

**Item 1: Cover Page**

**ROTHSCHILD CAPITAL PARTNERS, LLC**

**Brochure**

Part 2A of Form ADV

March 31, 2014

ANNUAL AMENDING UPDATE

This brochure provides information about the qualifications and business practices of Rothschild Capital Partners, LLC. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. If you have any questions about the contents of this Brochure, please contact us at the telephone number listed below.

Rothschild Capital Partners, LLC is an SEC registered investment adviser; such registration, however, does not imply a certain level of skill or training.

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Additional information about Rothschild Capital Partners, LLC is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

Since our Annual Amending Update Form ADV Part 2A filing dated March 30, 2013, the following material changes have occurred:

- In November of 2013, Rothschild Capital Partners, LLC hired John Pohald as part of the company's executive team in a newly created position as Director of Strategic Development. Mr. Pohlad is principally based in Rothschild Capital Partners' Minneapolis, Minnesota office.
- In December of 2013, Rothschild Capital Partners changed their principal office and place of business to their Towson, Maryland office located at The Exchange, Suite 317, 1122 Kenilworth Drive, Towson, Maryland 21204.
- In January of 2014, Rothschild Innovators Fund was launched. Detailed information about Rothschild Innovators Fund may be found within this Brochure.

We are discussing in this Item 2 only those material changes that have occurred since the Annual Amending Update filing of the brochure dated March 30, 2013.

We will ensure that each client receives, by April 30, 2014 (120 days after Rothchild Capital Partners, LLC's fiscal year-end), a summary of any material changes to this brochure that includes an offer to provide a copy of the updated brochure, without charge [or a free copy of its updated Brochure that includes or is accompanied by a summary of material changes]. Our brochure may be requested, free of charge at any time, by contacting Laura Shanholtz at (410) 339-6990 or [laura@rothcap.com](mailto:laura@rothcap.com) or by contacting us via our website at [www.rothcap.com](http://www.rothcap.com). You can also locate information about Rothschild Capital Partners on [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### **Item 4: Advisory Business**

Rothschild Capital Partners, LLC ("Rothschild Capital Partners" or the "Adviser") is a Delaware limited liability company that was formed in 1997. Rothschild Capital Partners changed its name from RT Capital Management, LLC in March of 2013. Rothschild Capital Partners provides discretionary portfolio management services to (i) three private funds (each, a "Fund," and together, the "Funds") that are offered to high-net worth, financially sophisticated individuals and institutional investors that may include banks or thrift institutions, investment companies, pension and profit sharing plans, trusts, estates, government plans or other business entities and (ii) high net worth individuals, charitable organizations and trusts in separately managed accounts ("SMAs"), pursuant to an investment management agreement entered into by Rothschild Capital Partners and each client.

The Adviser's investment advisory services are tailored to the individual needs of each client and clients may impose restrictions on investing in certain securities or types of securities. While we manage each Fund in an attempt to achieve that Fund's investment objective, we do not tailor our portfolio management decisions to the individual needs of any individual investor in a Fund. As a result, no investor may impose restrictions on the way in which we manage the Funds. The specific investment strategy of each Fund is set forth in such Fund's offering documents and the investment guidelines of each SMA is set forth in such SMA client's investment management agreement with Rothschild Capital Partners.

The SMA clients pay the Adviser an asset-based management fee. The Funds pay the Adviser an asset-based management fee and allocate to the Adviser's affiliates certain performance-based compensation. Such methods of compensation are described in Item 5 and Item 6 herein.

David D. Rothschild is the principal owner of Rothschild Capital Partners, and serves as its Managing Partner. David is responsible for the Adviser's investment decisions along with the other members of the Investment Committee: Jason B. Wood, Leonard D. Rodman, Archie C. Smith and Beth A. Heming.

The Adviser currently provides investment advisory services to the following three private funds:

- **Rothschild Innovators Fund, LP (the "Rothschild Innovators Fund" and together with Rothschild Technology Partners and the Rothschild Cornerstone Fund, the "Funds")**, a Delaware limited partnership, which was created in 2013, invests primarily in equities. The Partnership also augments its portfolio with a variety of asset classes, including short-duration bonds, exchange-traded funds, options and cash. As of March 14, 2014, the Rothschild Innovators Fund had \$12.74 million in gross assets.
- **Rothschild Cornerstone Fund, LP (the "Rothschild Cornerstone Fund")**, a Delaware limited partnership, which was created in 2003 invests primarily in equities. The Partnership also augments its portfolio with a variety of asset classes, including short-duration bonds, exchange-traded funds, options and cash. As of March 14, 2014, the Rothschild Cornerstone Fund had \$78.53 million in gross assets.

- **Rothschild Technology Partners, LP ("Rothschild Technology Partners")**, a Delaware limited partnership, which was formed in 1997 and focuses primarily on investments in the technology sector. Rothschild Technology Partners is closed to new investors. As of March 14, 2014, Rothschild Technology Partners had \$17.2 million in gross assets.

***Please see Item 8 for a more detailed discussion of the Adviser's Methods of Analysis and Investment Strategies.***

**Assets Under Management.** As of March 14, 2014, Rothschild Capital Partners had \$281 million in assets under management, all of which it manages on a discretionary basis.

## **Item 5: Fees and Compensation**

### **The Funds**

**Management Fee.** Rothschild Capital Partners is paid an asset-based fee (the "Management Fee") from the Funds. The Management Fee arrangement is the same for Rothschild Technology Partners and the Rothschild Cornerstone Fund, and is calculated and paid quarterly at a rate of 0.25% of the net asset value of the capital account of each limited partner in Rothschild Technology Partners and the Rothschild Cornerstone Fund. The Management Fee for the Rothschild Innovators Fund is calculated and paid quarterly at a rate of 0.375% of the net asset value of the capital account of each limited partner in the Rothschild Innovators Fund. The Management Fee is paid in advance on the first business day of each calendar quarter. Fees are withdrawn directly from the Funds' accounts, payable to Rothschild Capital Partners.

