA mark. CPA certification requirements:

- Bachelor’s degree from an accredited college or university, which includes a minimum number of qualifying credit hours in accounting and business administration with an additional 1 year study. After August 1, 2009, this requirement for 5 years study is the “150 hour rule” set by the NASBA and has been adopted by the majority of state boards; prior to August 1, 2009, 120 hours plus 2 years of work experience was the requirement.
- Successful completion of the Uniform Certified Public Accountant Examination which is set by the American Institute of Certified Public Accountants and administered by the NASBA.
- Additional state education and experience requirements, depending on the state.
- Most states require a special examination on ethics.
- Continuing professional education, which varies by states, but most require 120 hours of CPE every 3 years with a minimum of 20 hours per calendar year.

## ETHAN S. YOUNDERIAN

### Item 1 - Cover Page

Supervised Person's name and address:

Ethan S. Youderian  
PT Asset Management, LLC  
500 West Madison, Suite 470, Chicago, Illinois 60661

Tel: 312.521.1620

Fax: 312.521.1220

**The date of this brochure supplement is May 1, 2013.**

**This Brochure Supplement provides information about Ethan S. Youderian that supplements the PT Asset Management, LLC ("PTAM") Brochure. You should have received a copy of that Brochure. Please contact [investorrelations@ptam.com](mailto:investorrelations@ptam.com) if you did not receive PTAM's Brochure or if you have any questions about the contents of this supplement.**

### Item 2 - Educational Background and Business Experience

Mr. Youderian, born in June 1972, joined PTAM in May 2013 as the Chief Investment Officer (CIO). As CIO, Mr. Youderian is responsible for the oversight and management of PTAM's investment activities along with new investment product and strategy development. Mr. Youderian began his financial services career in 1994 with Chicago-based Citadel Investment Group, LLC. During his tenure at Citadel, he became a Managing Director and Senior Portfolio Manager responsible for the firm's multibillion-dollar North American convertible bond portfolio. In 2005, he joined a Chicago startup company as Executive Vice President, and eventually became a member of its Board of Directors. In 2009, Mr. Youderian was a Portfolio Manager/Strategist for a Lake Forest, IL-based proprietary trading firm where he ran complex strategies employing corporate bonds, swaps, derivatives, currencies, equities and Treasuries. Mr. Youderian earned his MBA, with Honors, from the University of Chicago Booth School of Business and a Bachelor of Science in Economics, Magna Cum Laude, from the Wharton School of the University of Pennsylvania.

### Item 3 - Disciplinary Information

Not applicable.

### Item 4 - Other Business Activities

Since 2006, Mr. Youderian has served as a volunteer advisor to the \$700 million Jewish Federation of Metropolitan Chicago endowment fund. He is also a board member of a non-investment firm that was acquired by Radio Systems Corporation in November 30, 2012.

### Item 5 - Additional Compensation

Not applicable.

### Item 6 - Supervision

As CIO of PTAM, Mr. Youderian handles the firm's overall investment decisions and provides periodic updates on the current status of the firm's investment activities and portfolio management. He is supervised by Douglas R. Rothschild, President of PTAM. Mr. Rothschild can be reached at (312) 521-1109 ([drothschild@ptam.com](mailto:drothschild@ptam.com)).

## **G. MICHAEL PLAISS, CFA**

### **Item 1 - Cover Page**

Supervised Person's name and address:

G. Michael Plaiss

PT Asset Management, LLC

500 West Madison, Suite 470, Chicago, Illinois 60661

Tel: 312.521.1492

Fax: 312.521.1592

**The date of this brochure supplement is July 20, 2011.**

**This Brochure Supplement provides information about G. Michael Plaiss that supplements the PT Asset Management, LLC ("PTAM") Brochure. You should have received a copy of that Brochure. Please contact [investorrelations@ptam.com](mailto:investorrelations@ptam.com) if you did not receive PTAM's Brochure or if you have any questions about the contents of this supplement.**

### **Item 2 - Educational Background and Business Experience**

Mr. Plaiss, born in 1964, joined PTAM in May 2009. He is on the portfolio management team, and focuses on modeling RMBS cash flows and portfolio attribution. Prior to joining PTAM, Mr. Plaiss acquired more than twelve years of experience in managing fixed-income portfolios for banks and insurance companies, including at The Private Bank from 2002 to 2004 and at Strategic Capital Bank from 2004 to 2009. Before that, he spent five years with Kentucky Farm Bureau, where he managed more than \$700 million in municipal bonds, corporate bonds, agency securities and mortgage-backed securities. His background and performance reflect his devotion to the methodology of investing for total return. Mr. Plaiss graduated from Indiana University, Bloomington with a degree in Economics. He is a CFA charter holder.

### **Item 3 - Disciplinary Information**

Not applicable.

### **Item 4 - Other Business Activities**

Not applicable.

### **Item 5 - Additional Compensation**

Not applicable.

