

Trailbrake Capital LLC

Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Trailbrake Capital LLC. If you have any questions about the contents of this brochure, please contact us at (599) 785-3321 or by email at: kevin@tbcapital.net. 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 Trailbrake Capital LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Trailbrake Capital LLC's CRD number is: 171511.

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

Trailbrake Capital LLC has not yet filed an annual updating amendment using the Form ADV Part 2A. Therefore there are no material changes to report.

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Item 4: Advisory Business

Business Description

Trailbrake Capital LLC (hereinafter “Trailbrake”) serves as a discretionary investment advisor to high net-worth investors. Kevin Low serves as the sole portfolio manager and is the firm’s principal owner. The firm manages client accounts in accordance with a value oriented investment objective and services are not tailored to the individualized needs of any particular investor.

A. Description of the Advisory Firm

Trailbrake is a Limited Liability Company organized in the State of Delaware, and located in Bonaire, a municipality of the Caribbean Netherlands. The firm was formed in April 2014, and the principal owner is Kevin Curry Low.

B. Types of Advisory Services

Portfolio Management Services

Trailbrake serves as a discretionary investment advisor to high net-worth individuals. Kevin Low is the sole portfolio manager, and is responsible for managing each client account consistently with a single value investment strategy. Trailbrake is responsible for all investment decisions and for placing orders for all purchases and sales.

Trailbrake seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Trailbrake’s economic, investment or other financial interests. To meet its fiduciary obligations, Trailbrake attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Trailbrake’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is Trailbrake’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

Services Limited to Specific Types of Investments

Trailbrake generally invests client assets in U.S. equities, U.S. depository receipts, exchange traded funds and non-U.S. equity securities. However, Trailbrake does not limit itself to specific security types.

C. Client Tailored Services and Client Imposed Restrictions

Trailbrake does not tailor investment advice to investors.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. Trailbrake does not participate in any wrap fee programs.

E. Assets Under Management

TrailBrake is a new firm and therefore has no client assets under management.

| Discretionary Amounts: | Non-discretionary Amounts: | Date Calculated: |
|------------------------|----------------------------|------------------|
| \$0 | \$0 | September 2014 |

Item 5: Fees and Compensation

A. Fee Schedule

Performance-Based Fees for Portfolio Management

Qualified clients will pay an annual fee of 0.50% of assets under management along with a 20.00% performance fee based on capital appreciation.

The high water mark will be the highest value of the client's account on the last day of any previous year, after accounting for the client's deposits or withdrawals for each billing period.

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. This service may be canceled with 30 days' notice. Clients must pay the prorated performance-based fees for the billing period in which they terminate the Investment Advisory Contract up to and including the day of termination.

B. Payment of Fees

Payment of Performance-Based Portfolio Management Fees

Performance-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on an annual basis, or may be invoiced and billed directly to the client on an annual basis. Clients may select the method in which they are billed. Fees are paid in arrears.

C. Client Responsibility For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Trailbrake. Please see Item 12 of this brochure regarding broker-dealer/custodian.

D. Prepayment of Fees

Trailbrake collects its fees in arrears. It does not collect fees in advance.

E. Outside Compensation For the Sale of Securities to Clients

Neither Trailbrake nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6: Performance-Based Fees and Side-By-Side Management

Trailbrake manages accounts that are billed on performance-based fees (a share of capital gains on or capital appreciation of the assets of a client). Clients paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes. Trailbrake addresses this conflict of interest by always serving the best interests of its clients consistent with its fiduciary duty for all clients.

Item 7: Types of Clients

Trailbrake generally provides advisory services to High-Net-Worth Individuals.

There is no account minimum for any of Trailbrake's services.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

TrailBrake Capital LLC is a value-oriented investment firm whose goal is to achieve positive returns on a long-term basis. We use fundamental analysis to look for securities we believe are significantly mispriced in the market. Confusion, uncertainty, misplaced certainty and lack of attention can result in the market price differing from the securities underlying value. These may include characteristics such as a security with little market following, a downturn in the underlying company's business or a specific short-term issue and an undeserved decline in the securities price, a complicated business structure or capital structure that is misunderstood, or growth prospects not appropriately represented in the market price, either due to fear or exuberance.