Rothschild Capital Partners' employees and its service providers verify and balance statements between the Funds' prime brokerage statements and the Adviser's portfolio accounting system, Schwab Portfolio Center, to determine assets under management.

The Management Fee may be negotiable with respect to particular investors in the Funds and the Adviser may, in its sole discretion, waive all or part of the Management Fee with respect to any individual partner in the Funds. In the event a Limited Partner withdraws prior to the end of a calendar quarter, the Management Fee will be prorated based upon a Limited Partner's actual period of ownership of its investment.

**Incentive-Based Compensation.** In addition, the Adviser's affiliates, Rothschild Cornerstone GP, LLC, Rothschild Innovators GP, LLC and RT GP, LLC (together, the "General Partners"), are entitled to receive an annual incentive allocation from the Rothschild Cornerstone Fund, the Rothschild Innovators Fund and Rothschild Technology Partners, respectively, in their capacities as general partners of such funds as discussed in Item 6.

***Please see Item 6 for a further discussion of the determination of performance-based compensation.***

**Other Expenses.** Each Fund also pays for all expenses in connection with its establishment, maintenance and operations, including accounting and legal expenses, prime broker fees, trading related expenses relating to the investment of the assets of each Fund including without limitation, all brokerage commissions and other trading costs and fees. ***Please see Item 12 for a discussion of Rothschild Capital Partners' brokerage practices.***

### **Separately Managed Accounts**

**Management Fee.** Rothschild Capital Partners charges only an asset-based fee to its SMA clients pursuant to an agreed upon schedule per each investment management agreement. Typically, the Management Fee is equal to approximately an annual rate of one percent (1.00%) of the net asset value of an SMA client's account. The Adviser reserves the right to discount from the foregoing fee schedule.

The Management Fee is calculated and paid quarterly, in advance, in an amount equal to one quarter of the appropriate fee level of the net asset value of the SMA at the beginning of the first month of each quarter. The Adviser's employees verify and balance client statements between the clients' custodial statements and the Adviser's portfolio accounting system, Schwab PortfolioCenter, to determine the net asset value of the account. Fees are not collected on assets actively managed by outside managers.

Payment of the Management Fee is due within ten (10) days of billing. For new accounts, the Management Fee is prorated based upon the actual period of assets entering the custodial bank's domain. The Adviser may, in its sole discretion, waive all or part of the Management Fee with respect to any account.

A client has the right upon thirty (30) days' prior written notice to the Adviser to make a partial or total withdrawal from its Custodial Account (resulting in a termination with respect to all or part of the account). A client will also be entitled to a prorated rebate of pre-paid Management Fees for such partial periods. If a portion of a withdrawing client's capital consists of a private equity investment or a liquid private equity investment, the Adviser, in its sole discretion, (i) may choose not to distribute such Investment(s) to a client until such investment(s) are liquidated from the Client's portfolio and, (ii) may hold the withdrawing client's assets attributable to such investment(s) in a liquidating trust. The Adviser will continue to earn fees with regards to such investments.

Rothschild Capital Partners has the right to terminate the investment advisory agreement with a client upon 30 days' written notice to the SMA client, in which case the SMA client will similarly be entitled to a prorated rebate of pre-paid Management Fees for such partial periods.

The qualified custodian of each account (and not the Adviser) deducts the Management Fees from the account on a quarterly basis, via direct debit.

**Other Expenses.** SMA clients also pay for all expenses in connection with the establishment, maintenance and operations of their account, including custodian fees and trading related expenses relating to the investment of the assets of the account including without limitation, all brokerage

commissions and other trading costs and fees. Please see Item 12 for a discussion of the Adviser's brokerage practices.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

### **The Funds**

**Performance Fees.** As stated in Item 5, the General Partners of the Funds, affiliates of Rothschild Capital Partners, are entitled to earn a performance-based allocation with respect to each of the Funds in an amount equal to twenty percent (20%) of the net appreciation of the relevant Fund on such Fund's fiscal year-end, upon a withdrawal of a partner in the Fund and at such other times as set forth in the relevant Fund's limited partnership agreement. The General Partners may in their sole discretion, waive all or part of the incentive allocation otherwise due with respect to any Partner's investment in the Funds, by rebate or otherwise. The General Partners will not be subject to the incentive allocation. The performance based allocation with regard to certain illiquid investments in Rothschild Technology Partners shall become allocable only when, and to the extent that such investments become, in the sole discretion of the General Partner, liquid.

The performance-based allocations are subject to a loss recovery account in which all prior losses attributable to a Fund investor's capital account must be made up before any incentive-based compensation may be taken by the General Partners.

The members of the Investment Committee take care to identify and avoid the risks inherent in the receipt of performance based compensation by the General Partners. For example, performance-based allocations received by the General Partners may give the Adviser (an affiliate of the General Partners) an incentive to make investments that are riskier or more speculative than would be the case if the General Partners were compensated solely based on a flat percentage of capital or net asset value (such as the Management Fee). In addition, the performance-based compensation was not the product of an arm's length negotiation with any third party, and because the performance based compensation is calculated on a basis that includes unrealized appreciation of a Fund's assets, such compensation may be greater than if it were based solely on realized gains.