### **Item 6 - Supervision**

As Mr. Plaiss is on the portfolio management team, he is supervised by Ethan S. Youderian, Chief Investment Officer. The portfolio management team meets regularly and reviews portfolio holdings, characteristics, performance and attribution at least monthly, but typically more often than monthly. Mr. Youderian can be reached at (312) 521-1620 ([eyouderian@ptam.com](mailto:eyouderian@ptam.com)).

## ANTHONY J. HARRIS, CPA

### Item 1 - Cover Page

Supervised Person's name and address:

Anthony J. Harris

PT Asset Management, LLC

500 West Madison, Suite 470, Chicago, Illinois 60661

Tel: 312.521.1164

Fax: 312.521.1264

**The date of this brochure supplement is July 20, 2011.**

**This Brochure Supplement provides information about Anthony J. Harris that supplements the PT Asset Management, LLC ("PTAM") Brochure. You should have received a copy of that Brochure. Please contact [investorrelations@ptam.com](mailto:investorrelations@ptam.com) if you did not receive PTAM's Brochure or if you have any questions about the contents of this supplement.**

### Item 2 - Educational Background and Business Experience

Mr. Harris, born in May 1975, joined PTAM in February 2009. He is on the portfolio management team, and focuses on modeling RMBS cash flows and portfolio attribution. Prior to joining PTAM, he co-founded Six Degrees Capital Management in January 2007, an alternative fixed income investment manager focused on securitized products. From 2001 to 2007, Mr. Harris originated, structured, and invested in securitized products at BMO Capital Markets Corp., a financial services provider. He began his career with PricewaterhouseCoopers and passed the CPA exam in 1998. Mr. Harris received a Bachelor of Business Administration from University of Michigan Ross School of Business with an emphasis in Accounting and a MBA from the University of Chicago Booth School of Business with an emphasis in Finance and Economics.

### Item 3 - Disciplinary Information

Not applicable.

### Item 4 - Other Business Activities

Not applicable.

### Item 5 - Additional Compensation

Not applicable.

### Item 6 - Supervision

As Mr. Harris is on the portfolio management team, he is supervised by Ethan S. Youderian, Chief Investment Officer. The portfolio management team meets regularly and reviews portfolio holdings, characteristics, performance and attribution at least monthly, but typically more often than monthly. Mr. Youderian can be reached at (312) 521-1620 ([eyouderian@ptam.com](mailto:eyouderian@ptam.com)).

## MICHAEL F. ROSINUS

### Item 1 - Cover Page

Supervised Person's name and address:

Michael F. Rosinus

PT Asset Management, LLC

500 West Madison, Suite 470, Chicago, Illinois 60661

Tel: 312.521.1476

Fax: 312.521.1576

**The date of this brochure supplement is November 15, 2011.**

**This Brochure Supplement provides information about Michael F. Rosinus that supplements the PT Asset Management, LLC ("PTAM") Brochure. You should have received a copy of that Brochure. Please contact [investorrelations@ptam.com](mailto:investorrelations@ptam.com) if you did not receive PTAM's Brochure or if you have any questions about the contents of this supplement.**

### Item 2 - Educational Background and Business Experience

Mr. Rosinus, born in May 1958, has been a part of PTAM since 2010. Through TRF Partners, he is co-owner of PTMR Advisors, LLC, a subsidiary of PTAM. Prior to joining PTAM, Mr. Rosinus was a Senior Advisor, co-Portfolio Manager, and co-head of the community bank investment team at Lightyear Capital ("Lightyear"), a New York based, multi-billion dollar private equity firm. While at Lightyear from 2008 to 2010, Mr. Rosinus led the investment effort on a \$350 million capital raise to create a new bank in Georgia to roll up failed and/or distressed banks, as well as a \$175 million capital raise to recapitalize a \$2.0 billion bank in the Pacific Northwest. Prior to the Lightyear assignment, Mr. Rosinus was the Portfolio Manager for 10 years for a long/short hedge fund focused on community bank investments. Mr. Rosinus also has 18 years of experience as a Senior Operating Officer in the banking industry. He was the Chief Executive Officer of the Commercial Banking Division for Citibank in Chicago with direct and indirect supervisory responsibility for 500 employees. In addition, Mr. Rosinus was the Chief Lending Officer for M&T Bank in New York City. Mr. Rosinus held this position during the New York City real estate depression from 1991 to 1993. Mr. Rosinus has served on multiple bank boards in either an advisory or direct capacity. He is a subject matter expert on bank operations, regulatory issues, bank capital structures, audit committee matters, credit initiation, administration and processes, and asset/liability management. Mr. Rosinus has a BA from Hamilton College and an MBA from The Stern School of Business at New York University.

### Item 3 - Disciplinary Information

Not applicable.

### Item 4 - Other Business Activities

Not applicable.

### Item 5 - Additional Compensation

Not applicable.

### Item 6 - Supervision

As co-owner of PTMR Advisors, LLC, Mr. Rosinus is primarily responsible for PTAM's private equity fund. He is supervised by Richard S. Berg, CEO of PTAM. Mr. Berg can be reached at (312) 521-1100 ([rberg@performancetrust.com](mailto:rberg@performancetrust.com)).