

# **FIRM BROCHURE**

## **(Part 2A of Form ADV)**

February 12, 2015

**Cupps Capital Management, LLC**  
Corporate Headquarters  
300 North LaSalle Blvd, Suite 5425  
Chicago, IL 60654  
Tel: (312) 263-1057  
Fax: (312) 263-2499  
[www.cuppscapital.com](http://www.cuppscapital.com)

Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Cupps Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (312) 263-1057 and/or [laura.flentye@cuppscapital.com](mailto:laura.flentye@cuppscapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Additional information about Cupps Capital Management, LLC and its investment adviser representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 1: COVER PAGE**

Please refer to previous page.

## **ITEM 2: MATERIAL CHANGES**

Cupps Capital Management, LLC (“CCM”) has made amendments to our Form ADV Part 2A as follows:

Our previous ADV Part 2 is dated July 8, 2014. CCM encourages each Client to read our Brochure carefully and to call us with any questions you may have.

We will ensure that Clients receive a summary of any material changes to this Brochure, along with an offer to provide a full copy of this Brochure upon request, within 120 days of the close of our fiscal year. Additionally, should we make material changes in the future; we will send you a summary of our “Material Changes” under separate cover, along with the same offer. For more information about the firm, please visit [www.cuppscapital.com](http://www.cuppscapital.com).

Additional information about CCM and its investment adviser representatives is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### ITEM 3: TABLE OF CONTENTS

<u>Item Number</u>	<u>Page</u>
ITEM 1: COVER PAGE.....	2
ITEM 2: MATERIAL CHANGES.....	2
ITEM 5: FEES AND COMPENSATION .....	6
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	8
ITEM 7: TYPES OF CLIENTS.....	9
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	10
ITEM 9: DISCIPLINARY INFORMATION .....	12
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	13
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	13
ITEM 12: BROKERAGE PRACTICES .....	15
ITEM 13: REVIEW OF ACCOUNTS.....	19
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION .....	19
ITEM 15: CUSTODY .....	20
ITEM 16: INVESTMENT DISCRETION .....	21
ITEM 17: VOTING CLIENT SECURITIES .....	21
ITEM 18: FINANCIAL INFORMATION.....	22

## Item 4: Advisory Business

### **Description of Firm**

Cupps Capital Management, LLC (“CCM”) is a Chicago, Illinois based investment management firm founded in 2000. We provide discretionary investment supervisory and management services (as more fully described below) to affiliated non-registered private partnership funds, institutional separate accounts, and affiliated and unaffiliated registered mutual funds.

We are currently registered with the Securities and Exchange Commission as an investment adviser and conduct business in a number of states, which are reflected in Part 1 of our Form ADV, a copy of which can be found on [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Principal Owners**

The firm is privately held by Andrew S. Cupps, Managing Member and Chief Investment Officer.

### **Types of Advisory Services Offered**

#### **Investment Supervisory and Management Services**

CCM currently offers different investment strategies that pursue an overall growth investment objective, mainly utilizing both U.S and foreign equity securities (ADRs). However, we also may invest Client assets in other securities, such as exchange traded funds (ETFs), or derivatives, such as options, if we determine such investments fit within the objectives of each strategy and our Clients.

Because the strategies we offer are mainly invested in equity securities and due to the volatile nature and the risks associated with equity securities, the actual return and value of a Client’s account can fluctuate and at any point in time may be worth more or less than the amount originally invested. Please refer to Item 8 for further information on our methods of analysis and investment strategies, including details on the specific risks associated with these strategies.

We also manage assets for affiliated private hedge funds which utilize long/short strategies. These strategies are not offered to the general public.

CCM currently provides these services to the following types of clients, including, but not limited to:

1. Pension plans, including corporate plans, city and state government municipalities and endowments (“Direct Clients”);
2. Unaffiliated third party investment advisers that utilize the services of CCM on a sub-advisory basis to provide management services to some of their clients (“Sub-Advisory Clients”);
3. Proprietary accounts (“Proprietary Accounts”)

We also provide investment supervisory services to certain pooled investment vehicles, which include affiliated private commingled investment funds, (“Private Funds”) and affiliated and unaffiliated investment companies registered under the Investment Company Act of 1940 (“Registered Mutual Funds”).

Collectively, the entire above are referred to herein as (“Clients”), unless otherwise referred to separately.

Generally, CCM manages the assets of our Direct Clients and Sub-Advisory Clients based on each such client’s selected investment strategy and in accordance with their investment objectives, risk tolerance, financial goals and any reasonable restrictions imposed by such Clients (“Investment Guidelines”). Each Direct Client is responsible for informing CCM of any changes to their Investment Guidelines. Sub-Advisory Clients and the third party investment advisers are responsible for providing CCM with any changes to a Sub-Advisory Client’s Investment Guidelines. We do not assume any responsibility for the accuracy of the information provided by Direct Clients or the third party investment advisers.

With respect to the Private Funds, CCM manages each Private Fund’s assets based on the specific investment objectives and restrictions of the Private Fund, as outlined in each Fund’s Offering Memorandum, rather than on the individual needs and objectives of the individual investors in the Private Funds.

