

Disclosure Brochure

March 24, 2014

Twin Focus Capital Partners, LLC

a Registered Investment Adviser

75 Park Plaza, Second Floor
Boston, Massachusetts 02116

(617) 720-4500

www.TwinFocusCapital.com

This brochure provides information about the qualifications and business practices of Twin Focus Capital Partners, LLC (hereinafter "Twin Focus"). If you have any questions about the contents of this brochure, please contact Paul Karger at (617) 720-4500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Twin Focus Capital Partners, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Twin Focus Capital Partners, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since Twin Focus' last annual update dated April 1, 2013. Twin Focus does not have any material changes to disclose in this Item.

Item 3. Table of Contents

Item 1. Cover Page	i
Item 2. Material Changes	ii
Item 3. Table of Contents	iii
Item 4. Advisory Business	4
Item 5. Fees and Compensation	7
Item 6. Performance-Based Fees and Side-by-Side Management	10
Item 7. Types of Clients	10
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9. Disciplinary Information	15
Item 10. Other Financial Industry Activities and Affiliations	15
Item 11. Code of Ethics	15
Item 12. Brokerage Practices	16
Item 13. Review of Accounts	18
Item 14. Client Referrals and Other Compensation	19
Item 15. Custody	19
Item 16. Investment Discretion	19
Item 17. Voting Client Securities	20
Item 18. Financial Information	20

Item 4. Advisory Business

Twin Focus was established as a family office and boutique investment advisory firm in response to the investment restrictions and conflicts of interest present at traditional, product-driven financial services firms. Twin Focus's founders and principals, Paul and Wesley Karger, sought to establish a unique global financial services firm, where their philosophy and capabilities could work to best deliver success to a select group of investors and institutions. As such, the firm is driven by the principle of providing quality, objective investment advice, free from the conflicts inherent to commission-based business arrangements.

Twin Focus has been in business as a registered investment adviser since May 23, 2006. As of December 31, 2013, Twin Focus had \$1,088,359,230 of assets under management, of which \$876,966,733 are managed on a discretionary basis and \$211,392,497 are managed on a non-discretionary basis. As of the same date, Twin Focus had \$912,496,435 of assets under advisement. The firm's assets under advisement are comprised of private investments in direct opportunities, private equity, venture capital, real estate and hedge funds.

Twin Focus provides financial advisory, family office, consulting, and investment management services. Prior to engaging Twin Focus to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Twin Focus setting forth the terms and conditions under which Twin Focus renders its services (collectively the "*Agreement*").

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

Financial Advisory and Family Office Services

Twin Focus may provide its clients with a broad range of comprehensive financial advisory and family office services (which may include non-investment and tax related matters). Areas addressed broadly include multi-generational planning, philanthropic planning, family continuity planning, family member education, and family governance services, in addition to education, tax and estate planning. These services are generally offered in conjunction with the firm's wealth management services, as described below.

In performing its services, Twin Focus is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Twin Focus may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Twin Focus recommends its own services. The client is under no obligation to act upon any of the recommendations

made by Twin Focus under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Twin Focus itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Twin Focus's recommendations. Clients are advised that it remains their responsibility to promptly notify Twin Focus if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Twin Focus's previous recommendations and/or services.

Corporate and Institutional Consulting Services

Twin Focus renders investment and non-investment related consulting services to various institutions and independent third parties as part of its institutional consulting services. Generally, these services are specialized engagements individually negotiated with each institution based upon their specific needs. In summary, Twin Focus works closely with its institutional clients to:

- Help develop an investment policy statement to guide future investment decisions;
- Implement an investment strategy in furtherance of the institution's long-term goals;
- Implement a suitable asset allocation model using its proprietary manager selection process; and
- Monitor, rebalance and report results on a periodic basis, as per the institution's needs.

In addition, Twin Focus advises public and private corporations regarding their profit sharing plans, 401(k) plans, defined benefit plans and other pools of assets, on issue such as investment design and review, and cost containment and management.

Twin Focus's corporate and institutional consulting services are generally not available to individuals, but rather address fundamental issues affecting various corporations or institutions within Twin Focus's area of concentration.

Investment Management and Wealth Management Services

Clients can engage Twin Focus to manage all or a portion of their assets on a discretionary basis or a non-discretionary basis. In addition, Twin Focus may provide clients with wealth management services which generally include a broad range of comprehensive financial advisory and family office services, as well as discretionary or non-discretionary management of investment portfolios.

Twin Focus primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds and exchange-traded funds ("ETFs"). In addition, Twin Focus may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. Twin Focus also provides advice about any type of investment held in clients' portfolios.

Twin Focus Capital Partners, LLC Disclosure Brochure

Twin Focus also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Twin Focus either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Twin Focus tailors its advisory services to the individual needs of clients. Twin Focus consults with clients initially and on an ongoing basis to develop an investment policy statement which determines risk tolerance, time horizon and other factors that may impact the clients' investment needs. Twin Focus ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Twin Focus if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Twin Focus's management services.

