



CRESTONE ASSET MANAGEMENT LLC

FORM ADV PART 2 BROCHURE
April 30, 2017

This brochure provides information about the qualifications and business practices of Crestone Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at (303) 442-4447. 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 Crestone Asset Management LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Crestone Asset Management LLC is 108581.

Crestone Asset Management LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Contents

ADVISORY BUSINESS.....	1
FEES AND COMPENSATION.....	4
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	9
TYPES OF CLIENTS	10
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	11
DISCIPLINARY INFORMATION.....	13
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	14
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	15
BROKERAGE PRACTICES.....	16
REVIEW OF ACCOUNTS.....	17
CLIENT REFERRALS AND OTHER COMPENSATION	18
CUSTODY	19
INVESTMENT DISCRETION	20
VOTING CLIENT SECURITIES.....	21
FINANCIAL INFORMATION.....	22

ADVISORY BUSINESS

Form ADV Part 2A, Item 4

Crestone Asset Management LLC ("Crestone") has been in business since 2001. It is a wholly-owned subsidiary of Crestone Capital LLC, whose predecessor, The Eric J. Kramer Company, was founded in 1991. The Eric J. Kramer Company (of which Eric J. Kramer is the sole shareholder) owns 25% or more of Crestone through its membership interests in Crestone Capital Holdings LLC, which is the sole Member of Crestone Capital LLC.

Crestone is a full-service wealth management firm serving as an outsourced chief investment officer and multi-family office to approximately 70 high-net-worth clients and their families. Our mission is to deliver extraordinary wealth management services to select families seeking peace of mind.

We offer **wealth advisory** and/or **investment advisory** services to high-net-worth and ultra-high-net-worth clients, as described below.

Our **Wealth Advisory Services** encompass a robust and sophisticated platform of investment- and family wealth planning-related services including investment strategy and management; access to top-tier, institutional manager search, selection, and monitoring; integrated estate, philanthropic, tax, and family governance planning; consolidated performance reporting, balance sheet aggregation, and cash flow planning.

The following is a list of many of the wealth advisory services we provide, although we may provide other services depending on a client's specific needs:

Investment Related Services

Investment management advice on assets managed by Crestone

- Education regarding investment philosophy, strategy, and capital markets
- Assistance with Investment Policy Statement development
- Investment portfolio design
- Portfolio spending/withdrawal policy
- Portfolio implementation and periodic rebalancing
- Investment manager research, selection, and monitoring

Investment Reporting

- Consolidated portfolio data and performance reporting
- Performance reporting at the portfolio, individual asset class, and individual investment manager level, with comparisons to relevant benchmarks
- Balance sheet reporting

Cash Flow and Liquidity Management

- Assist with cash flow planning and liquidity management
- Introduce and recommend potential credit facilities
- Manage lines of credit, including cash flow planning and reporting
- Assist in sourcing and negotiating large debt facilities

Family Wealth Planning Services

- In conjunction with other professional advisers, advise clients on wealth management matters including estate planning, income tax planning and administration, charitable giving, wealth preservation and asset protection, and risk management

Management of Concentrated Wealth Assets (if needed)

- Assist with development and execution of long-term diversification strategy
- Assist with obtaining and developing relevant valuation analyses
- Advise on and execute risk reduction plans, including hedging and monetization strategies
- Coordinate planning of tax strategy and legal restrictions with tax adviser and legal counsel
- Manage stock and option administration
- Provide detailed and robust reporting on concentrated positions

In addition to providing investment-related advice, we may also work with a client's other professional advisers to provide advice on wealth management matters not involving investments, including estate planning, income tax planning and administration, charitable giving, wealth preservation and asset protection, wealth accumulation and spending, retirement planning and modeling, and financial risk and debt management.

In addition to the clientele described above and in the *Types of Clients* section of this brochure, we may also serve as an investment adviser to a limited number of corporate clients, including corporate or other legal entity clients that may offer employer-sponsored retirement plans to their employees.

We tailor our advisory services to the specific needs of our clients by determining with each client the types of services the client wants or needs at any given time, and also the types of services the client may want or need in the future. For each client, we then create a customized Investment Policy Statement based on, among other things, the client's investment preferences and objectives, spending needs, and estate planning needs.

The Investment Policy Statement sets investment parameters that we must follow when making decisions regarding each client's portfolio; we will not assume full discretion over any of our clients' accounts. Under our Wealth Advisory Services Agreement, each client elects to grant to us either limited discretion or no discretion over his or her accounts. In either case, the client and Crestone together will select asset classes and determine allocations within those asset classes, and will agree on any other investment guidelines or limitations that the client desires to place on the accounts. Under our Investment Advisory Services Agreement, Crestone does not have any discretion over a client's investment decisions.