The firm is authorized to enter any type of investment transaction it deems appropriate, but focuses on stock picking. The firm's strategy primarily invests in publically traded US securities, but has the flexibility to invest in other markets to best allocate to available opportunities. The firm may also hold a significant amount of un-invested cash or index

tracking ETFs when individual security investment opportunities are insufficient. Since we believe in a focused strategy, we may hold five to ten positions on average, and not any more than twenty positions. The firm selects investments using the basic tools of valuation. The measurements and models used can differ by security, the sector/industry and the state of the underlying business. We use measures such as historical and forecasted earnings, free cash flow, book value relative to price, return on investment, dividends, asset values and liabilities. These measures will be used in conjunction with our view on the quality of management, the business prospects and our confidence in our assumptions.

We invest when we find a security priced significantly below our conservative estimate of value, and we may short a security when it is priced significantly above our optimistic estimate of value and our confidence in the estimate is exceedingly high.

Investment Strategies

Trailbrake principally uses long term trading, but may also use short term trading, short sales, margin transactions and options trading (including covered options, uncovered options, or spreading strategies).

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Our fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Investment Strategies

Trailbrake's use of short sales, margin transactions and options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Short term trading risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment

performance, particularly through increased brokerage and other transaction costs and taxes.

Short sales entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

Margin transactions use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

Options transactions involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

Trailbrake's use of short sales, margin transactions and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes

up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

Options are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

Non-U.S. securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

An **American depositary receipt (ADR)** is a negotiable security that represents securities of a non-US company that trades in the US financial markets, which has certain of the same risks as investing directly in non-U.S. securities.

Concentration risk is the risk a portfolio with fewer holdings will fluctuate more than a portfolio with more holdings and a more diversified set of investment exposures. A loss from any one security will have a larger impact in a concentrated portfolio than a more diversified portfolio.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither Trailbrake nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither Trailbrake nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither Trailbrake nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

Trailbrake does not utilize nor select third-party investment advisers. All assets are managed by Trailbrake management.

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

A. Code of Ethics

Trailbrake has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Trailbrake's Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

Trailbrake does not recommend that clients buy or sell any security in which a related person to Trailbrake or Trailbrake has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of Trailbrake may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Trailbrake to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Trailbrake will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of Trailbrake may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Trailbrake to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Trailbrake will never engage in trading that operates to the client's disadvantage if representatives of Trailbrake buy or sell securities at or around the same time as clients.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

Custodians/broker-dealers will be recommended based on Trailbrake's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and Trailbrake may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in Trailbrake's research efforts. Trailbrake will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Trailbrake will require clients to use Interactive Brokers LLC.

1. Research and Other Soft-Dollar Benefits

While Trailbrake has no formal soft dollars program in which soft dollars are used to pay for third party services, Trailbrake may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). Trailbrake may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and Trailbrake does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Trailbrake benefits by not having to produce or pay for the research, products or services, and Trailbrake will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that Trailbrake's acceptance of soft dollar benefits may result in higher commissions charged to the client.

2. Brokerage for Client Referrals

Trailbrake receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

Trailbrake will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

B. Aggregating (Block) Trading for Multiple Client Accounts

If Trailbrake buys or sells the same securities on behalf of more than one client, it might, but would be under no obligation to, aggregate or bunch, to the extent permitted by applicable law and regulations, the securities to be purchased or sold for multiple Clients in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, Trailbrake would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. Trailbrake would determine the appropriate number of shares to place with brokers and will select the appropriate brokers consistent with Trailbrake's duty to seek best execution, except for those accounts with specific brokerage direction (if any).

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for Trailbrake's advisory services provided on an ongoing basis are reviewed at least annually by Kevin Low, Managing Member with regard to clients' respective investment policies and risk tolerance levels. All accounts at Trailbrake are assigned to this reviewer.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client of Trailbrake's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

Trailbrake does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Trailbrake's clients.

B. Compensation to Non – Advisory Personnel for Client Referrals

Trailbrake does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

When advisory fees are deducted directly from client accounts at client's custodian, Trailbrake will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Item 16: Investment Discretion

Trailbrake provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, Trailbrake generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

Item 17: Voting Client Securities (Proxy Voting)

Trailbrake will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

Trailbrake neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither Trailbrake nor its management has any financial condition that is likely to reasonably impair Trailbrake's ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

Trailbrake has not been the subject of a bankruptcy petition in the last ten years.