Use of Independent Managers

As mentioned above, Twin Focus recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between Twin Focus or the client and the designated *Independent Managers*. Twin Focus renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of *Independent Managers*. Twin Focus also monitors and reviews the account performance and the client's investment objectives. Twin Focus receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending or selecting an *Independent Manager* for a client, Twin Focus reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that Twin Focus considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Twin Focus's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Twin Focus, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

Twin Focus Capital Partners, LLC Disclosure Brochure

In addition to Twin Focus's written disclosure brochure (and/or wrap fee brochure, if applicable), the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Twin Focus. In such instances, Twin Focus may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Sponsor of Wrap Program

Twin Focus is the sponsor of the Twin Focus Capital Partners Wrap Program (the "*Program*"). In the event the client participates in the *Program*, Twin Focus provides its investment management services and arranges for brokerage transactions under a single annualized fee. Participants in the *Program* may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. A complete description of the *Program's* terms and conditions (including fees) are contained in the *Program's* wrap fee brochure, which appears as Part 2A Appendix 1 of the Form ADV. The management services provided to participants of the *Program* are materially the same as those provided to clients not participating in the *Program*.

Additions and Withdrawals to Accounts

Clients may make additions to and withdrawals from their account at any time, subject to Twin Focus's right to terminate an account. Clients may withdraw account assets on notice to Twin Focus, subject to the usual and customary securities settlement procedures. However, Twin Focus designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

Item 5. Fees and Compensation

Twin Focus offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management or the performance of the client's portfolio.

Financial Advisory and Family Office Services

Twin Focus may charge a fixed fee and/or hourly fee for financial advisory and/or certain family office services. These fees are negotiable, but generally range from \$100,000 to \$1,000,000 on a fixed fee basis and/or from \$250 to \$650 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages Twin Focus for additional investment advisory services, Twin Focus may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging Twin Focus to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Twin Focus setting forth the terms and conditions of the

Twin Focus Capital Partners, LLC Disclosure Brochure

engagement. Generally, Twin Focus requires one-half of the financial advisory or family office fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management and Wealth Management Fee

Twin Focus provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Twin Focus or an agreed upon fixed fee. Twin Focus's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Twin Focus does not, however, receive any portion of these commissions, fees, and costs.

Twin Focus's annual fee is prorated and charged either monthly or quarterly, in advance, based upon the agreed upon fixed fee or market value of the assets being managed by Twin Focus on the last day of the previous quarter. For assets being managed on a fixed fee basis, the annual fee ranges between \$100,000 and \$1,000,000, depending upon the type of investment management services to be rendered. In the alternative, the asset based fee varies, depending upon the market value of the assets under management, as follows:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
Up to \$10,000,000	1.00%
Next \$15,000,000	0.65%
Next \$25,000,000	0.50%
Next \$35,000,000	0.25%
Above \$85,000,000	Negotiable

Performance Fee

Twin Focus may render investment management services to *qualified clients* for a performance-based fee in accordance with the requirements set forth in applicable laws, rules, and regulations. For those clients, Twin Focus charges its fees based upon a percentage of the market value of the assets being managed by Twin Focus ("*base fee*") in addition to a fee based on the performance of the account ("*performance fee*").

Twin Focus charges a *performance fee* up to twenty percent (20%) of the net performance by which the account exceeds an agreed upon benchmark. Twin Focus also charges a *base fee*, which is comprised of either an annual fixed fee or a fee based upon a percentage of assets under management, as set forth on the following page:

Twin Focus Capital Partners, LLC Disclosure Brochure

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
Up to \$10,000,000	1.00%
Next \$15,000,000	0.65%
Next \$25,000,000	0.50%
Next \$35,000,000	0.25%
Above \$85,000,000	Negotiable

Twin Focus's annual *base fee* is prorated and charged either monthly or quarterly, in advance, based upon the agreed upon fixed fee or the market value of the assets on the last day of the previous quarter. Twin Focus's *performance fee* is charged annually, in arrears, based on the net gains of the client's portfolio at the end of the calendar period.

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

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Twin Focus generally recommends that clients utilize the brokerage and clearing services of a qualified broker-dealer for investment management accounts.

Twin Focus may only implement its investment management recommendations after the client has arranged for and furnished Twin Focus with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, the broker-dealer recommended by Twin Focus, any other broker-dealer recommended by Twin Focus, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Twin Focus's fee.

Twin Focus's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Twin Focus or *Independent Managers* to debit the client's account for the amount of Twin Focus's fee and to directly remit that management fee to Twin Focus or the *Independent Managers*. Any *Financial Institutions* recommended by Twin Focus have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Twin Focus. Alternatively, clients may elect to have Twin Focus send an invoice to them directly.