Once account parameters have been established and if limited discretion is granted by the client, we will have the discretion and authority to direct the investment and reinvestment of account assets (including periodic rebalancing) and manage the client's account(s) within the agreed upon investment parameters, and to determine pricing and timing of transactions, without the prior approval of the client. However, changes in asset classes, allocations within asset classes, and any other investment guidelines and limitations will be made only with the client's prior approval.

If no discretion is granted by the client, no transactions will be effected in the client's accounts and no changes in asset classes and allocations within asset classes, including any investment or reinvestment of account assets (including periodic rebalancing), will be made without the client's prior approval.

Our Investment Advisory Client Services have been designed for clients who are focused on investment services, without the all-encompassing, family office platform of services provided under our Wealth

Advisory Services Agreement. For such clients, Crestone will provide investment research, consulting, and advice to source and secure access to investment opportunities within Crestone pooled funds (pooled investment vehicles such as limited partnerships and limited liability companies that in turn invest in one or more underlying investment funds managed by unrelated investment managers) and/or direct investments (the opportunity to make investments directly in the underlying investment funds themselves). The services include Crestone's time and travel expenses related to ongoing investment manager research, due diligence, selection, and relationship management. Crestone will also provide clients with investment sizing recommendations and ongoing investment manager oversight, including interfacing with investment managers (and/or portfolio companies, as appropriate) on behalf of clients for pooled vehicle and/or direct investments. Clients will have access to Crestone's due diligence reports for all underlying investment managers in which a client invests.

We do not participate in wrap fee programs.

As of December 31, 2016, we managed approximately \$1,497,107,272 in client assets on a limited discretionary basis and \$264,109,705 on a non-discretionary basis.

FEES AND COMPENSATION

Form ADV Part 2A, Item 5

As noted in the Advisory Business section above, we offer wealth advisory services and/or investment advisory services to our clients. Our standard fee schedule for each type of service offering is as follows:

Asset Management Fees:

Crestone Asset Management LLC
Wealth Advisory Services Annual Fee Schedule
Effective October 1, 2016

Asset Based Breakpoints	Fee Schedule
First \$10,000,000	1.25%
Next \$30,000,000	0.95%
Next \$30,000,000	0.75%
Next \$30,000,000	0.65%
Amount over \$100,000,000	0.50%

Note: Minimum annual fee is \$50,000. One-time "start-up" fee of \$25,000. We may reduce or waive our minimum annual fee and/or waive all or a portion of our one-time start-up fee, which we will determine in our discretion on a case-by-case basis.

Investment Advisory Services Fee Schedule

Crestone Asset Management LLC
Investment Advisory Services Annual Fee Schedule
Effective October 1, 2016

Asset Based Breakpoints	Fee Schedule
First \$10,000,000	1.00%
Next \$30,000,000	0.80%
Next \$30,000,000	0.70%
Next \$30,000,000	0.60%
Amount over \$100,000,000	0.50%

Crestone bills clients quarterly, in advance, based upon the fee schedules noted above. Under our Wealth Advisory Services Agreement clients agree to allow us to automatically deduct our advisory fees directly from their brokerage accounts upon 15 days prior written notice and, if necessary, to liquidate securities from their brokerage accounts for payment of our fees. Clients may, however, choose to pay our fees by check or wire transfer at their discretion.

Our fees described above are based on a percentage of a client's assets under management, which may include mutual fund investments. Mutual funds pay advisory fees to their investment advisers, which reduces the net asset value of a fund's shares. As noted above, clients also pay an advisory fee to Crestone based upon the total value of assets under management, including any shares of mutual funds under management. Thus, a client whose assets are invested in shares of mutual funds will pay asset management fees to Crestone and indirect management fees to the advisers of the mutual funds.

With respect to certain corporate or other legal entity clients, the fee for these services will be an annual fixed fee and/or a stated percentage of the assets under management, billed in four quarterly installments in advance or in arrears, to be negotiated with the client on a case-by-case basis.

Either Crestone or a client may terminate the advisory agreement upon 30 days written notice. In the event of termination, Crestone will be entitled to receive its advisory fee for the portion of the quarter elapsed prior to termination, and any balance of the prepaid quarterly advisory fee not due to Crestone will be returned to the client.

Under our Wealth Advisory Services Agreement, Crestone provides an unconditional service guarantee that entitles new clients to a refund of up to 100% of the fees paid, solely at a client's discretion, if at any time in the first year of the engagement a client is less than 100% satisfied with Crestone's services.