The investment strategies for the Private Funds vary some from our main investment strategies, which are detailed in Item 8 below. For example, the Private Funds will, from time to time, utilize leverage and shorting transactions if we determine it fits the Private Funds’ overall investment objectives and restrictions. Due to the possible volatile nature and risks involved with these types of transactions, the actual return and value of a Private Fund’s assets can fluctuate and at any point in time be worth more or less than the amount originally invested. Prospective investors are provided with a confidential Offering Memorandum and other documentation that detail the investment objectives, risks, fees, and other important information about the selected Private Fund. It is important that each potential qualified investor fully read the offering materials prior to investing.

With respect to the Registered Mutual Funds, we manage the assets of each Registered Mutual Fund based on their specific investment objectives and restrictions, as outlined in each Registered Mutual Fund’s prospectus and statement of additional information, rather than on the individual needs and objectives of the individual shareholders in the Registered Mutual Funds. Prior to investing, shareholders should carefully review the applicable prospectus to fully understand the investment objectives and risks pertaining to the Registered Mutual Funds.

### **Investment Advice Through Model Portfolios to Third Party Advisers**

CCM provides services under written agreements to non-affiliated third party registered investment advisers (TPA), wherein CCM provides the TPA with model portfolios in certain investment styles for a fee (“TPA Model Portfolios”). The TPA may in turn, at its sole discretion, use the model portfolios as investment strategies to invest certain clients’ assets. CCM does not receive any investment guideline information pertaining to the TPA’s clients and does not manage or have discretion over any TPA Clients’ assets.

### **Client Agreements**

Prior to CCM providing investment supervisory and management services, each Client will be required to enter into one or more written agreements with us, which set forth the services we

provide, the fees to be charged, and other terms and conditions regarding the relationship.

In accordance with Rule 204-3 under the Investment Advisers Act of 1940, as amended ("Advisers Act"), CCM will provide a copy of this Brochure and one or more Brochure supplements (Form ADV Part 2B) to each Client or prospect prior to or at the same time of the execution of an agreement with us. The agreement between CCM and the Client will continue in effect until terminated by either party pursuant to the terms outlined in the agreement and in accordance with applicable federal regulations. CCM's annual fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the Client, as appropriate, in a timely manner.

Neither CCM nor a Client may assign the agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of CCM shall not be considered an assignment.

### **Amount of Client Assets Managed**

As of December 31, 2014 the following represents the amount of Client assets under management by CCM on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$1.2 billion
Non-Discretionary	\$0
Total:	<b>\$1.2 billion</b>

## **ITEM 5: FEES AND COMPENSATION**

**Fees based on a percentage of assets under management:** CCM's stated fee schedules for the supervisory and management services we provided to Direct Clients and Sub-Advisory Clients vary by strategy and are typically tiered by assets. The fee schedules generally range from 0.5% (50 basis points) to 1.0%, (100 basis points), although fees may be higher or lower. Fees are based upon a percentage of such Client's assets under management. CCM reserves the right to negotiate the fee with all its Clients, and charge a higher or lower fee than the fee described herein. Investment management fees are set forth in our investment management agreement executed with each new Client. Our management fee for Direct Clients and Sub-Advisory Clients is generally billed and payable quarterly in arrears of services rendered, based on a calendar quarter. For accounts opened during a quarter, the initial fee will be pro-rated.

Payment of CCM's investment management fees will be deducted from each Client's account on a quarterly basis by their custodian and paid directly to us, unless otherwise directed in writing by a Client. The consent for deduction of fees is generally contained in the written agreement the Client enters into with CCM. Clients' custodians will deliver a periodic (at least quarterly) account statement directly to Clients. The statements will include all transactions that took place in the account during the period covered and reflect any fees deducted and paid to us. Clients are encouraged to review their account statements for accuracy and compare them to the reports received by CCM. Should there be any discrepancies Clients' should rely on the information in

their custodian's account statement.

### **Private Funds**

The Private Funds are charged an annual management fee ranging from 1% to 1.5%. And some are charged a performance based fee (please refer to Item 6 below for details regarding performance based fees and the conflicts associated with such types of fees). Generally, the management fees are paid by the Private Funds quarterly in arrears and will be based on the assets in the Private Fund's portfolio at the end of every month. Specific management fee and related expense and billing information are outlined in each Private Fund's offering documents.

### **Third Party Adviser (TPA) Model Portfolio Fees**

CCM is paid an annual fee from each TPA, which is negotiable and varies depending on the model and services provided. In most cases, the fee will be paid to us quarterly in arrears and will be based on the aggregate fair market value of all the TPA Clients' assets that are invested in accordance with the model portfolios. The TPA calculates the fee and pays CCM accordingly.

### **Registered Mutual Fund Fees**

For each Registered Mutual Fund, CCM is paid an annual management fee ranging from 0.4% to 0.95% depending on the type of Registered Mutual Fund. The fees are either based on the portion of assets managed by us, or the net asset value of the Registered Mutual Fund, which are calculated by each Registered Mutual Fund and paid to us monthly in arrears. Specific management fee and related expense information can be found in the prospectus and statement of additional information for each Registered Mutual Fund.

### **Other Fees and Expenses**

Clients should understand that the different fees discussed above are specific to what CCM charges and do not include certain charges imposed by third parties such as custodial fees and mutual fund fees and expenses. Client assets also are subject to transaction fees, brokerage fees and commissions, retirement plan administration fees (if applicable), mutual fund deferred sales charges and 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. For investments we make for Clients in mutual funds and exchange trade fund ("ETFs"), Clients are charged internal management fees, distribution fee and other expenses, which are described in each fund's prospectus.