### **Separately Managed Accounts**

**Performance Fees.** Rothschild Capital Partners does not charge performance-based fees on separately managed accounts.

The fact that the Adviser does not receive performance-based compensation with respect to the SMA clients, but its affiliated General Partners do receive such compensation with respect to the Funds, creates an incentive for the Adviser and its supervised persons to favor the Fund clients over the Managed Account clients as the General Partners would receive compensation based on the returns of the Funds and not the Managed Accounts. This can create a conflict of interest for the Adviser with regard to the allocation of investment opportunities or transactions among Clients. To address this conflict, the Adviser will allocate investment opportunities between each Client on a fair

and equitable basis, subject to applicable law, client guidelines and pre-established trade allocation policies. The most important principle by which we operate in all aspects of our business is the equal and fair treatment between all Clients. Our decisions are never to be influenced by any consideration for differences in fee arrangements, size of account, length of a relationship, and potential for additional or new business.

## **Item 7: Types of Clients**

### **The Funds**

As discussed in Item 4, Rothschild Capital Partners currently provides investment management services on a discretionary basis to Rothschild Technology Partners, the Rothschild Cornerstone Fund and the Rothschild Innovators Fund, which are domestic private funds that are offered to high-net worth individuals and institutional investors that satisfy the eligibility standards discussed below and that may include, but are not limited to, banks, thrift institutions, investment companies, pension and profit sharing plans, governmental plans, trusts, estates or other business entities.

Investors in the Funds must meet certain suitability requirements including being an accredited investor (as defined in Regulation D of the Securities Act of 1933, as amended (the "Securities Act")), a qualified client (as defined in the Advisers Act) and general sophistication requirements. All investors in the Funds are required to invest an initial minimum amount of at least US\$1,000,000 and a subsequent amount of at least \$100,000, which amounts may be waived in the sole discretion of General Partners. As discussed above, however, Rothschild Technology Partners is no longer accepting additional investors or additional capital contributions from existing investors.

### **Separately Managed Accounts**

Rothschild Capital Partners currently provides investment management services in managed account arrangements primarily to:

- High net worth individuals
- Trusts, estates and charitable institutions

Although there is no stated minimum investment threshold for an SMA client account, clients must meet certain sophistication requirements.

We may, at our discretion, also provide services to other types of clients including, but not limited to, banks and thrift institutions, investment companies, pension and profit-sharing plans, and corporations.

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

### **General Principles and Investment Philosophy**

Rothschild Capital Partners' approach for the Funds and the SMAs is to be a fundamental investor with a long-term approach that has been developed over multiple generations of investment experience. Members of our investment committee combine decades of Wall Street experience with significant experience in operational roles in private enterprise.

We are focused on the long term. The global economy is changing in ways that present both opportunity and risk. On behalf of our clients, we participate strategically in these changes in ways that seek to protect purchasing power and generate tax-efficient appreciation. Although the markets can be focused on short-term trends and events, (often creating great volatility), we have the patience and the fortitude to invest with a long-term perspective.

We, on behalf of our clients, are fundamental investors. We invest our clients' assets only in what we understand from the ground up. While we are mindful of macroeconomic and technical factors, our primary goal is to invest in specific businesses, sectors and commodities. Our portfolio discipline is to evaluate each investment with explicit factors before it reaches our Investment Committee.

Our objective is to protect and grow our clients' net worth with a portfolio primarily comprised of:

- **Cornerstone Companies** – Strategically durable companies with sustainable barriers to competitive entry that can execute in a variety of economic conditions and effectively respond to disruptive innovations.
- **Innovator Companies** – Companies that enable new ways of doing business, meaningful solutions to existing challenges, or improved access to or utilization of critical resources.
- **Protective Mechanisms** – Securities that provide resilience during periods of sustained economic slowdown, enhance buying power during a market downturn, hedge against disruptive events, and protect long-term purchasing power.

### **Rothschild Innovators Fund, LP Objective and Strategy**

Objective: To generate capital appreciation by investing in companies leading the transformation of the global economy that demonstrate the potential to sustain strong relative and absolute levels of growth.

The Rothschild Innovators Fund provides a concentrated exposure to companies that are developing new ways of doing business, offering meaningful solutions to existing challenges, and improving access to or utilization of critical resources. This Fund seeks investments that not only deliver better outcomes, but better outcomes at lower cost. While the Rothschild Innovators Fund primarily holds investments in equities, this Fund augments the portfolio with a variety of asset classes including options, cash, exchange-traded funds, and short-duration bonds. The portfolio will include

companies that have small market capitalizations and light trading volume. Successfully investing in Innovator Companies requires a long-term lens and the ability to withstand heightened short-term volatility.

### **Rothschild Cornerstone Fund, LP Objective and Strategy**

Objective: To generate the majority of the appreciation of the broader indices during up markets while mitigating capital declines in down markets.

The Rothschild Cornerstone Fund has a long-term investment horizon. This Fund manages a portfolio of securities meant to create and protect wealth in a variety of economic conditions and positioned to effectively navigate the transformation of the global economy. While the Rothschild Cornerstone Fund primarily holds investments in equities, this Fund augments the portfolio with a variety of asset classes including options, cash, exchange-traded funds, and short-duration bonds. In addition, the Rothschild Cornerstone Fund is comfortable making industry and sector allocations that are consistently different from the U.S. market indices such as the S&P 500 and NASDAQ. The Rothschild Cornerstone Fund is confident being overweight in sectors that they believe will provide long-term upside and/or protective benefits and they minimize their exposure to sectors that in this Fund's view have unquantifiable risk and industries that they feel are low-margin, high-fixed-cost and cyclical.

The Rothschild Cornerstone Fund typically takes an ownership view of the Fund's investments, buying for the long term. Global securities markets often overestimate the importance of short-term events and underestimate the importance of long-term trends, creating volatility that allows this Fund to invest when others are fearful and protect when they are exuberant.