Pooled Investment Vehicle Fees. As described below under "Methods of Analysis, Investment Strategies, and Risk of Loss," a core principle of our investment philosophy is that disciplined investment diversification among different asset classes, investment managers, and individual assets is an effective way to protect and grow wealth. To provide our clients with access to and diversification among different asset classes and investment managers, Crestone and its affiliates form and serve as the manager or sponsor of pooled investment vehicles such as limited partnerships and limited liability companies that in turn invest in one or more underlying investment funds managed by unrelated investment managers. This "fund of funds" structure provides our clients with access to investment opportunities that may otherwise require a minimum investment beyond that which may be prudent for a single investor and that otherwise may have limited availability to individual investors.

In connection with the formation and capitalization of the pooled investment vehicles discussed above, Crestone and its affiliates are reimbursed by the entities for offering and organizational expenses, and Crestone receives management fees as described below for serving as the investment manager of the pooled vehicle, but no other related party compensation is paid to Crestone or its affiliates.

As a result of the pooled vehicle structure, Crestone clients who invest in these "funds of funds" pay two layers of fees – (1) the management fees paid to Crestone as investment manager to the pooled investment vehicles as described below, and (2) the fees paid to the underlying funds in which the pooled vehicles invest. As noted above, clients also pay an asset management fee to Crestone based on the total value of assets under management, including assets invested in Crestone-sponsored pooled vehicles.

Crestone-sponsored pooled investment vehicles existing as of the date of this brochure and the investment management fees paid by each pooled vehicle to Crestone are set forth below.

Name of Pooled Vehicle	Asset Class	GP or Directors	Management Fee
Crestone Alternative Strategies LP	Hedge Funds	Crestone Alternative Partners LLC	0.3% on the first \$250 million of NAV; 0.1% on the next \$250 million of NAV; 0.05% for NAV over \$500 million
Crestone Alternative Strategies Ltd.	Hedge Funds	Directors: Eric J. Kramer, Hull McKinnon	
Sanitas Global Opportunity Fund LP	Hedge Funds	Crestone Alternative Partners LLC	

Name of Pooled Vehicle	Asset Class	GP or Manager	Management Fee
WSL PEI LLC	Private Equity	Crestone Capital LLC	\$7500/year
Arapaho Peak Real Estate Fund I LP	Real Estate	Flatirons GP, LLC	Greater of (a) 0.25% of aggregate Capital Contributions or (b) \$10,000
Maroon Peaks PEF I LP	Private Equity	Flatirons GP, LLC	
Maroon Peaks PEF II LP	Private Equity	Flatirons GP, LLC	
Arapaho Peak Real Estate Fund II LP	Real Estate	Flatirons GP, LLC	Greater of (a) the sum of (x) 0.25% of value of investments resulting from investment of called capital up to \$20 million of such value plus (y) 0.10% per year on the amount above \$20 million, or (b) \$25,000
Arapaho Peak Real Estate Fund III LP	Real Estate	Flatirons GP, LLC	
Arapaho Peak Real Estate Fund IV LP	Real Estate	Flatirons GP, LLC	
Eldorado Natural Resources Fund LP	Commodities	Flatirons GP, LLC	
Eldorado Natural Resources Fund II LP	Commodities	Flatirons GP, LLC	
Kenosha High Yield Fund III LP	High Yield Bonds	Flatirons GP, LLC	
Kenosha High Yield Fund IV LP	High Yield Bonds	Flatirons GP, LLC	
Maroon Peaks PEF III LP	Private Equity	Flatirons GP, LLC	
Maroon Peaks PEF IV LP	Private Equity	Flatirons GP, LLC	
Maroon Peaks PEF V LP	Private Equity	Flatirons GP, LLC	
Arapaho Peak Real Estate Fund V LP	Real Estate	Flatirons GP, LLC	Family Office Clients: No management fee Investment Advisory and/or Investment Clients: 1.00%
Caribou Large Cap Value Fund LP	Large Cap Value	Flatirons GP, LLC	
Eldorado Natural Resources Fund III LP	Commodities	Flatirons GP, LLC	
Kenosha Credit Opportunities Fund LP	High Yield Bonds	Flatirons GP, LLC	
Kenosha Distressed Municipal Securities Fund I LP	High Yield Bonds	Flatirons GP, LLC	
Kenosha High Yield Fund LP	High Yield Bonds	Flatirons GP, LLC	
Kenosha High Yield Fund V LP	High Yield Bonds	Flatirons GP, LLC	
Maroon Peaks PEF VI LP	Private Equity	Flatirons GP, LLC	