Clients should understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a Client's account are generally paid out of the assets in the account and are in addition to the investment management fees charged by us. Please refer to Item 12 of this Brochure for additional important information about CCM's brokerage and transactional practices, including considerations for selecting broker-dealers for Client transactions.

Clients should review the fees charged to their account(s) to fully understand the total amount of all fees charged. Clients should understand that lower fees for comparable services may be

available from other investment advisory firms.

### **Additional Information Regarding Our Fees**

CCM reserves the right to waive or reduce the management fee and/or performance fee with respect to any Client, or with respect to any individual investor in a Private Fund, including but not limited to accounts for our employees and/or family members. In addition CCM may negotiate fees with future Clients that are different than the fees discussed herein. Some of the factors relevant to charging different fees to those fees stated herein are: account size, the investment strategy and the nature of the relationship between the potential Client and CCM. Currently, Proprietary Accounts do not pay any management fees.

### **Important Considerations**

Certain employees of CCM are also registered representatives of the distributor of our affiliated mutual fund, which is a registered broker-dealer. See **Item 10** for detailed information.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

**Performance based fees:** In some cases, in addition to charging an annual investment management fee, certain Clients, including the Private Funds, are charged an annual performance fee on investment profits in the account. The amount of the performance fee and how it is calculated vary depending on a number of factors, including but not limited to type of account, investment experience of Client and amount of assets under management, and are therefore, separately negotiated with each qualifying Client. CCM does not charge all Clients performance fees and we will only consider charging a performance fee to Clients that meet the qualification requirements provided in Rule 205-3 under the Investment Advisers Act of 1940. In most cases, performance fees are billed and payable annually. The Registered Mutual Funds are not charged performance based fees.

Clients and investors in the Private Funds should understand that certain conflicts of interest exist due to performance fee arrangements, which include:

- (i) performance fee arrangements creates an incentive for CCM to make investments that are more risky or more speculative than might be the case in the absence of a fee based on performance;
- (ii) CCM may receive increased compensation with regard to unrealized appreciation as well as realized gains on assets in a Client's account; and
- (iii) The fees charged by us may be higher or lower than fees charged by other advisers for comparable services.

To address these conflicts, CCM has adopted certain procedures designed to mitigate the effects of these conflicts. Importantly, as part of our fiduciary duty to Clients, CCM and our employees will endeavor at all times to put the interests of our Clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of our Clients.

Regarding side-by-side management, CCM provides advisory services for a variety of Clients, including institutional clients, Private Funds, Registered Mutual Funds, and high net worth



individuals. CCM also serves as a sub-adviser to third-party advisers and both adviser and sub-adviser to Registered Mutual Funds. As we have outlined in this Brochure, we receive different types of fees, such as asset based and performance based fees. Managing Clients that are charged different types of fees creates conflicts of interest between us and our Clients, in addition to the ones listed above. For example, charging performance based fees could incentivize us to trade more frequently and/or allocate more favorable investments to those accounts. To address and help mitigate these conflicts of interest, we have adopted detailed policies and procedures regarding portfolio management and trading and also have implemented the following:

- (i) Our portfolio management process is designed to ensure the fair allocation of investment opportunities among Clients of every type, the consistency of portfolios with Clients' investment objectives and selected strategies, correct and complete disclosures by us, and compliance with applicable regulatory restrictions.
- (ii) Our Chief Investment Officer is responsible for ensuring the equitable treatment of Client portfolios.
- (iii) Every effort is made to aggregate orders for all Client types, with each participating account receiving an average share price for executed trades.
- (iv) Our soft dollars policy is designed to be in accordance with Section 28(e) of the Securities Exchange Act of 1934 and we have a brokerage committee that reviews our trade execution and soft dollar arrangements at least quarterly.
- (v) Any Initial Public Offerings ("IPOs") are allocated among CCM's Clients' accounts only after it has been determined that the IPOs are appropriate for the accounts and in the best interest of the participating Clients. IPO shares will be allocated based upon our written policies and procedures regarding the allocation of IPO shares.
- (vi) Our Chief Compliance Officer conducts a periodic review of Client accounts, the portfolio management process and the allocation of investment opportunities to ensure that all are conducted in accordance with our written policies and procedures and federal securities regulations.

## **ITEM 7: TYPES OF CLIENTS**

### ***Description***

As described in detail in Item 4 above, CCM provides services to Direct Clients, Sub-Advisory Clients, Proprietary Accounts, affiliated Private Funds and affiliated and unaffiliated Registered Mutual Funds.

### ***Conditions for Managing Accounts***

Each Private Fund has a minimum for initial and subsequent investments, which is fully described in each Fund's Offering Memorandum. For Direct Clients and Sub-Advisory Clients, we generally require a minimum investment of \$3 to \$5 million depending on the investment strategy and reserve the right to decline any potential Client and/or accept accounts with a lower minimum. Registered Mutual Funds outline their minimum investment levels in their respective prospectus.

There may be times when certain restrictions are placed by a Client, which prevents us from accepting or continuing to manage the account. We reserve the right to not accept and/or terminate management of a Client's account if we feel that the Client imposed restrictions would

limit or prevent us from meeting and/or maintaining our investment strategies and the Client's investment objectives.