### **Rothschild Technology Partners, LP Objective and Strategy**

Rothschild Technology Partners has been closed to new investors and new capital contributions from existing investors for some time. Rothschild Technology Partners was created with the intention to combine both public equity and private equity investments in one fund, with a focus on information and medical technology industries. Several partners have withdrawn the public equity portion of the portfolio and are awaiting the liquidity from the private equity portion of the portfolio. This Fund is being managed to minimize the tax consequences for the remaining limited partners and provide adequate liquidity for the remaining contributions associated with the Fund's remaining private equity commitments. Rothschild Technology Partners is not making any additional capital commitments to illiquid investments.

### **Overall Investment Analysis and Process**

The primary sources of information Rothschild Capital Partners uses include:

- Annual and quarterly reports, prospectuses and other filings with the SEC
- Financial periodicals (print and online)

- Industry-focused websites and print periodicals
- Inspections of corporate activities
- Issuer press releases
- Participation in industry specific conferences, trade shows and activities
- Primary due diligence interviews with corporate investor relations and senior management
- Primary research through contacts and interaction with industry professionals
- Research materials prepared by third parties

Investment strategies include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities held less than a year)
- Option writing, primarily covered calls or uncovered puts (we do not write puts in SMAs)
- Option buying, primarily covered puts or uncovered calls
- Listed and foreign and domestic equities (buying and selling)
- Corporate fixed income (convertible note and long bond) purchases
- Government issued fixed income (foreign and domestic denominated)
- Exchange-Traded Funds (ETFs) and Exchange-Traded Notes (ETNs) of all varieties, including, but not limited to, inverse and leveraged structures, commodity, currency, and geographically focused ETFs and ETNs.

### **Investment Related Risks**

**Risk of Loss.** All investments in securities involve the risk of loss, including the loss of principal, a reduction in earnings and the loss of future earnings. These risks include, but are not limited to, market risk, interest rate risk, issuer risk, tracking error risk, and general economic risk. Although the Adviser manages client assets in a manner consistent with stated risk tolerances, there can be no guarantee that its efforts will be successful. The Adviser's clients should be prepared to bear the risk of loss.

**Securities Exchange.** Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for us to liquidate positions and, accordingly, could expose the clients to losses. Similarly, client's assets may not be sufficiently liquid to fund withdrawals from the account by the client.

**Short Sales.** The Adviser may sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Adviser may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the

difference between the price received in the sale and the cost of the securities purchased to cover the sale, less the amount of any dividend obligations incurred; interest paid pending the return of the securities to the lender and premiums paid, if any, to the lender. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short-selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit the account's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

**Options.** There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (paid to establish the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

**Bonds and Other Fixed Income Securities.** We may invest client assets in bonds and other fixed income securities and may take short positions in these securities. We will invest the SMAs' and the Funds' assets in these securities when we determine they offer opportunities for capital appreciation (or capital depreciation in the case of short positions) and may also invest in these securities for temporary defensive purposes and to maintain liquidity. Fixed income securities include, among other securities: bonds, notes and debentures issued by U.S. and non-U.S. corporations; U.S. Government securities or debt securities issued or guaranteed by a non-U.S. government; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Fixed income securities may decline in value because of an increase in interest rates; an account with longer average portfolio duration will be more sensitive to changes in interest rates than an account with shorter average portfolio duration. In addition, the accounts could lose money if the issuer or

guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

We may invest client assets in both investment grade debt securities and non-investment grade debt securities (commonly referred to as junk bonds). Non-investment grade debt securities may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade debt securities to make principal and interest payments than issuers of higher grade debt securities. An economic downturn affecting an issuer of non-investment grade debt securities may result in an increased incidence of default. In addition, the market for lower grade debt securities may be less liquid and less active than for higher grade debt securities. High yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments.

**Compounding Risk.** We may invest client assets in leveraged ETFs. As a result of mathematical compounding and because particular ETFs may have a single day investment objective, the ETF's performance for periods greater than a single day is likely to be either greater than or less than the Index performance times the stated multiple in the ETF objective, before accounting for fees and ETF expenses. Compounding affects all investments, but has a more significant impact on a leveraged fund. Particularly during periods of higher volatility, compounding will cause longer term results to vary from the stated multiple in the ETF objective (e.g. 2x) of the return of the Index. This effect becomes more pronounced as volatility increases. ETF performance for periods greater than a single day can be estimated given any set of assumptions for the following factors: (a) Index performance; (b) Index volatility; (c) period of time; (d) financing rates associated with inverse exposure; (e) other Fund expenses; and (f) dividends or interest paid with respect to securities in the Index.

*The foregoing list of risk factors does not purport to be an all-encompassing list or explanation of the risks attendant to the Adviser's investment program for its clients. Prospective clients (and investors in the Funds) are encouraged to seek the advice of independent legal counsel in evaluating the risks of entering into a managed account arrangement with the Adviser or investing in a Fund advised by the Adviser. In addition, as the Adviser's investment program develops and changes over time, the strategy may be subject to additional and different risks. A more comprehensive list of risks with respect to making an investment in a Fund is included in the Fund's offering materials.*

## **Item 9: Disciplinary History**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. None of Rothschild Capital Partners, its affiliates, or its management persons (i.e., anyone with the power to exercise, directly or indirectly, a controlling influence over the Adviser's management or policies, or to determine the general investment advice given to the clients of the Adviser) has ever been the subject of any legal or disciplinary event.

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

Neither Rothschild Capital Partners nor any of its management persons (as defined in Item 9) is currently registered, nor do such persons have an application pending registration, as a broker dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator or a commodity trading adviser or an associated person of the foregoing.