Maroon Peaks PEF VII LP	Private Equity	Flatirons GP, LLC
Maroon Peaks PEF VIII LP	Private Equity	Flatirons GP, LLC
Matterhorn International Fund LP	International Equity	Flatirons GP, LLC
Montezuma Fund LP	Private Equity	Flatirons GP, LLC
Montezuma Fund II LP	Private Equity	Flatirons GP, LLC
Pagoda Peak Emerging Markets Fund LP	Emerging Markets	Flatirons GP, LLC
Summit Global All Cap Equity Fund LP	Private Equity	Flatirons GP, LLC

Crestone and its affiliates will also, on occasion, form and serve as the manager or sponsor of single purpose, single asset limited liability companies, limited partnerships or other investment-related entities that are formed on a pooled vehicle basis specifically to invest in an individual asset, typically real estate. In connection with the formation and capitalization of these single purpose investment entities, Crestone and its affiliates are reimbursed by the entity for offering and organizational expenses, and Crestone's affiliates receive management and other fees and a carried interest determined on a case-by-case basis, all of which are described in detail in the offering materials for each single purpose investment entity. Crestone-sponsored single purpose, single asset pooled vehicles existing as of the date of this brochure and the management fees paid to Crestone Real Estate LLC are set forth below:

Name of Single Asset Pooled Vehicle	Asset Class	Manager	Annual Management Fee
CRE 2655 West Midway LLC	Real Estate	Crestone Real Estate LLC	\$40,500
CRE 400 Centennial LLC	Real Estate	Crestone Real Estate LLC	\$21,000
CRE 310 Interlocken LLC	Real Estate	Crestone Real Estate LLC	\$29,400
CRE 5775 DTC BLVD LLC	Real Estate	Crestone Real Estate LLC	No management fee
5395 Pearl Parkway LLC	Real Estate	Crestone Real Estate LLC	\$43,800
CRE 1048 Pearl Street LLC	Real Estate	Crestone Real Estate LLC	0.375% per annum on invested capital

Crestone Securities LLC Brokerage Arrangements. As discussed below under "Other Industry Activities and Affiliations" and "Brokerage Practices," Crestone's affiliated broker-dealer, Crestone Securities LLC, is registered as an introducing broker-dealer and may effect securities transactions for our clients. Crestone Securities uses its best efforts to execute client transactions at net asset value for mutual fund transactions, and on a fully disclosed basis for stocks, bonds, and other tradable securities.

When Crestone Securities LLC executes mutual fund transactions for clients, it may electronically receive through its clearing firm, Pershing LLC, or other clearing firm(s) selected by the client or Crestone, certain fees and other compensation, including finder's fees and 12b-1 fees. To avoid conflicts of interest that arise from receiving compensation for recommended securities transactions, Crestone Securities LLC will:

- Electronically credit this compensation back to the client's brokerage account whenever possible.
- Credit and offset 100% of the compensation against the client's succeeding quarterly fee payable to Crestone if Crestone Securities LLC cannot electronically credit this compensation to the client's brokerage account. If the total credit or offset in any given quarter exceeds the client's advisory fee for the succeeding quarter, then we will carry forward the credit and offset it against the client's future quarterly fees. The mutual fund compensation-based offset policy described above will apply to trailing commissions (e.g., 12b-1 fees) and back-end load compensation that can be specifically identified as being derived from the client's investments. Crestone will send quarterly reports to the client showing the amount of any of these fees or payments during that quarter and the offsetting portion applied to the client's quarterly advisory fees.
- Charge the client only the amount charged by third parties (such as Pershing LLC) for executing and clearing the client's securities transactions, but not charge any additional commissions or other transaction-based compensation.

Crestone Securities LLC also acts as a placement agent for Crestone's affiliated pooled vehicles discussed above, but it does not receive any compensation for doing so.

Clients can purchase through other broker-dealers the tradable securities that we recommend, and they have the option of selecting a broker-dealer not affiliated with Crestone to execute these securities transactions. Otherwise, we may select a broker or dealer for the client. In doing so, we may use Crestone Securities LLC as broker when practicable and as long as it is permitted under applicable law. In selecting a broker-dealer for our clients, our selection is guided by our clients' best interests.

We receive little to no compensation from the sale of investment products that we recommend to clients, and we attempt to credit back to clients any compensation that we receive from these sales, as discussed above.

Our affiliated broker-dealer, Crestone Securities LLC, charges its clients only the amount charged to it by third parties (such as Pershing LLC) for securities transactions. It does not charge any markups or additional commissions.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Form ADV Part 2A, Item 6

Neither Crestone nor any of our supervised persons accept performance-based fees from Crestone clients.

TYPES OF CLIENTS

Form ADV Part 2A, Item 7

We generally provide advice to ultra-high-net-worth individuals and families and their trusts, foundations, limited liability companies, and/or other entities that they own. We will ordinarily require that new family office clients have minimum investable assets of approximately \$25 million, although we may make exceptions in our sole discretion.