If a Client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), CCM acknowledges that we are a fiduciary to the plan under Section 3(38) of ERISA. In providing our investment management services, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. CCM will provide certain required disclosures to the "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we've received by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement and in separate ERISA disclosure documents, and are designed to enable the ERISA plan's fiduciary to: (1) determine the reasonableness of all compensation received by CCM; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

Prior to entering into an investment management agreement with CCM, a Client should carefully consider: 1) committing to management only those assets that the Client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of five to seven years, 2) that volatility from investing in the stock market can occur, and 3) that over time the Client's assets can fluctuate and at anytime be worth more or less than the amount invested.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### ***Methods of Analysis***

The firm's most fundamental philosophical belief is that stock prices are more correlated to earnings growth over the intermediate to long term than any other variable, so most of CCM's efforts are focused on identifying earnings growth and harbingers of earnings growth. Our expertise is identifying situations where potential growth would be much more substantial than the market expects.

Our overall investment analysis process utilizes both fundamental and technical analysis and emphasizes certain investment themes. We use our proprietary Comprehensive Equity Portfolio Platform (CEPP©) that our Chief Investment Officer has developed over his investment career. CEPP© serves as a repository for research history and investment theses and facilitates:

- Development of secular growth themes
- Multi-discipline stock discovery process
- Systematic evaluation of candidates using a five-perspective approach

The end product is a diversified portfolio of attractive stocks with compelling earnings growth and beneficial positioning within industry trends.

Investing in securities involves risk of loss that Clients should be prepared to bear. Please refer to the Risk of Loss information below.

### ***Investment Strategies***

#### **Large Cap Growth, Mid Cap Growth, Small Cap Growth, All Cap Growth, and Concentrated Growth**

These investment strategies invest primarily in companies that are experiencing or that we feel are positioned to experience above average earnings growth. The objective of the strategies is long-term capital appreciation and performance superior to that of their benchmarks. We cannot provide assurance that our investment strategies will achieve their long term growth objective.

We mainly utilize both U.S. and foreign equity securities (ADRs) for these investment strategies. However, we also invest Client assets in other securities, such as exchange traded funds (ETFs) or derivatives, such as options, if we determine such investments fit within the objectives of each strategy and our Clients.

CCM from time to time, determines that the purchase of a particular security in an initial or secondary public stock offering ("IPO") is appropriate for certain Client accounts, including Proprietary Accounts, Private Funds, and Registered Mutual Funds based on the Investment Guidelines of such accounts. To address any conflicts surrounding this practice and to ensure that all CCM clients are treated fairly, CCM has adopted written policy and procedures regarding the allocation of IPO shares among such Clients' accounts, which is summarized under item 12.A below.

#### **Long/Short Strategies**

These strategies are not offered to the general public and are the investment strategies of our affiliated Private Funds. Details regarding these strategies, our methods of analysis and the risks involved are outlined in each Private Fund's offering documents and should be read carefully by investors.

#### ***Risk of Loss***

CCM investment recommendations are subject to various markets, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the Client's account, which Clients should be prepared to bear. There can be no assurance that a Client's investment objectives will be obtained and no inference to the contrary is being made.

In addition, the market value of stocks will fluctuate with market conditions, and small cap stock prices generally will move up and down more than large cap stock prices. Small-cap stocks also can be subject to a higher degree of risk than more established (large cap) companies' securities. The illiquidity of the small-cap market can adversely affect the value of Client investments. Past performance of investments is no guarantee of future results.

Some additional investment risks a Client should be aware of include, but are not limited, to the following:

- ***Market Risk:*** The price of a stock, bond, mutual fund or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.

- Equity Risk: Since the strategies invest in equity securities, they are subject to the risk that stock prices may fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of each strategy's equity securities can fluctuate significantly from day-to-day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies can suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the strategies we offer.
- Foreign Risk: Investments in overseas markets (international securities) pose special risks, including currency fluctuation and political risks, and such investments can be more volatile than that of a U.S. only investment. The risks are generally intensified for investments in emerging markets.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Political and Legislative Risk: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations can result in bankruptcy and/or a declining market value.
- Derivatives Risk: Changes in value of the derivative may not correlate with the underlying asset or index, and the account could lose more than the principal amount invested in the derivative.

CCM does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines.

The risks surrounding investments in the Private Funds and Registered Mutual Funds are outlined in their respective offering documents, which should be reviewed carefully prior to investing.

## **ITEM 9: DISCIPLINARY INFORMATION**

### ***Legal or Disciplinary Events***

CCM has no legal or disciplinary events to disclose, including any that would be material to a Client's or prospective Client's evaluation of our advisory business or the integrity of our management.

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

### ***Financial Industry Activities***

CCM solicits potential investors, but not Clients, to invest in the Private Funds. The Private Funds are only open for investment to a limited number of qualified investors. The Private Funds are organized as Delaware and Wisconsin limited liability companies and CCM serves as the managing member and investment manager to each of the Private Funds. It is important that each potential qualified investor fully read a Fund's Offering Memorandum prior to investing.