Rothschild Cornerstone GP, LLC, an affiliate of Rothschild Capital Partners, serves as the general partner of Rothschild Cornerstone Fund, LP. Rothschild Innovators GP, LLC, an affiliate of Rothschild Capital Partners, serves as the general partner of Rothschild Innovators Fund, LP. RT GP, LLC, an affiliate of Rothschild Capital Partners, serves as the general partner of Rothschild Technology Partners, LP. Performance-based allocations received by such General Partners may give the Adviser (an affiliate of the General Partners) an incentive to make investments that are riskier or more speculative than would be the case if the General Partners were compensated solely based on a flat percentage of capital or net asset value (such as the Management Fee). See also Item 6. Rothschild Capital Partners uses a similar philosophy, approach and strategy in managing both the Funds and the SMAs. As a result of their other activities, the members of the investment committee may have conflicts of interest in allocating time, services and functions among the managed account clients and the Funds.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

Rothschild Capital Partners has adopted a Code of Ethics (the "COE") to address the securities-related conduct of its employees and representatives. We expect all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. All employees of Rothschild Capital Partners and any other person who provides advice on our behalf are required to adhere to the COE.

The COE outlines, in detail, the standards of conduct expected by our employees and includes guidelines and limitations on personal trading, giving and accepting gifts, serving as a director for external organizations, and engaging in outside business activities. In addition, the COE requires employees to furnish personal securities transaction and holdings reports as discussed below. Without exception, our employees are prohibited from using inside information to trade in personal accounts or on behalf of our clients.

All employees are furnished with the COE annually, and must sign and acknowledge compliance of the document. Employees are required to report any violation of the COE immediately to our Chief Compliance Officer, Laura Shanholtz.

**A copy of our full Code of Ethics is available to our advisory clients and prospective clients who may request a copy by contacting Laura Shanholtz by email at [laura@rothcap.com](mailto:laura@rothcap.com), or by calling her at (410) 339-6990.**

## **Personal Trading**

All Rothschild Capital Partners employees are required to furnish personal securities transaction and holdings reports for all employee accounts and employee related accounts as follows: (i) initial holdings reports must be provided within ten (10) days of becoming an employee and annual holdings report must be provided at least every twelve months, and (ii) quarterly transaction reports (or brokerage statements/trade confirmations in lieu thereof) must be provided to the Chief Compliance Officer no later than 30 days following the end of the calendar quarter.

The Adviser maintains a Restricted List that includes, among other things, the names of issuers whose securities are currently held in client accounts and/or are being considered for purchase. The Restricted List may, at times, also include the names of issuers whose securities are subject to a complete ban on sales or purchases because the Adviser has knowledge of material non-public information regarding the issuer. Under these circumstances the security of such an issuer will be designated as a "Completely Restricted" security and neither employees nor the Adviser will be permitted to purchase, sell or take any position in the relevant security until the issuer's name is removed from the Restricted List or the security is no longer designated as Completely Restricted.

Employees wishing to transact in securities on the Restricted List but NOT listed as Completely Restricted, must complete and submit a request for prior approval to the Chief Compliance Officer. The Chief Compliance Officer will review the request and make sure the intended transaction is not a violation of the Adviser's policies, and does not conflict with the best interests of the clients. Any pre-approval is good for no longer than five business days; at which point an unfulfilled transaction must be re-submitted if the employee wishes to maintain the option to execute. In addition, employees must obtain prior written approval from the Chief Compliance Officer before investing in initial public offerings ("IPOs") or limited offerings (i.e., private placements).

All employees are responsible for knowing the contents of the Restricted List prior to effecting or soliciting a transaction in a security. Any employee who consults the Restricted List is prohibited from disclosing the securities listed and the privately placed investment vehicles listed in the Restricted List to non-employees of the Adviser. **The Chief Compliance Officer reserves the right to reject any trade by an employee deemed not in the best of interests of the Adviser or its clients.**

## **Potential Conflicts of Interest**

Subject to the approval of the Chief Compliance Officer, employees may from time to time have an interest, direct or indirect, in a security (or related securities), the purchase or sale of which by a client is being evaluated or is recommended, or which in fact is purchased or sold by or otherwise traded for a client. To the extent an employee invests in a security that is held by or recommended to a client, a conflict of interest arises as the reason for making such recommendation to a client could be to benefit the related person (i.e. by increasing (or decreasing, as the case may be) the value of the security) rather than it being in the best interest of the client. Policies and procedures are in place to ensure that clients' interests are not disadvantaged by a trade made by a related person and that a related person does not benefit personally from trades undertaken for clients. In particular,

Rothschild Capital Partners manages this conflict by having its Chief Compliance Officer pre-approve all securities transactions by employees in securities on the Restricted List (which include securities held by or being evaluated for clients) and having its Chief Compliance Officer review the personal securities transaction and holdings reports of employees to ensure that clients are not disadvantaged by the employees' trading and to ensure compliance with our COE.

In addition, SMA clients may from time to time invest in the Funds managed by Rothschild Capital Partners. This creates a potential conflict of interest for the Adviser in that it may have an incentive to recommend the Funds as an investment to SMA clients because Rothschild Capital Partners and its affiliated General Partners receive management fees and performance based compensation, respectively, from the Funds. The Adviser manages this conflict by meeting or having a telephone conference with each SMA client to help it determine whether an investment in a Fund is appropriate for a portion of its assets that are not directly managed by the Adviser (as the Funds may have more flexibility in terms of their ability to use certain investment options).

**The full details of the personal trading policies are included in the Code of Ethics, which is available upon request by contacting Laura Shanholtz by email at [laura@rothcap.com](mailto:laura@rothcap.com), or by calling her at (410) 339-6990.**

## **Item 12: Brokerage Practices**

**Brokerage.** Investment advisers have a fiduciary duty to their clients to obtain best execution of their transactions. Obtaining the best trade execution is an important aspect of every trade that we place in a client account. Rothschild Capital Partners' Investment Committee selects the brokers to use to execute trades on behalf of its clients and determines the reasonableness of their compensation based on the range and quality of a broker's services including execution capability, trading expertise, accuracy of execution, commission rates, research, reputation and integrity, fairness in resolving disputes, financial responsibility, responsiveness and research, brokerage and other services and products provided by a broker (the "soft dollar items"). Rothschild Capital Partners and its affiliates use an outsourced trading provider for the majority of client trades in an effort to have uniformity with respect to its trading. The Investment Committee periodically reviews with BTIG its list of approved brokers and the services such brokers provide, and determines at such times whether the brokers are meeting their obligations and warrant continued allocation of our trades. We also periodically review alternative brokers to ensure that our clients are receiving best execution from all available known options.