We may also serve as an investment adviser to a limited number of corporate or other legal entity clients, including corporate clients that offer employer-sponsored retirement plans to their employees

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Form ADV Part 2A, Item 8

Timeless, fundamental investment principles are the foundation of our investment platform, which we have designed in an attempt to methodically reduce portfolio risk and systematically increase portfolio returns.

Investment Philosophy – Our Core Beliefs

- Traditional “buy and hold” investment models do not maximize returns.
- Disciplined diversification among alternative and traditional asset classes, investment managers and individual assets is an effective way to protect and conservatively grow wealth.
- Asset values are reasonably estimable. Asset prices can deviate from asset values for long periods of time, creating both risk and opportunity.
- We have an equity bias. Over the long term, owners earn more than lenders.
- Superior investment managers exist, and we can find them through exhaustive due diligence.
- Disciplined rebalancing incorporating tactical, valuation-informed reweighting of investments reduces risk and can increase returns.
- Top-tier educational endowments provide public guidance.
- Ongoing learning and evolution is vital.

Diversification

We have a longstanding commitment to and expertise in both traditional and alternative asset classes, such as hedge funds, private equity, and real estate, which provide a broad array of diversified building blocks with which to construct client portfolios.

Based on a conviction that traditional “buy and hold” investment models do not optimize returns, our strategy centers around tactical, valuation-informed reweighting and rebalancing of investments in an attempt to reduce risk and increase return.

Our investment research team takes an active approach to balancing investments broadly across both efficient and inefficient markets in order to provide non-correlated returns, resulting in what we believe will be true diversification and lower risk.

We do, however, maintain a bias toward equities in the belief that, over the long term, owners earn more than lenders. Our experience has shown that asset values are reasonably estimable by the skilled analyst, and because asset *prices* can deviate from asset *values* for long periods of time, these value and price discrepancies create both risk and opportunity for the skilled investment manager.

We believe that superior investment managers do indeed exist, and that we can find them with the appropriate due diligence.

Disciplined Process

We have developed a rigorous, time-proven, cycle-tested process for creating customized Investment Policy Statements, strategically constructing portfolios, and selecting investment managers to enhance risk-adjusted returns. The end result is a comprehensive, systematic approach to investing.

1. Investment Policy. We guide, assist, and advise clients on their Investment Policy Statements—an intimate collaboration between the client and Crestone in order to fit individual financial goals—to set a discernible framework for the management of the portfolio.

2. Asset Allocation. We recommend what we believe is the optimal way to allocate capital to selected asset classes. We take an active approach to balancing investments broadly across both efficient and inefficient markets in order to provide non-correlated returns, resulting in what we believe will be true diversification and lower risk.
3. Portfolio Construction. We find, select, and monitor investments for our clients' portfolios, and we regularly rebalance each client's portfolio in accordance with his or her Investment Policy Statement guidelines.

While the goal of our investment process is to reduce risk and maximize returns for clients, we cannot guarantee that this will occur. Investing in securities involves risk of loss that clients should be prepared to bear.

We define risk as the probability of a return other than the expected return, and we measure risk by the potential magnitude of that variance (volatility or standard deviation).

There are numerous risks in investing, not all of which necessarily manifest themselves in terms of volatility. These include:

- Lack of liquidity
- Fundamental business risk
- Business cycle risk
- Litigation risk
- Financial leverage risk
- Concentration risk (by security, manager, asset or asset class)
- Valuation risk

While we rely on volatility (standard deviation) as the objective criterion for measuring risk, we also bear in mind the other fundamental risks that exist in investing. In addition, while all of the above risks should ultimately manifest themselves in the form of the volatility (standard deviation) criterion, we recognize that this may not be the case in practice, due to 1) valuation conventions that tend to apply to illiquid assets such as real estate, venture capital, and other private equities, and 2) the tendency of correlations among asset classes to converge, positively, at times of extreme stress in financial markets (which may cause historic volatility to be a poor predictor of actual experienced volatility).

As discussed above, we commonly recommend investments in alternative asset classes (e.g., hedge funds, natural resources, private equity, and real estate) through pooled investment vehicles such as limited partnerships and limited liability companies. Investment in these limited partnerships is speculative and is not intended as a complete investment program. The limited partnership and limited liability company interests are available only to sophisticated investors who are able to bear a substantial loss of their investment. There is no assurance that the entity's investment objectives will be achieved, and investment results may vary substantially from year to year. Investment in these entities is subject to certain specific risks, including:

- Investment risks
- Operational risks
- Market, trading, and regulatory risks
- Tax consequences
- Lack of liquidity

These risks are discussed in detail in each entity's offering documents.