Certain employees of CCM also are registered representatives of the distributor of our affiliated Registered Mutual Funds, which is a registered non-affiliated broker-dealer. These employees, in their capacity as registered representatives of the distributor/broker-dealer may, from time to time, solicit shareholders for the affiliated Registered Mutual Funds and/or recommend that certain potential CCM clients consider the purchase of shares of our affiliated Registered Mutual Funds. These recommendations are rare and are mainly to potential clients that do not meet the minimum asset requirements for a separately managed account. The individual employees do not receive any commissions or other compensation for such activity or from any subsequent investment(s) made by any shareholder in our affiliated Registered Mutual Funds.

### ***Affiliations***

CCM is the managing member and investment manager of our affiliated Private Funds, which are composed of a limited number of members/investors who generally are accredited investors under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), and "Qualified Purchasers" under the Investment Company Act of 1940, as amended. Additionally, CCM is the investment adviser to affiliated Registered Mutual Funds (Cupps All Cap Growth Fund and Cupps Mid Cap Growth Fund). There are potential and actual conflicts of interest due to these affiliations, which we have addressed in a number of ways. Please see Items 5, 6, 8, 12 & 15 for further information.

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

### ***Description of Code of Ethics***

CCM and its Access Persons (as defined in the Code) have an ongoing fiduciary responsibility to CCM's Clients and must ensure that the needs of the Clients always come first. We hold our

Access Persons to a very high standard of integrity and business practices. In serving our Clients,

CCM and our Access Persons must at all times deal with Clients in an honest and ethical manner and comply with all the federal securities laws.

In addition, Access Persons must adhere to the following general principles as well as to the Code's specific provisions:

- (a) At all times, the interests of our Clients must come first;
- (b) Personal securities transactions must be conducted consistent with the Code in a manner that avoids any actual or potential conflict of interest; and
- (c) No inappropriate advantage should ever be taken that is contrary to our responsibilities & duties to our Clients.

It is also unlawful for any Access Person:

- (a) To employ any device, scheme or artifice to defraud a Client;
- (b) To make any untrue statement of a material fact to any of our Clients or omit to state a material fact necessary in order to make the statements made to a Client, in light of the circumstances under which they are made, not misleading;
- (c) To engage in any act, practice or course of business that operates or would operate as a fraud or deceit on a Client; and
- (d) To engage in any manipulative practice with respect to a Client.

Access Persons are required to follow specific procedures regarding personal trading, including pre-clearance of all non- exempt personal trades and are also required to submit quarterly and annual reports on personal trades and security holdings. Various sanctions may be applied for violations of the Code.

A complete copy of CCM's Code of Ethics is available upon request by contacting CCM by mail or by telephone at the address or phone number on the cover page of this Form ADV Part 2A.

***Participation or Interest in Client Transactions***

Because the Code permits employees of CCM to invest in the same securities as our Clients, there is a possibility that an employee could benefit from market activity by a Client in a security held by that person. Employee trading is continually monitored under the Code, with an eye to reasonably prevent conflicts of interest between CCM and our Clients.

CCM does not affect any principal or agency cross securities transactions for Client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory Client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction. Should we decide in the future to affect principal trades or agency cross-trades in Client accounts, we will comply with the provisions of Rule 206(3) of the Advisers Act and update our ADV Part 2A accordingly.

Additionally, and as authorized by the organizational agreements related to the Private Funds,

employees of CCM invest in the Private Funds along with other investors. Also, employees of CCM invest in the Registered Mutual Funds that we manage. This activity creates a conflict of interest. Mainly, the conflict is that employees may be deemed to be indirectly trading before other CCM Clients, during times when we aggregate trades for Clients, including the Registered Mutual Funds and Private Funds, but only on a pro rata basis with all Clients and other investors in the Private Funds and Registered Mutual Funds. To address this conflict of interest, CCM has written policies and procedures regarding trade allocations and portfolio management. Please refer to Item 6 and Item 12 for further information.

As an investment adviser and a fiduciary to all our Clients, including our Private Funds and Registered Mutual Funds, CCM always places Clients' interests first and foremost. However, CCM's employees buy or sell securities for their own accounts that we also buy or sell for our Clients' accounts. CCM understands that this creates a conflict of interest, where the employee's interest is at odds with the interest of our Clients. To mitigate the conflict, we have adopted a Code of Ethics ("Code") with which all employees must comply and is described above.

## **ITEM 12: BROKERAGE PRACTICES**

### ***Selection Criteria***

#### **Private Funds**

CCM, as the manager of each Private Fund, has selected Jefferies LLC to provide prime brokerage services. The brokerage commissions charged by Jefferies have been negotiated by CCM and we believe that they are comparable to the commissions charged by other brokerage firms for similar accounts. However, we may replace Jefferies in the future if we believe that better services and commission rates can be obtained elsewhere.

#### **Non-Directed Brokerage Clients (including Registered Mutual Funds)**

CCM maintains a list of brokers ("Qualified Brokers") that meet our standards with respect to execution and research capabilities. Quarterly, our Brokerage Committee reviews the amount of commissions paid to these brokers, and updates the list as appropriate, including targets for commissions to be paid to each, subject to the fundamental policy of obtaining best execution on each trade. The amount of commissions allocated to each broker is strictly a target and not an obligation. In addition to the brokers on the list, we also place, from time to time, non-directed brokerage Clients' trades with various electronic trading networks (ECNs).

In seeking best execution for these Clients' transactions, we consider a full range and quality of brokerage services including, but not limited to the following: a) execution capabilities, b) trading expertise, c) market conditions, d) commissions costs, e) quality of research provided by analysts, and f) liquidity.