Rothschild Capital Partners uses client commissions (i.e., "soft dollars") to purchase soft dollar items within, and outside, the safe harbor established by Section 28(e) of the U.S. Securities Exchange Act of 1934. Soft dollar practices are the use of client commissions to "pay up" (i.e., pay more than the lowest commission available) in return for products and services. Research services, which we believe provide value-add information that better enables the Investment Committee to manage client assets, paid for using soft dollars include, but are not limited to, Ned Davis Research and Pipeline Data, LLC.

Services used to manage client accounts and paid by client commissions, some of which may be outside the Safe Harbor, include (but are not limited to):

- **Bloomberg Finance L.P.** – The provider of a vast array of research services including pricing data, historical data, real-time news and alerts, valuation parameters and third-party research reports
- **FactSet Research Systems, Inc.** – The provider of a vast array of research services including pricing data, historical data, real-time news and alerts, valuation parameters and third-party research reports. FactSet is used primarily in our Minneapolis office.
- **Institutional Shareholder Services, Inc.** – The provider of our proxy research reports addressing topics including board composition, executive compensation, and proposed M&A, all of which are used to evaluate the corporate governance of our holdings.

Soft dollar items, whether provided directly or indirectly, may be utilized for the benefit of the Adviser and any of its or its affiliates' other accounts. The Adviser may use client commissions to acquire soft dollar items that the Adviser would otherwise be obligated to provide to, or acquire at its own expense for, the relevant account(s) and for which the Adviser therefore receives a benefit. Nonetheless, the Adviser believes that such soft dollar items may provide the clients with benefits by supplementing the research and services otherwise available to the clients and will use such soft dollar items (including non-safe harbor items) in good faith. The Adviser may have an incentive to select certain brokers based on the soft dollar items provided by such brokers rather than the client's interests in receiving the most favorable execution.

The clients may be deemed to be "paying up" for soft dollar items provided by a broker which are included in the transaction charges. In exchange for the direction of portfolio transaction dollars to certain brokers, credits are generated which may be used by the Adviser to pay for the soft dollar items provided, or paid for, by such brokers. To the extent the client's portfolio transactions generate such credits or soft dollar items are provided, the Adviser will be receiving a benefit by reason of the direction of commissions.

Although it has not yet done so, in addition to the factors described above, the Adviser may consider a broker's referrals of clients or investors in the Funds or the potential for future referrals in directing transactions to a broker. As with client commission payments for soft dollar items, in some cases the transaction compensation paid might be higher than that obtainable from another broker-dealer who did not provide (or undertake to provide) referrals, although the Adviser will seek to avoid such a result and will seek best execution. Awarding transaction business to brokers in recognition of past or future referrals may create an incentive for the Adviser to cause one or more clients to effect more transactions with such brokers than it might otherwise do in order to stimulate more referrals rather than on the client's interest in receiving most favorable execution.

Commissions generated in the management of a client's account may be used to pay for soft dollar items used by Rothschild Capital Partners in managing other client accounts. Likewise, not all soft dollar items may be used by the Adviser in connection with the client that paid commissions to the broker providing such items. Further, the Adviser does not attempt to allocate soft dollar benefits to

the clients proportionately to the soft dollar credits they generate. The Adviser believes that, over time, all clients will receive some benefit from the soft dollar items provided. Lastly, while Rothschild Cornerstone Fund's and Rothschild Innovators Fund's offering documents provide that the Adviser may enter into directed brokerage arrangements in its sole discretion, the Adviser has not done so and does not intend to do so.

**Aggregation.** Rothschild Capital Partners, whenever possible (to the extent a transaction is suitable for more than one client), will place concurrent orders from the Funds and SMA clients with a single broker (BTIG) to be executed as a single, aggregated "block" in order to facilitate orderly and efficient execution and on average and reduce the costs of execution. Whenever the Adviser does so, each client on whose behalf an order was placed will receive the average price at which the "block" was executed and will bear a proportionate share of all transaction costs, based on the size of the client account's order. The Adviser will aggregate securities orders if it believes such aggregation is consistent with its duty to seek best execution (which shall include best price) for its clients and is consistent with the terms of the Adviser's investment advisory agreements and will ensure that allocation of securities is done on a fair and equitable basis.

It is Rothschild Capital Partner's policy to allocate aggregated securities on a fair and equitable basis. The Adviser will ensure that no account will be favored over any other account. The Adviser will make allocations pursuant to its allocation statement which indicates that allocations be done (i) on a pro-rata basis or (ii) otherwise, such as (a) if a given security meets additional investment criteria with respect to a participating account (such as if a security is from an issuer that is a merger arbitrage name but is also in distress, the security may be allocated among the merger arbitrage accounts and may be more heavily weighted towards a merger arbitrage account which may also invest in distressed securities as part of its strategy) or (b) for other reasons including, without limitation, tax consequences with respect to a given account or liquidity concerns (e.g. anticipated inflows and/or outflows of capital with respect to a given account). In addition, an order may be allocated on a basis different from that specified in the Allocation Statement if the participating accounts whose orders are allocated receive fair and equitable treatment and the reason for such different allocation is explained in writing and is approved in writing by the Adviser's Chief Executive Officer and Chief Compliance Officer or their designees. Rothschild Capital Partners will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation procedure.

### **Item 13: Review of Accounts**

Rothschild Capital Partners maintains a number of policies to review client accounts.