DISCIPLINARY INFORMATION

Form ADV Part 2A, Item 9

We do not currently have, nor have we ever had, any legal or disciplinary events to disclose, including any criminal or civil actions, administrative proceedings before the SEC or any other regulatory agencies, or proceedings before any self-regulatory organization.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Form ADV Part 2A, Item 10

All of our client advisors, including Eric J. Kramer, are both investment adviser representatives of Crestone and registered representatives of our affiliated broker-dealer, Crestone Securities LLC.

Neither Crestone nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of any of these entities.

The following affiliated entities share common ownership and management with Crestone:

- **Crestone Capital Holdings LLC.** A Colorado limited liability company that wholly owns and is the sole member of Crestone Capital LLC. Its members are The Eric J. Kramer Company (whose President and sole shareholder is Eric J. Kramer), Jeremy Shevlin, Randi Grassgreen, Jack Swift, Abby Barlow, Jennifer Hardy, Matt Wiles, and Jeff Burney.
- **Crestone Capital LLC.** A Colorado limited liability company that wholly owns and is the parent company of Crestone, Crestone Securities LLC, and Crestone Real Estate LLC. Its sole member is Crestone Capital Holdings LLC. Crestone Capital LLC also serves as the investment manager for WSL Private Equity Investors LLC discussed above under "Fees and Compensation."
- **Crestone Securities LLC.** A Colorado limited liability company that is registered with the Financial Industry Regulatory Authority (FINRA) as an introducing broker-dealer and effects securities transactions for Crestone clients. All of Crestone's investment advisers are also registered representatives of Crestone Securities LLC. To avoid conflicts of interest that could arise, neither Crestone Securities LLC nor its representatives receive any additional compensation related to selling the securities that Crestone recommends to clients. See the *Fees and Compensation* section of this brochure for more details.
- **Crestone Real Estate LLC.** A Colorado limited liability company that forms and serves as the manager or sponsor of single purpose, single asset limited liability companies or other investment entities that acquire, hold, lease, manage, operate, and sell or otherwise dispose of commercial real estate. It serves as the manager to certain real estate-related pooled vehicles discussed above under "Fees and Compensation."
- **Crestone RE Equity Partners LLC.** A Colorado limited liability company whose member is The Eric J. Kramer Company (whose President and sole shareholder is Eric J. Kramer). It serves as the Class B Member of certain single purpose, single asset pooled vehicles formed and managed by Crestone Real Estate LLC discussed above under "Fees and Compensation."
- **Flatirons GP LLC.** A Delaware limited liability company wholly-owned by Eric J. Kramer and Hull McKinnon. It serves as the general partner to certain Crestone-sponsored pooled vehicles discussed above under "Fees and Compensation."

Crestone Alternative Partners LLC. A Delaware limited liability company wholly-owned by Eric J. Kramer and Hull McKinnon. It serves as the general partner to certain Crestone-sponsored pooled vehicles discussed above under "Fees and Compensation". We do not receive compensation directly or indirectly from investment managers that we recommend or select for our clients, nor do we have other business relationships with those investment managers that create a material conflict of interest.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Form ADV Part 2A, Item 11

Crestone is a fiduciary always and in all ways to its clients. Our personnel owe a fiduciary duty to all of our clients. We have adopted a Code of Ethics that governs the professional conduct of our managers, members, and associates. Our Code of Ethics provides, among other things, that (1) all Crestone personnel must put the interests of the firm's clients ahead of their own; (2) all personal securities transactions engaged in by firm personnel must be conducted in such a manner as to be consistent with the firm's Code of Ethics regarding personal securities transactions and to avoid any actual or potential conflicts of interest or any abuse of the person's position of trust and responsibility; (3) any person acting in the capacity of an investment adviser must not take inappropriate advantage of his/her position of trust; (4) all information regarding firm clients must be kept strictly confidential; (5) all personnel must adhere to the principle that independence in the investment decision-making process is paramount; and (6) each person in the firm bears ultimate responsibility for acting with honesty, integrity, and professionalism in conducting firm business. A copy of our Code of Ethics is available to clients and prospective clients upon request.

Please see the *Brokerage Practices* section of this brochure for information about the relationship between Crestone and our affiliated broker-dealer, Crestone Securities LLC. Crestone does not intend to buy or sell securities for itself that it also recommends to clients. Crestone employees and related persons may purchase or sell securities that Crestone may also purchase and/or sell on behalf of some or all of its advisory clients. We do not allow a manager or employee, or close relative of either, to effect a personal securities transaction in anticipation of a transaction on behalf of a client in such securities. Also, we do not allow a manager or employee, or close relative of either, to receive a price in a personal transaction that is more favorable than the price received on an order placed the same day on behalf of a client of Crestone relating to the same security. All of our managers and employees are subject to a variety of restrictions relating to their personal securities transactions, which are set forth in a compliance manual distributed to all personnel.

Please see the *Other Financial Industry Activities and Affiliations* section of this brochure for a description of the types of securities or investment products that may be offered and recommended to clients of Crestone and in which persons related to or affiliated with Crestone have a financial interest. The securities will be recommended and sold only to those clients for whom such investments are suitable based on each client's particular circumstances and situation and the client's established investment objectives and parameters. The investment decision will be made solely by the client, and Crestone will not exercise any discretion whatsoever over the investment decision.

In each transaction described above the securities will be offered and sold only to "accredited investors" pursuant to a private placement memorandum that fully discloses all material facts to prospective investors, including without limitation, the terms of the offering, the investment opportunity, the risks of the offering, compensation and fees to be paid to Crestone and its affiliates, and the actual and potential conflicts of interest that exist or may exist in connection with the offering and which may cause the related person and/or Crestone to render advice that may not be disinterested or objective.

BROKERAGE PRACTICES

Form ADV Part 2A, Item 12

We do not receive research or other products or services from any broker-dealer or third party in connection with client securities transactions ("soft dollar benefits").

We do not consider, in selecting or recommending broker-dealers, whether we or a related person receives client referrals from a broker-dealer or third party.

Crestone has an affiliated broker-dealer, Crestone Securities LLC, which is a Colorado limited liability company and is registered with the Financial Industry Regulatory Authority (FINRA) as an introducing broker-dealer. Crestone Securities LLC will effect securities transactions on behalf of Crestone's clients on a fully disclosed basis through Pershing LLC, which will have custody of cash and/or securities of Crestone's clients. As discussed above, Crestone Capital LLC, a Colorado limited liability company, wholly owns both Crestone and Crestone Securities LLC, and is solely owned by Crestone Capital Holdings LLC, whose majority owner is The Eric J. Kramer Company (whose President and sole shareholder is Eric J. Kramer).

A client may, in his or her sole discretion, select an unaffiliated broker-dealer to execute securities transactions. Otherwise, we may select a broker or dealer for the client. In doing so, we may use Crestone Securities LLC as broker when practicable and as long as it is permitted under applicable law. In selecting a broker-dealer for our clients, our selection is guided by our clients' best interests.

We permit clients to direct brokerage if they desire to execute transactions with brokerage firms other than Crestone Securities LLC. If clients direct brokerage, we may be unable to achieve most favorable execution of their transactions. In addition, in some cases, directing brokerage may cost clients more money. For example, in directed brokerage accounts, clients may pay higher brokerage commissions because other firms typically charge mark-ups or mark-downs on trades, rather than charging clients only the clearing firm's costs of clearing and executing trades, which is Crestone Securities LLC's practice. On the other hand, there may be some instances where, depending on the type of security being traded, directing brokerage may cost clients less money than if they had executed the transaction through Crestone Securities LLC, because Crestone Securities LLC's clearing firm charges may be more than a directed brokerage firm's total charges and commissions.

If multiple clients execute trades in the same security on the same day, either because Crestone is using limited discretion as to time and price or a third party investment manager has sent the same trade instructions for more than one client, Crestone will use average pricing so clients will participate equally in the best execution of the trades.

REVIEW OF ACCOUNTS

Form ADV Part 2A, Item 13

On at least a quarterly basis, accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmarks. More frequent reviews may be triggered by changes in market or economic conditions, changes in specific investments within client accounts and/or changes in a client's financial condition or investment objectives.

Crestone has account reviewers who are responsible for various levels of review:

- The investment research team is primarily responsible for monitoring underlying securities and selected third party managers;
- In addition to the collaborating with the investment research team on monitoring responsibilities, the client advisory team is responsible for ensuring client accounts are invested in accordance with client's investment policies and rebalanced at least quarterly;
- The investment committee is responsible for supervising all levels of review performed by teams identified above.

On a quarterly basis, we provide each of our clients with a customized reporting package that includes:

- consolidated portfolio data and performance reporting;
- performance at the consolidated portfolio, asset class, and individual investment manager level, compared to relevant benchmarks;
- balance sheet reporting, if applicable;
- concentrated position reporting, if applicable.

Detailed investment manager reports for all actively managed investments, which provide both a qualitative and quantitative review are updated quarterly and available on a secure Crestone client website portal.

On a quarterly and an annual basis, we provide to clients and their tax-preparers a package of tax-related reports (e.g., realized gains/losses, income and expenses, contributions and withdrawals). Clients have the choice to receive these reports in hard copy, over a secure-access website, <https://clients.crestonecap.com>, or both. Various portfolio valuation, performance, and activity reports are also available on a daily basis over the secure-access website.

CLIENT REFERRALS AND OTHER COMPENSATION

Form ADV Part 2A, Item 14

We do not receive nor would we accept any compensation for referrals to any other professional firms or individuals.

We do not have an affiliation or arrangement with any law firm, accounting firm or other professional whereby Crestone refers its clients in need of such professional services to those professionals. As and when the need arises, we may refer our clients to lawyers, accountants and other third party professionals. When making a referral of a client to another professional, we are guided by our client's best interests and such referral is made to the professional who we believe best suits the particular needs of the client. Although some of these professionals may have in the past referred or may in the future refer a prospective client to Crestone, the actual or potential referral of a prospective client to Crestone by a particular professional will not be a factor in our decision to refer a client to any third party professional.

We may, from time-to-time, enter into arrangements with one or more third party solicitors to solicit qualified clients for, or refer qualified clients to, Crestone. Such arrangements may vary on a case-by-case basis. When Crestone enters into an arrangement with a solicitor, the terms of the arrangement are set forth in a written agreement between Crestone and the solicitor that, among other things, (i) describes the solicitor's activities and the compensation to be paid for those activities, (ii) contains the solicitor's undertaking to perform those duties under the agreement consistent with Crestone's instructions as well as the Investment Advisers Act and the rules thereunder, and (iii) requires the solicitor, at the time of any solicitation, to provide the prospective client with a copy of Crestone's brochure and a separate written disclosure document prescribed by the Securities and Exchange Commission under the Investment Advisers Act for such solicitation arrangements. Prior to entering into an advisory agreement with the prospective client, Crestone will obtain from such prospective client a signed and dated acknowledgement of receipt of Crestone's brochure and the solicitor's written disclosure document. In all cases involving solicitors, the compensation to be paid to a solicitor will be paid solely by Crestone, and the amount and level of advisory fees charged by Crestone to any client solicited or referred by a solicitor will not be different from the amount and level of advisory fees charged by Crestone to other clients.

CUSTODY

Form ADV Part 2A, Item 15

Qualified custodians, such as Pershing LLC, have custody of our clients' assets that are held in Brokerage accounts. Crestone is deemed to have custody over our clients' Crestone-sponsored pooled vehicle investments.

Qualified custodians of our clients' brokerage accounts send quarterly or more frequent account statements directly to clients. Clients should carefully review those statements.

Additionally, Crestone provides clients with various portfolio valuation, performance, and activity reports on a quarterly basis. Clients have the option to receive these reports in hard copy, over a secure, 24/7 access website, <https://clients.crestonecap.com> or both.

We urge clients to compare the account statements they receive from their qualified custodians with those they receive from us. There may be discrepancies between the reports due to various factors, such as (most commonly) timing of reporting (e.g., trade-date reporting versus settlement-date reporting). If clients have any questions about their reports, they should contact Crestone at (303) 442-4447.

INVESTMENT DISCRETION

Form ADV Part 2A, Item 16

We work with each client to create a customized Investment Policy Statement that sets investment parameters that we must follow when investing each client's portfolios; we will not assume full discretion over any of our clients' accounts. Under our Wealth Advisory Services Agreement and Investment Advisory Services Agreement each client elects to grant to us either limited discretion or no discretion over his or her accounts. In either case, the client and Crestone together will select asset classes and determine allocations within asset classes and will agree on any other investment guidelines or limitations that the client desires to place on the accounts.

Once account parameters have been established and if limited discretion is granted by the client, we will have the discretion and authority to direct the investment and reinvestment of account assets (including periodic rebalancing) and manage the client's account(s) within the agreed upon investment parameters, and to determine pricing and timing of transactions, without the prior approval of the client. However, changes in asset classes, allocations within asset classes, and any other investment guidelines and limitations will be made only with the client's prior approval.

If no discretion is granted by the client, no transactions will be effected in the client's accounts and no changes in asset classes and allocations within asset classes, including any investment or reinvestment of account assets (including periodic rebalancing), will be made without the client's prior approval.

We do not participate in wrap fee programs.

VOTING CLIENT SECURITIES

Form ADV Part 2A, Item 17

We do not have the authority to vote client securities, and clients will receive proxies or other solicitations directly from their custodian or a transfer agent. However, if clients have any questions about a particular solicitation, they should contact a Crestone adviser at (303) 442-4447.

FINANCIAL INFORMATION

Form ADV Part 2A, Item 18

We do not require or solicit prepayment of fees six months or more in advance and, as a result, are not required to include with this brochure a balance sheet for our most recent fiscal year.

We have never been the subject of a bankruptcy petition.