We also perform periodic reviews of executions received to help ensure these Clients are receiving overall best execution.

#### **TPA Model Portfolios**

CCM does not trade the TPA Model Portfolios; we only send information and changes on the investments in each model portfolio to the third party investment adviser for possible investment

### ***Order Aggregation***

From time to time, CCM determines that the purchase or sale of a particular security is appropriate for multiple Client accounts, including the Private Funds and Registered Mutual Funds, based on a variety of reasons. When this happens, we will determine whether it is appropriate in the interests of efficient and effective execution to attempt to execute the trade orders as one or more block trades (i.e. aggregate the individual trade for each account into one or more trade orders.). These circumstances, give rise to actual or potential conflicts of interest among the accounts for whom the security purchase or sale is appropriate, and among the subset of those accounts actually participating in a block trade, especially if the block trade order results in a partial fill. In order to address these conflicts, we have adopted certain policies and procedures that we follow when aggregating trades in an effort to provide an objective and equitable method of trade allocation so that all Clients are treated fairly. The basic objectives of these policies and procedures are as follows:

- We will only aggregate trades when we believe that such aggregations are consistent with our duty to seek best execution for our Clients.
- No account will be favored over any other account.
- Each account that participates in an aggregated transaction shall participate at the average of the executed share price for that security, with all transaction costs shared on a *pro rata* basis.

### ***IPO Allocation Policy***

CCM may, from time to time, when consistent with a Client's investment objectives, strategy and restrictions, purchase a security in an initial or secondary public offering ("IPO") for certain Client accounts, including the Registered Mutual Funds, Proprietary Accounts, and Private Funds. When this occurs it is our intention to allocate IPO shares among participating accounts in an equitable manner as not to give one Client preference over another. If we do not receive a full allocation, then the shares will be allocated to the participating accounts on a pro-rata basis, with the exception that we will not allocate to any account where such allocation would result in a de minimis amount of shares. CCM reserves the right to make exceptions to this policy if we believe it is in the best interest of Clients to do so.

### ***Trade Rotation Policy***

CCM's policy is to provide a fair and equitable method of trade rotation in placing trades for Clients' accounts, including the Registered Mutual Funds, Private Funds and Proprietary Accounts. To meet this objective, we have established written trade rotation procedures.

Generally, CCM utilizes a trade rotation log, which lists the trade rotation schedule for certain Client accounts. The log is designed as an internal control to help us ensure that we do not treat Client accounts unfairly to the extent reasonably practicable and that no Client account (or group of accounts) receives placement priority over any other participating accounts.

Certain Proprietary Accounts and TPA Model Portfolios are excluded from the Trade Rotation Policy for the following reasons:

Certain Proprietary Accounts: Certain Proprietary Accounts are driven by a pre-determined criteria framework rather than by a portfolio manager. For these accounts, trades are generated



by a software code that defines the criteria based on a quantitative strategy and then is executed by the broker using an automated VWAP methodology that randomly spreads the trades over the trading day. Due to this trading method, all trades for these accounts are placed independent of other Client trades whether or not they are for the same security.

TPA Model Portfolios: CCM does not trade the TPA Model Portfolios. In accordance with the written agreement between the TPA and CCM, we are required to only provide changes in the TPA Model Portfolios to the TPA at specific times.

### **Directed Brokerage**

In circumstances where CCM is directed by a Client to execute all or a portion of the Client's transactions through a specific broker (aka "Directed Brokerage"), the Client should understand that: (1) we do not negotiate specific brokerage commission rates with the broker on Client's behalf, or seek better execution services or prices from other broker/dealers and, as a result, the Client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case, (2) transactions for that account generally will be effected independently unless we decide to purchase or sell the same security for several Clients at approximately the same time (block trade), in which case we include such Client's transaction with that of other Clients for execution by the same broker, and (3) conflicts can arise between the Client's interest in receiving best execution with respect to transactions effected for the account and CCM's interest in receiving future Client referrals from the broker. Therefore, prior to directing us to use a specific broker-dealer, a Client should consider whether, under that restriction, execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable. Clients should understand that he/she might not obtain commissions rates as low as it might otherwise obtain if we had discretion to select other broker-dealers.

All directed brokerage arrangements must be provided to CCM in writing by the Client. A Client must also notify us in writing if the Client decides to terminate the directed brokerage arrangement.

### **Soft Dollar Considerations**

Subject to the policy of seeking best execution for transactions, and also subject to the criteria of Section 28(e) of the Securities and Exchange Act of 1934 ("Section 28(e)"), CCM may, in circumstances where it has brokerage discretion and in which execution is comparable, place trades with a broker that is providing brokerage and research services to us ("Research Broker"). Brokerage and research services provided by Research Brokers include, among other things, effecting securities transactions and performing services incidental thereto (such as clearance, settlement and custody) and providing information regarding the economy, industries, sectors of securities, individual companies, statistical information, taxation; political developments, legal developments, technical market action, pricing and appraisal services, credit analysis; risk measurement analysis and performance analysis. Such research services can be received in the form of written reports, telephone conversations, personal meetings with security analysts and/or individual company management, and attending conferences. The research services provided by a Research Broker may be proprietary and/or provided by a third party (i.e. originates from a party independent from the broker provided the execution services).

In selecting a Research Broker, we will make a good faith determination that the amount of the commission charged is reasonable in relation to the value of the brokerage and research services received, viewed in terms of either the specific transactions or our overall responsibility to the accounts for which we exercise investment discretion. Subject to Section 28(e), CCM can pay a Research Broker a brokerage commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage and/or research services provided by the broker. This practice is commonly referred to as “soft dollars”. CCM believes it is imperative to its investment decision-making process to have access to this type of research and brokerage.

Research services provided by Research Brokers can be used by CCM in servicing any or all of our Clients, and also used in connection with Clients other than those making the payment of commissions to a Research Broker, as permitted by Section 28(e). In other words, there are certain Client accounts that benefit from the research services, which did not make the payment of commissions to the Research Broker providing the services. The receipt of brokerage and research services from any broker executing transactions for our Clients will not result in a reduction of our customary and normal research activities, and the value of such information is, in our view, indeterminable. Nevertheless, the receipt of such research is deemed to be the receipt of an economic benefit by CCM, and although customary, creates a conflict of interest between CCM and our Clients. Therefore, we believe it is important for Clients to be aware of the issues surrounding “soft dollars”.

Currently, CCM receives the following research products under soft dollar arrangements, typically with Instinet, but could be with other providers:

**FactSet**  
**Dow Jones News Service**  
**NYSE Quotes**  
**Russell Indices**  
**Briefing.com**  
**Hays Research Newsletter**  
**Yardeni Research**  
**Interactive Data**  
**CBOE Quotes**

Commissions per share are no more than 5 cents per share. However, CCM may pay more if we believe that the amount of additional commission is reasonable in relation to the value of the brokerage and research services received.

We also participate in Commission Sharing Arrangements (CSAs) whereby a broker, such as Instinet, allocates commission dollars from client trades executed on Instinet to certain broker/dealers that have clearing arrangements with Instinet and which provide or have provided meaningful research to CCM but cannot, in our opinion, provide best execution. In most cases, we currently adds approximately \$0.01 cent per share to the commission cost for these trades, however, we will add more if we believe that the amount of additional commission is reasonable in relation to the value of the brokerage and research services received.

In some cases, CCM receives both research and non-research (e.g. administrative or accounting services etc.) from the services provided by the Research Brokers. When this happens, we make a good faith allocation between the non-research portion of the services received, and pay “hard dollars” for the non-research portion. In making good faith allocations between research services and non-research services, a conflict of interest exists by reason of our allocation of the costs of such services and benefits between those that primarily benefit CCM and those that primarily benefit our Clients. To address the conflicts surrounding soft dollar arrangements, CCM has adopted written policies and procedures regarding trading and brokerage selection. In addition, our Brokerage Committee performs periodic reviews of our soft dollar arrangements to help ensure they are in the best interests of our Clients.

### **ITEM 13: REVIEW OF ACCOUNTS**

#### ***Review of Client Accounts***

Client accounts are reviewed on a daily basis. A review can be triggered by one or more of the following: 1) A change in Investment Guidelines; 2) Cash added or withdrawn from management; 3) Purchase or sale of a security; and 4) computer exception reports which monitor cash and investments. The Operations Team conducts the majority of such daily reviews; however, such reviews may also be undertaken by the firm’s Chief Investment Officer and/or the Trading Desk. Please note that with respect to the Registered Mutual Funds and Private Funds, such reviews are undertaken to ascertain whether the goals and objectives of the Funds are being achieved, not the needs and objectives of the individual investors/shareholders in such Funds.

#### ***Nature and Frequency of Client Reports***

CCM issues monthly performance reports to the individual investors in each of the Private Funds and to its Direct Clients.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

#### ***Economic Benefits Received***

As discussed more fully under Item 12, CCM has entered into “soft dollar” arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist CCM in our investment decision-making process. The receipt of such services are deemed to be the receipt of an economic benefit by CCM, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a Client’s interest in receiving most favorable execution.

Please refer to Item 12 for detailed information regarding how CCM address the conflicts of interest pertaining to soft dollar arrangements.

#### ***Compensation for Client Referrals***

CCM has previously entered into and in the future may enter into contractual agreements (“solicitation agreements”) with unaffiliated individuals and organizations that solicit potential clients for us. All such agreements are made in writing and comply with the requirements of Rule 206(4)-3 of the Investment Advisers Act (the “Act”). While the specific terms of each solicitation agreement may differ, generally, a solicitor’s compensation is based upon CCM’s

engagement of new clients and the retention of those clients and is calculated using a varying percentage interest in the fees paid to us by such clients. In all solicitation agreements, each solicitor must represent that they have not been: 1) subject to an order of the Securities and Exchange Commission issued under Section 203(f) of the Act, 2) convicted within the last ten years of any felony or misdemeanor involving conduct described in Section 203 (e)(2)(A) – (D) of the Act, 3) found by the Commission to have engaged, or convicted of engaging, in any of the conduct specified in paragraphs (1), (5) or (6) of Section 203(e) of the Act; nor 4) subject to an order, judgment or decree described in Section 203(e)(4) of the Act. Each solicitor must agree to advise CCM immediately of any change in such representations. In addition, the solicitor is to provide the prospective client with a copy of our “Disclosure Brochure,” which is a copy of ADV Part 2, in addition to a document disclosing that the solicitor is receiving some form of payment for making the referral. The solicitor is required to obtain the client’s signature acknowledging receipt of the Disclosure Brochure and the written document. Note that in some states, a solicitor is also required to be qualified and registered as an investment adviser representative.