**Day-to-Day Monitoring.** On each business day members of Rothschild Capital Partners' Investment Committee (David D. Rothschild, Jason B. Wood, Archie C. Smith, Beth A. Heming and Leonard D. Rodman) are responsible for monitoring, reviewing and management of the SMA accounts and the Funds' portfolios; and collectively oversee all facets of the investment advisory process including, but not limited to asset allocation, portfolio review, idea generation, trading policy, risk management, proxy voting and compliance. Other employees may assist in the aforementioned duties as required by the Investment Committee members, and where they deem appropriate.

- **Trade Execution** – Brokers provide us with physical confirmations as well as DTC affirmations between the broker, the custodial bank, or the prime broker – who also acts as the Funds’ custodian – and the Adviser, for each trade.
- **Prime Brokerage and Custodian (the Funds)** – Rothschild Capital Partners utilizes Jefferies & Company (“Jefferies”) for the provision of prime brokerage and custodial services for Fund assets – including cash and securities. Jefferies provides custodial services including, but not limited to, daily trade reconciliation, ensuring receipt of income, facilitating deposits or withdrawals, and portfolio valuation.
- **Custodian (Separately Managed Accounts)** – Rothschild Capital Partners primarily utilizes M&T Bank (“M&T”) as the custodian for client assets. M&T provides custodial services including, but not limited to, daily trade reconciliation, ensuring receipt of income, facilitating any client requests, deposits or withdrawals, portfolio valuation and are responsible for issuing 1099s.
- **Administrator (the Funds)** – Raines & Fischer, an independent accounting firm based in New York, serves as the Funds’ Administrator. Specifically, Brian Uhlman, a partner at Raines & Fischer, provides administrator services as well as additional tax and accounting services to the Funds. Brian Uhlman and Kimberly Davis-Shapiro, Rothschild Capital Partners’ Office Manager, are the primary control persons for the Adviser’s record-keeping, directing fund transfers and wiring, along with expense reconciliation. Their duties include affirming trades on DTC, booking all executed trades into the Adviser’s internal portfolio accounting system, Schwab Portfolio Center, and ensuring our records reconcile with the formal records of Jefferies (the Funds’ prime broker and custodian).
- **Administrator (Separately Managed Accounts)** – The Adviser’s Chief Administrator, Jean Dellman, is the primary control person for the firm’s record-keeping, directing fund transfers and wiring, and expense reconciliation. The Administrator also affirms trades on DTC. Portfolio Manager, Leonard Rodman books most executed trades into the Adviser’s internal portfolio accounting system, Schwab Portfolio Center and ensures our records reconcile with the formal records of our custodian. Leonard Rodman sends the allocations for the trades to M&T and M&T sends the data back to our system daily through ByAllAccounts.

**Periodic Monitoring and Review (Separately Managed Accounts).** Rothschild Capital Partners intends to discuss with clients, at least annually and/or more frequently at the client’s request to review unaudited performance relative to stated investment objectives. The review will also discuss potential changes to the client’s objectives, constraints, liquidity and special situations.

- Most of the SMA clients are family and/or long-time friends of the Rothschild family. Clients are not assigned to any one member of the Investment Committee, but are provided with open access to all.
- Clients may request a meeting at any time and are encouraged to contact any member of the Adviser’s Investment Committee with changes in their objectives and constraints.
- Written unaudited and net portfolio values and returns are furnished upon request.

- The accounts' custodian furnishes monthly written statements per the client's stated preference with copies provided monthly to the Adviser.
- The accounts' custodian furnishes trustees copies of written statements as per guiding trust documentation and client requests.

**Quarterly Client Letter and Other Reports (The Funds).** The members of the Investment Committee author a written quarterly letter to clients of the Rothschild Cornerstone Fund and the Rothschild Innovators Fund detailing their thoughts on the prior quarter, investment performance, and forward-looking thoughts on the market, macroeconomic conditions, and the portfolio's positioning. We do not author a quarterly letter for Rothschild Technology Partners as there are no new investments made for such Fund. In addition, on an annual basis, investors in the Funds will receive audited financial statements within (i) 120 days of the Rothschild Cornerstone Fund's and the Rothschild Innovators Fund's fiscal year end, and (ii) 180 days of Rothschild Technology Partner's fiscal year-end as it currently has ten percent (10%) or more of its assets held in other pooled investment vehicles that are not, and are not advised by, a related person of Rothschild Technology Partners, its General Partner or the Adviser.

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

Except as otherwise provided in Item 12 regarding soft dollar items received by Rothschild Capital Partners from time to time, the Adviser does not receive any economic benefit from non-clients in connection with providing investment advice or other advisory services to clients.

#### **Item 15: Custody**

**The Funds.** An adviser has custody if it acts in any capacity that gives the adviser legal ownership of, or access to, the client funds or securities. Therefore, Rothschild Capital Partners is deemed to have custody of Funds' assets because it or one of its affiliates either (1) acts as general partner of the Funds with the authority to dispose of funds and securities in such Fund's account or (2) has the ability to withdraw its fees directly from the Funds. We maintain the Funds' assets at Jefferies & Company, Inc., the Funds' prime broker who is a qualified custodian, as defined under Rule 206(4)-2 (the Custody Rule) of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

All investors in a Fund receive that Fund's annual audited financial statements prepared in accordance with GAAP within (i) 120 days of the Rothschild Cornerstone Fund's and Rothschild Innovators Fund's fiscal year end and (ii) 180 days of Rothschild Technology Partner's fiscal year-end as it currently has ten percent (10%) or more of its assets held in other pooled investment vehicles that are not, and are not advised by, a related person of Rothschild Technology Partners, its General Partner or the Adviser.

**Separately Managed Accounts.** An adviser has custody of a client's funds and securities if it has the ability to (or can direct the custodian to) deduct fees or other expenses directly from the client's accounts. Therefore, Rothschild Capital Partners is deemed to have custody of the SMA clients' assets because it calculates applicable management fees and makes fee withdrawal requests to the custodial bank, M&T. The qualified custodians collect management fees on a quarterly basis, via

direct debit from client accounts at the Adviser's direction. The qualified custodians send account statements directly to the SMA clients, on a monthly basis, identifying the amount of funds and of each security in the account at the end of the month and setting forth all transactions in the account for the past month. Rothschild Capital Partners also receives a copy of the account statement. Rothschild Capital Partners advises clients to carefully review their statements from the qualified custodian.

## **Item 16: Investment Discretion**

**The Funds.** Rothschild Capital Partners accepts discretionary authority to manage the assets in each Funds' account. Our discretion is limited only by the investment restrictions set forth in each Fund's documents and those set forth by the General Partners. Investors in the Funds are not able to place restrictions on investing in certain securities or types of securities.

Pursuant to the Funds' documents, we have broad discretionary investment authority over the Funds' accounts including the authority to determine the following:

- Securities to be bought and/or sold
- Amount of securities to be bought and/or sold
- Broker dealer to be used for trade execution
- Commission rates paid for trade execution

**Separately Managed Accounts.** Rothschild Capital Partners accepts discretionary authority to manage the assets in each client's account. We observe investment limitations and restrictions that are outlined in each account's investment management agreement which may be imposed by an SMA client.

Pursuant to our investment management agreements, we have the authority to determine the following without obtaining specific client consent:

- Securities to be bought and/or sold
- Amount of securities to be bought and/or sold
- Broker dealer to be used for trade execution
- Commission rates paid for trade execution

**Both The Funds and Separately Managed Accounts.** The most important principle by which we operate in all aspects of our business is the equal and fair treatment between all beneficial owners of our Funds and the Funds' portfolios and the portfolios of our SMA clients. Our decisions are never to be influenced by any consideration for differences in fee arrangements, size of account, length of a relationship, and potential for additional or new business.

## **Item 17: Voting Client Securities**

### **General Principle**

Pursuant to Rule 206(4)-6 of the Advisers Act, registered investment advisers that exercise voting authority with respect to clients' securities are required to adopt and implement policies and procedures for voting proxies, disclose those policies and procedures to their clients and disclose how clients may obtain information about how the adviser has voted proxies.

Rothschild Capital Partners maintains voting authority with respect to clients' securities, and maintains a Proxy Voting Policy that details its policies and procedures for voting proxies. Proxies will always be voted in the best interest of the clients. The Adviser shall consider all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote.

Rothschild Capital Partners has established a proxy voting committee (the "Proxy Voting Committee") that is responsible for deciding how the Adviser will vote a proxy. The Proxy Voting Committee consists of three members:

- David D. Rothschild, Chief Executive Officer and Chief Investment Officer
- Jason B. Wood, Executive Vice President and Senior Portfolio Manager
- Leonard D. Rodman, Portfolio Manager

The Adviser may, from time to time, consult with persons who are not Proxy Voting Committee members when determining how to vote a proxy, including but not limited to members of the Investment Committee (e.g., Archie C. Smith).

While retaining final authority to determine how each proxy is voted, the Proxy Voting Committee reviews and in most instances (provided the Adviser determines it is in the best interests of the clients to do so) follows the proxy voting policies and recommendations of Institutional Shareholder Services, Inc. ("ISS"). ISS tracks each proxy that the Adviser is authorized to vote on behalf of its clients and makes recommendations to the Proxy Voting Committee as to how it would vote such proxy in accordance with ISS's own proxy voting guidelines. ISS may from time to time vote on proxy matters on the Adviser's behalf in accordance with ISS's recommendations in the event the Adviser has not provided specific directions to the contrary. In addition to supplying proxy related research and making recommendations to the Adviser as to particular shareholder votes, ISS also performs the administrative tasks of receiving proxies and proxy statements, marking proxies as instructed by the Adviser, and retaining proxy voting records and information. Clients may not direct the Adviser's proxy vote in a particular solicitation.

## **Resolving Conflicts of Interest**

The Proxy Voting Committee is responsible for identifying and resolving material conflicts of interest issues prior to voting, including but not limited to:

- Personal ownership interest in the company in which the Adviser will vote on a proxy
- Whether Proxy Voting Committee members receive any compensation or profit based on how the Adviser votes on a proxy
- Role as a director in the company in which the Adviser will vote on a proxy
- Immediate family member (spouse, child, parent, sibling, or in-law) as a director in the company in which the Adviser will vote on a proxy
- A personal relationship with an executive or director in the company in which the Adviser will vote on a proxy
- A personal relationship with a candidate to be a director in the company in which the Adviser will vote on a proxy

In the event of a conflict of interest, the Proxy Voting Committee may determine that a member of the Proxy Voting Committee who has a conflict of interest is to be recused from the deliberations as to how to vote a proxy on a case-by-case basis.

**Clients may obtain a copy of Rothschild Capital Partners' Proxy Voting Policy and information on how Rothschild Capital Partners voted securities by contacting Laura Shanholtz by email at [laura@rothcap.com](mailto:laura@rothcap.com), or by calling her at (410) 339-6990. Clients may obtain a copy of ISS' proxy voting policy by visiting:**

**[http://www.issgovernance.com/policy/2014/policy information](http://www.issgovernance.com/policy/2014/policy%20information)**

## **Item 18: Financial Information**

Rothschild Capital Partners has no additional financial circumstances to report. We do not require or solicit payment of fees in excess of \$1,200 per client six months or more in advance of services rendered and are, therefore, not required to include detailed financial statements. We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our clients and we have not been the subject of a bankruptcy proceeding.