Fees for Management During Partial Quarters or Months of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Twin Focus and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Twin Focus's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Additions may be in cash or securities provided that Twin Focus reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Twin Focus may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a month or quarter that exceed \$100,000, the fee payable with respect to such assets will be prorated based on the number of days remaining in the month or quarter.

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

As discussed in response to Item 5, above, Twin Focus may render investment management services to *qualified clients* for a performance-based fee. This fee arrangement raises conflicts of interest. The performance fee may be an incentive for Twin Focus to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, where Twin Focus charges performance-based fees and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee.

Twin Focus has procedures in place to ensure that any recommendations made are in the best interest of clients regardless of whether the client is paying a performance-based fee or different type of fee.

Item 7. Types of Clients

Twin Focus provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Account Size

As a condition for starting and maintaining a relationship, Twin Focus generally imposes a minimum portfolio size of \$1,000,000. Twin Focus, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. Twin Focus shall only accept clients with less than the minimum portfolio size if, in the sole opinion of Twin Focus, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Twin Focus may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Twin Focus. In such instances, Twin Focus may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Primary Methods of Analysis

Twin Focus relies primarily on a proprietary combination of fundamental and technical methods of analysis, employing both top-down macroeconomic and bottom-up microeconomic analytical approaches.

Twin Focus's investment process begins with a proprietary top-down analysis of the global macroeconomic environment (all performed in-house), scouring the globe to discern favorable structural trends to invest and segregating those trends to avoid while identifying key tactical or cyclical opportunities. These efforts allow the firm to develop global themes and biases, based on demographic, geopolitical and geo-economic considerations.

Once Twin Focus is satisfied that it has identified the key themes it wants to exploit or avoid, it begins a bottom-up microeconomic analysis on the different investment vehicles, strategies and instruments to be used to implement our themes. It is during this process that Twin Focus:

- Conducts due diligence on money managers and strategies through quantitative and qualitative screens with continuing follow-up and monitoring;
- Determines optimal exposure types and the most effective ways to achieve such exposures;
- Examines potential investments in ETFs, index funds, actively managed vehicles, hedge funds, private equity, venture capital, and other alternative investment types;
- Reviews the performance of certain options overlay strategies for selected groups of clients; and
- Analyzes the tax implications and strategizes accordingly.

Analytical Risks

Fundamental analysis involves the fundamental financial condition and competitive position of a company. Twin Focus will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Twin Focus will be able to accurately predict such a reoccurrence.

Investment Strategy

Twin Focus implements a highly disciplined, multi-step approach that seeks to go beyond the bounds of traditional asset allocation decisions typically utilized by competing firms. The investment process begins with the development of the client relationship. Twin Focus believes that knowing the client and defining specific objectives permits flexibility with later rebalancing and adjustments in response to changing market conditions, stated objectives, and/or the performance of each individual investment strategy. During the initial phase of the relationship, Twin Focus seeks to determine:

- Needs, goals and objectives;
- Time horizons
- Risk tolerance
- Liquidity requirements and constraints;
- Special legal or regulatory concerns;
- Overall risk / reward parameters
- Income, estate, gift tax issues; and
- Philanthropic programs.

These initial discovery efforts are codified in an investment policy statement, which serves as the future client or family office road map, use to delineate the path to be taken to achieve the ultimate goals and objectives of all the parties involved.

Twin Focus's risk management efforts begin with the construction and implementation of a strategic asset allocation model which allows for tactical/cyclical deviations that reflect short-term judgment calls on

current market conditions. The firm seeks to develop core positions in those traditional asset classes – i.e., global equities and fixed income – with active satellite tentacles that are designed to effectively grasp alpha in those markets that Twin Focus judges to be inefficient. Twin Focus quantifies risk at the aggregate portfolio level, taking into account cross-correlations of assets within the portfolio while stress testing the portfolio for unforeseen “Black Swan” events when the firm experiences correlation breakdowns and the corresponding reduction of Modern Portfolio Theory diversification benefits.

Once portfolios are constructed and capital is deployed, Twin Focus monitors the portfolio and the underlying investments on a continuous basis, rebalances when and as needed to assure the portfolio is within the risk parameters mandated by the client, and periodically reports results to client in the frequency the client wishes using customized reports that suit each client’s needs. These rebalancing practices are based on market valuations, tactical exploitation of short term market conditions, and deviations to client needs or circumstances.

Mutual Funds and Exchange-Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund’s underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. As such, a mutual fund investor may incur substantial tax liabilities even when the fund underperforms.

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

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

Options

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Market Risks

The profitability of a significant portion of Twin Focus’s recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Twin Focus will be able to predict those price movements accurately.