## **ITEM 15: CUSTODY**

Pursuant to Rule 206(4)-2 of the Advisers Act, CCM is deemed to have custody of Client funds for two reasons. The first is because we have the authority and ability to debit our fees directly from certain Clients’ accounts. To mitigate any potential conflicts of interests due to this arrangement, all our Client account assets are maintained with an independent non-affiliated qualified custodian.

Notably, in most cases a Client’s broker-dealer also may act as the custodian of the Client’s assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets held at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, Client reporting and technology.

CCM will only implement its investment management recommendations after the Client has arranged for and furnished us with all information and authorization regarding its accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the statements and account reports provided by CCM. Our statements and reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

The second reason is due to the fact that our Private Funds are affiliates and we serve as the Managing Member, in addition to the investment adviser of each Private Fund.

As outlined in Rule 206(4)-2 of the Investment Advisers Act of 1940, investment advisers that are deemed to have custody of client assets (other than through the ability to debit fees) are generally required to have an annual independent verification of those assets. The verification must be in the form of a surprise examination performed by an independent non-affiliated certified public accountant. However, an exception applies in the case of private investment

funds, so long as the private fund is receiving annual audits of their financial statements performed by an independent public accountant, which is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). In addition, the audited financial statements must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and distributed to all investors within 120 days of the end of the private fund's fiscal year. The private funds also must receive an audit upon full liquidation and the audited financial statements must be distributed to all of a fund's investors promptly after the completion of such audit.

Currently, CCM does not have annual surprise audits performed since each of the Private Funds are receiving annual audits of their financial statements by a public accounting firm that is registered with and subject to regular inspection by PCAOB. We also assist the Private Funds with the distribution of the audited financial statements to all its investors and ensure such distributions are made within 120 days of each Private Fund's fiscal year end. Should the Private Funds liquidate their pooled assets, we will ensure the financial statements of each Private Fund are audited at that time and distributed to investors.

## **ITEM 16: INVESTMENT DISCRETION**

### ***Discretionary Authority; Limitations***

CCM performs its investment supervisory services on a discretionary basis, unless otherwise agreed upon at the inception of the Client relationship and memorialized in the written agreement between CCM and the Client. In exercising its discretionary authority, we will normally determine (without first obtaining Client's permission for each transaction): 1) the type of securities to be bought and sold, 2) the dollar amounts of the securities to be bought and sold, 3) the broker-dealers through which transactions will be executed, 4) whether a Client's transaction should be combined with those of other Clients and traded as a "block", and 5) the commission rates and/or transactions costs paid to effect the transactions. However, our authority may be subject to conditions imposed by a Client, examples of which include: 1) where the Client restricts or prohibits transactions in securities of a specific company or industry, and 2) where a Client directs that transactions be effected through specific broker-dealers ("Directed Brokerage").

### ***Limited Power of Attorney***

CCM is authorized to exercise full discretionary authority via a limited power of attorney contained in written agreements, executed between us and our Clients. We are designated as a Client's attorney-in-fact with discretionary authority to effect investment transactions in a Client's account which authorizes us to give instructions to third parties in furtherance of such authority.

## **ITEM 17: VOTING CLIENT SECURITIES**

### ***Proxy Voting Policy***

In cases where CCM is responsible to vote proxies on securities held in a Client's account, we have adopted policies and procedures in an effort to ensure that all votes are cast in the best interests of our Clients and that the proper documentation is maintained relating to how the proxies were voted. These policies and procedures are summarized as follows:

CCM subscribes to the services of Institutional Shareholder Services (“ISS”), an unaffiliated third party proxy vendor that provides in-depth analysis of shareholder meeting agendas and vote recommendations. ISS maintains written guidelines to reflect its current vote recommendations. We have provided ISS with instructions on when ISS should vote proxies according to its written guidelines and when ISS must contact us for a vote decision. CCM may, in some cases, instruct ISS to vote a proxy contrary to the guidelines if we determine that such action is in the best interests of Clients.

In cases where sole proxy voting authority rests with CCM for plans governed by ERISA, we will direct ISS to vote proxies in accordance with their guidelines unless outlined otherwise in the plan’s governing documents and subject to the fiduciary responsibility standards of ERISA.

If the person(s) responsible for voting proxies becomes aware of any type of potential or actual conflict of interest relating to a proxy proposal, they will promptly report such conflict to the Chief Compliance Officer and President. Conflicts will be handled in a number of ways depending on the type and materiality. The method selected by us will depend upon the facts and circumstances of each situation and the requirements of applicable laws and will always be handled in the Client(s) best interest.

CCM may also choose not to vote proxies in certain situations or for certain accounts. For example, where a Client has retained the right to vote the proxies or where a proxy is received for a Client account that has been terminated.

A complete copy of CCM’s current Proxy Voting Policies & Procedures is available upon request. Clients may obtain information on how their proxies were voted by contacting us at the principal office and place of business indicated on the cover page of this form. Clients should include in their request, their name, and the account and security for which they are making the request.

## **ITEM 18: FINANCIAL INFORMATION**

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