Use of Independent Managers

Twin Focus may recommend the use of *Independent Managers* for certain clients. Twin Focus conducts ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers’* ability to successfully implement their investment strategy. Twin Focus continues to render services to the client relative to the discretionary selection of the *Independent Managers*, as well as the monitoring and review of account performance and investment objectives.

Use of Private Collective Investment Vehicles

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

Management Through Similarly Managed Accounts

For certain clients, Twin Focus may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, Twin Focus buys, sells, exchanges and/or transfers shares of securities based upon the *investment strategy*.

Twin Focus's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

The *investment strategy* may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to Twin Focus's clients may be limited. For example, various mutual funds or insurance companies may limit the ability of Twin Focus to buy, sell, exchange or transfer securities consistent with its *investment strategy*. As further discussed in response to Item 12B (below), Twin Focus allocates investment opportunities among its clients on a fair and equitable basis.

Risk of Loss

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

Item 9. Disciplinary Information

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

Item 10. Other Financial Industry Activities and Affiliations

Twin Focus is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

Association with Other Ventures

The principals of the firm, Paul Karger and Wesley Karger, serve on the Board of Managers and are members of TF Special Opportunities I, LLC ("*TF Special Opportunities I*"). *TF Special Opportunities I* is a special purpose pooled investment vehicle, the interests of which are privately offered pursuant to Regulation D of the Securities Act of 1933.

A conflict of interest exists to the extent Twin Focus' *Supervised Persons* recommend an investment in *TF Special Opportunities I* due to the affiliation therewith of Twin Focus, Paul Karger, and Wesley Karger. Twin Focus seeks to ensure that any such recommendations are provided on a fully-disclosed basis and only when aligned with its clients' bests interests.

Item 11. Code of Ethics

Twin Focus and persons associated with Twin Focus ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Twin Focus's policies and procedures.

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

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

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

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

Item 12. Brokerage Practices

As discussed above, in Item 5, Twin Focus may recommend that clients utilize the brokerage and clearing services of a qualified broker-dealer.

Factors which Twin Focus considers in recommending a qualified broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by the broker-dealer recommended by Twin Focus may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Twin Focus's clients comply with Twin Focus's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Twin Focus determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best

Twin Focus Capital Partners, LLC Disclosure Brochure

qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Twin Focus seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Twin Focus periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

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

Transactions for each client generally will be effected independently, unless Twin Focus decides to purchase or sell the same securities for several clients at approximately the same time. Twin Focus may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Twin Focus's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Twin Focus's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Twin Focus determines to aggregate client orders for the purchase or sale of securities, including securities in which Twin Focus's *Supervised Persons* may invest, Twin Focus shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Twin Focus shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Twin Focus determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v)

in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Twin Focus may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Twin Focus in its investment decision-making process. Such research generally will be used to service all of Twin Focus's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Twin Focus does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Twin Focus may receive from a broker-dealer that it recommends, without cost to Twin Focus, computer software and related systems support, which allow Twin Focus to better monitor client accounts maintained at the recommended broker-dealer. Twin Focus may receive the software and related support without cost because Twin Focus renders investment management services to clients that maintain assets at the recommended broker-dealer. The software and related systems support may benefit Twin Focus, but not its clients directly. In fulfilling its duties to its clients, Twin Focus endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Twin Focus's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Twin Focus's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Item 13. Review of Accounts

For those clients to whom Twin Focus provides investment management services, Twin Focus monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Twin Focus provides financial advisory and/or family office services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one or both of Twin Focus's principals, Paul and/or Wesley Karger. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Twin Focus and to keep Twin Focus informed of any changes thereto. Twin Focus contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those

clients to whom Twin Focus provides investment advisory services will also receive a report from Twin Focus that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from Twin Focus.

Those clients to whom Twin Focus provides financial advisory and/or family office services will receive reports from Twin Focus summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Twin Focus.

Item 14. Client Referrals and Other Compensation

Twin Focus is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Twin Focus is required to disclose any direct or indirect compensation that it provides for client referrals. Twin Focus does not have any required disclosures in response to this Item.

Item 15. Custody

Twin Focus's *Agreement* and/or the separate agreement with any *Financial Institution* authorizes Twin Focus through such *Financial Institution* to debit the client's account for the amount of Twin Focus's fee and to directly remit that management fee to Twin Focus in accordance with applicable custody rules.

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

Item 16. Investment Discretion

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

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The *Financial Institutions* to be utilized; and

- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

Twin Focus is required to disclose if it accepts authority to vote client securities. Twin Focus does not vote client securities on behalf of its clients.

Item 18. Financial Information

Twin Focus does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Twin Focus is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Twin Focus has no disclosures pursuant to this Item.

Twin Focus Capital Partners, LLC

a Registered Investment Adviser

75 Park Plaza, Second Floor
Boston, Massachusetts 02116

(617) 720-4500

www.TwinFocusCapital.com

Prepared by:

