



# **Yorkville Capital Management**

## **Part 2A of Form ADV - Brochure**

**Updated: March 2017**

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## INTRODUCTION

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This Brochure provides information about the qualifications and business practices of **Yorkville Capital Management, LLC** (“YCM”). If you have any questions about the contents of this Brochure, please contact us at **212-755-1970** or by email at **info@yorkvillecapital.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. Registration of an investment adviser does not imply any level of skill or training.

Additional information about YCM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

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This brochure was updated on December 2016, providing information that is different or supplemental to information that was provided to clients and potential clients in our previous brochure dated March 2016. The Material Changes section of this brochure will be updated annually, and when material changes occur since the previous release of the Firm Brochure.

The following is a summary of the more significant updates that were made to the brochure since the last update

- Ms. Doris Taylor has resumed the Chief Compliance Officer replacing Mr. Daniel Nikci, CPA.
- Additional disclosures have been added to the **Performance-Based Fees and Side-By-Side Management** and **Methods of Analysis, Investment Strategies and Risk of Loss** Sections of this Brochure to address the appearance of conflicts of interest that may arise when managing hedge funds, mutual funds, and multiple long only strategies simultaneously and engaging in short sales.

This document was developed in response to requirements adopted and imposed by the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940 ("IA Act").

You may obtain a copy of this document on the SEC's public disclosure website ("IAPD") at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We may, at any time, update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochures may be requested by contacting **Doris Taylor, Chief Compliance Officer** at **212-755-1970** or **dtaylor@yorkvillecapital.com**.

Additional information about YCM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with YCM who are registered, or are required to be registered, as investment adviser representatives of YCM.

## **ADVISORY BUSINESS**

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**Yorkville Capital Management, LLC ("YCM")** currently provides investment advice and investment supervisory services to managed accounts (each, an "Investment Account") of high net worth individuals. YCM also acts as the investment Subadviser for the actively-managed James Alpha Yorkville MLP Fund ([JMLPX](#)) ([JAMLX](#)) ([MLPCX](#)) and Subadviser to a Hedge Fund.

YCM is responsible for researching, selecting and monitoring the investments of each Managed Account based on the investment objectives of the applicable client, and for making decisions as to when and how much to invest with or withdraw from a particular investment on behalf of the Managed Account.

YCM serves as portfolio manager in the following wrap programs:

**INVESTMENT MANAGEMENT SERVICES (IMS)**

*Sponsor:* MORGAN STANLEY SMITH BARNEY

**PREFERRED ADVISORS**

*Sponsor:* CREDIT SUISSE

**LOCKWOOD MANAGED ACCOUNTS COMMAND PLATFORM**

*Sponsor:* LOCKWOOD ADVISORS (PERSHING)

**FDX ADVISORS**

*Sponsor:* FOLIO DYNAMIX

**CHANGEPATH**

*Sponsor:* ETERNITY INVESTMENT ADVISORS, LLC

**MANAGED ACCOUNT MARKETPLACE**

*Sponsor:* CHARLES SCHWAB & CO., INC.

**STRATEGIC PORTFOLIO ADVISOR (SPA) & MANAGED ACCOUNT SERVICES (MAS)**

*Sponsor:* MERRILL LYNCH

**INSTITUTIONAL SAE MANAGED (SEPARATE ACCOUNT EXCHANGE) ACCOUNT**

*Sponsor:* TD AMERITRADE

YCM was founded in 2006 by Darren R. Schuringa. As of December 31, 2015, YCM managed regulatory assets under management of \$211,894,644 on a discretionary basis on behalf of approximately 211 clients.

### ***Fees and Compensation***

In general, each Investment Account is charged a quarterly management fee (a "Management Fee"), payable in advance, equal to (i) 0.50% (2.0% annually) of the fair market value ("FMV") of the net assets of the Investment Account ("Investment Account") at the beginning of each

calendar quarter. A pro rata Management Fee will be charged on any amount invested in the Investment Account on other than the first day of a calendar quarter. In the case of closed Investment Account by a client other than as of the last day of a calendar quarter, a pro rata portion of the Management Fee charged will be distributed to the client. YCM may deduct fees directly from client custodial accounts, or bill primary advisors or clients directly for fees. On a limited basis, fees are negotiated with the Wrap sponsors.

YCM has been engaged to serve as the Subadviser to a Hedge Fund. YCM charges the Hedge Fund a Management Fee, which is paid monthly and based on the net asset value at the end of the respective month. The Management Fee annual rate is based on the net subscriptions of the Hedge Fund and ranges from 0.50% and 1.50%.

All expenses incurred in connection with the investment and trading activities of each Investment Account, including, without limitation, all commissions, clearing fees, borrowing charges on securities sold short, custodial fees, and any other costs and expenses reasonably related to the operations of the Managed Account, in each case, shall be paid out of the assets in the Investment Account.

Generally, either party may terminate their Investment Account relationship, with or without cause, upon 30 business days' prior written notice by the terminating party to the other party, and any termination shall be deemed to occur as of the termination date set forth in such notice. The Hedge Fund Subadvisory Agreement provides for a best effort to provide the Subadviser a 30 day redemption notice. The Hedge Fund Subadvisory Agreement has an optional termination right, which provides the right to redeem within the 30 day period or a 3 days prior written redemption notice to the Subadviser.

#### ***Performance-Based Fees and Side-By-Side Management***

In addition, each Investment Account is typically charged an annual performance fee (a "Performance Fee"), payable in arrears, equal to 10% of (A) the amount, if any, by which the (I) value of the Equity Investments at the end of such fiscal year, after payment of all Management Fees for such fiscal year then ending, exceeds (II) the value of the Equity Investments at the beginning of such fiscal year, minus (B) a 10% hurdle rate (but adjusted pro rata for any applicable withdrawals from the Investment Account by the client during such fiscal year). A performance fee is generally charged on all applicable amounts invested in and withdrawn from the Investment Account during such fiscal year.

YCM has been engaged to serve as the Subadviser to a Hedge Fund. YCM charges the Hedge Fund a Performance Fee equal to 10% of the increase in the net asset value (prior to the accrual of performance fees) and in excess of the balance in a loss recovery account since the beginning of the performance period. The beginning of the performance period is defined as the date of initial investment in the Hedge Fund or the first day following the prior fiscal year-end. The

ending date of the performance period is defined as the earlier of the next fiscal year-end, the redemption of such investment, or the termination of the Subadvisory Agreement.

Any performance fee that Adviser charges is intended to comply with the Adviser's Investment Advisory Agreements Policy and Rule 205-3 requirements under the Investment Advisers Act of 1940 (the "Adviser's Act"). Adviser may also be perceived to have an incentive to favor accounts which it charges a performance fee over other types of client accounts by allocating more profitable investments to performance fee accounts or by devoting more resources toward the accounts' management. The Adviser seeks to mitigate the potential conflicts of interest which may arise from managing accounts that bear a performance fee by monitoring and diligently enforcing its policies and procedures, including those related to investment allocation, and complying with its Investment Advisory Agreements Policy and Rule 205-3, as stated above. The Adviser also seeks to mitigate the conflicts and risks that may arise when managing hedge funds, mutual funds and multiple long only strategies simultaneously as well as selling securities short. To address these type of conflicts, the Adviser has adopted policies and procedures to mitigate the applicable risks associated with side-by-side trading and to ensure that no accounts are disadvantaged and that all client accounts are treated in a fair and equitable manner.

### ***Types of Clients***

YCM provides portfolio management services of both taxable and non-taxable accounts. YCM provides its services to individuals, high net worth individuals, separately managed vehicles (wrap fee programs), trusts, estates, and/or charitable organizations (including foundations), ERISA plans, pension plans, profit sharing plans, insurance companies, corporations, Hedge Funds and/or other business entities.

YCM generally requires its clients to maintain minimum assets under management of \$1,000,000 of manageable assets. Exceptions may be made if circumstances warrant, in YCM's sole discretion.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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Investing in securities involves risk of loss that clients should be prepared and able to bear. YCM developed and employs a scientific approach to fundamental research and portfolio risk management designed to enhance success and consistency in the achievement of our investment objectives.

YCM shall exercise its fiduciary duty toward its clients and act in their best interests at all times and ensure that all client accounts are treated in a fair and equitable manner and manage any potential conflicts of interest and risks. YCM has implemented side-by-side management and allocation procedures to mitigate and manage the potential for or the appearance of any conflicts of interest and risks that may arise when managing hedge funds, mutual funds and multiple long only strategies simultaneously such that no client accounts are disadvantaged. Such conflicts of interest and risks may include, but are not limited to, selling a security short in a hedge fund that is held long in another account, improper aggregation and allocation of transactions, sequential transactions or cross trades with clients (which are prohibited as a matter of firm policy).

YCM's proprietary risk models automate market driven buy and sell decisions so that we can focus investment resources on our core competency, fundamental research, which drives our investment performance.

All investments carry the risk of loss and there is no guarantee that any investment strategy will meet its objective.

### ***Idea Generation***

YCM monitors and screens the entire universe of publicly traded U.S. energy infrastructure equities. Our quantitative models identify investment opportunities with above-average return and below-average risk characteristics.

### ***MLP Investing Pioneers***

YCM's investment team has been investing in U.S. energy infrastructure through master limited partnerships (MLPs) since the early 1990s, near the inception of the asset class. Our team has one of the longest GIPS compliant investment track records investing in MLPs. We have leveraged this body of knowledge into proprietary models that enhance our research and portfolio risk management capabilities.

### ***Investment Pipeline***

YCM's Investment Pipeline model tracks the entire energy MLP universe.

### ***Fundamental Rating System***

YCM has used its twenty years of researching and investing in U.S. energy infrastructure to develop a series of models that rate partnerships based on a series of business fundamentals. These proprietary multi-factor models quantitatively screen the Yorkville MLP Universe Indices and identify partnerships with solid fundamentals.



***Yorkville Investment Attractiveness Score***

YCM consolidates the fundamental ratings across multiple metrics into a single Investment Attractiveness Score for each energy infrastructure partnership/c-corporation. We use this score to compare the relative attractiveness of investment opportunities across the asset class and rank the various partnerships from the most to least attractive.

### ***Yorkville MLP Universe Indices***

YCM has developed one of the most comprehensive suites of MLP indices. Our MLP Universe Indices allow us to monitor and track the entire population of publicly traded partnerships. Our in-depth index work helps us to identify changing fundamentals, capitalize on investment opportunities and avoid potential problems across the asset class.

### ***Fundamental Research***

YCM's core competency is conducting in-depth fundamental research on the companies in which we invest. We seek to continually build on and harness our in-depth knowledge of the asset class to help drive investment results. Independent and objective research fuels our investment performance.

### ***Financial Analysis***

The first stage of YCM's research process is an in-depth analysis of a company's historical financial statements. We analyze a company's income statements, balance sheets and cash flow statements for the past four years and four quarters. This process helps us to determine the financial health of a company and the direction it is heading.

YCM has developed financial models that pull the raw financial data from a company's regulatory filings, analyze it, and present it in a user-friendly fashion that enables us to efficiently review and identify opportunities or weaknesses.

### ***Business Model***

The second stage of our research process involves gaining a CEO's understanding of a company's business model by analyzing the drivers of revenues and expenses. Revenues are broken out by asset and geography and the largest and fastest-growing components of a company's revenue stream are identified. These are the future drivers of growth. In a similar fashion, we conduct a detailed analysis of a company's cost structure, identifying its largest and fastest-growing expenses. YCM's in-depth understanding of a company's assets and business model helps us to stay focused on the company's fundamental business drivers.

### ***Capital Structure***

In the third stage of YCM's research process, we review the strength of company's balance sheet. A strong balance sheet is an essential part of our investment criteria. Generally, MLPs are pass-through vehicles that rely on the capital markets to fund distribution growth. We seek to invest in partnerships that maintain a conservative capital structure. This reduces the risk profile and grants the partnership greater access to the capital markets. We also analyze debt maturities in order to quantify interest rate risk which can pose a headwind to distribution growth.

### ***Financial Modeling***

The fourth stage of our research process is to develop a detailed financial model. We run various scenarios manipulating a company's primary drivers to determine revenue, margin, cash flow,

and distribution sensitivity to each. We use financial modeling to estimate a company's future revenue, cash flow, and distribution potential.

### ***Valuation***

The fifth stage of YCM's research process is valuing a company - that is, determining its intrinsic value. We use a number of valuation techniques to help us arrive at a fair valuation: discounted cash flow, relative valuations, take-out valuations, sum-of-the-parts valuations, break-up value, multiple and yield valuations. These tools help us to determine a fair price to pay for a company. We seek to invest in companies that meet or exceed norms in all four stages of our analysis and are trading below intrinsic value.

### ***Investment Decision***

The findings and analysis of YCM's five stage investment process are summarized in a research report, whereupon an investment decision is made. New ideas are then vetted through YCM's Investment Committee designed to strengthen the investment process by pooling our collective knowledge and identify the risks of an investment opportunity.

### ***Asset Allocation Strategies***

YCM's asset allocation strategies are designed to limit portfolio volatility through structural diversification.

### ***Risk Guidelines***

Risk guidelines are in place for each of YCM's investment strategies clearly articulating the risk profile of that strategy. The guidelines establish acceptable exposures across segments, sectors, and individual positions and place limitations on the risks that can be assumed while pursuing investment performance. They also establish minimum levels of diversification. YCM's risk guidelines are designed to reduce the volatility of our strategies.

### ***Risk Silos***

Using a proprietary risk management model, YCM measures, monitors and manages risk at the portfolio level across seven risk silos, enforcing the risk guidelines described above. To ensure more objective implementation the monitoring of risk is separated from the investment process. We also report the risk profile across the seven risk silos so that our investors can monitor our compliance with the guidelines.

### ***Risk Management Strategies***

YCM's risk management strategies are designed to preserve capital through active risk management.

### ***Target & Trigger Discipline***

YCM's Target and Trigger Model identifies sell recommendations. The model tracks, in real time, the individual investments in our strategies so as to detect when predetermined target prices are reached. When a target price is reached we generally sell to lock in gains. Generally, sell decisions are driven by fundamentals.

### ***Hedging Strategies***

YCM tactically hedges in certain strategies in order to preserve capital and limit losses in turbulent markets.

### ***Short Sales.***

If YCM engages in a short sale transaction, that account would sell a borrowed security in anticipation of a decline in the market value of that security. If YCM incorrectly predicts that the price of a borrowed security will decline, an account may lose money. Losses from short sales differ from losses that could be incurred from a purchase of a security, because losses from short sales may be unlimited, whereas losses from purchases can equal only the total amount invested.

## **DISCIPLINARY INFORMATION**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of YCM or the integrity of YCM's management. YCM has no information applicable to this Item.

## CODE OF ETHICS

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YCM has a fiduciary responsibility to treat clients fairly and avoid actual or potential conflicts of interest. Its Access Persons have an obligation to act solely in the best interests of clients, and to make full and fair disclosure of all material facts, particularly where the clients' interests may conflict with each other. A knowledge and understanding of the YCM's Code by all of the Access Persons assists in promoting a "compliant culture" that is crucial to fulfilling the fiduciary responsibilities of YCM.

In general, the fiduciary principles that govern personal investment activities of Access Persons are, at a minimum, the following: (1) the duty at all times to place the interests of clients first; (2) the requirement that all personal securities transactions be conducted in a manner that is consistent with Rule 204A-1 of the Advisers Act and in such a manner so as to avoid any actual or potential conflict of interest, or any abuse of an individual's position of trust and responsibility; and (3) the fundamental standard that personnel providing services to clients should not take inappropriate advantage of their positions.

It is YCM's policy that all Access Persons conduct themselves in accordance with the highest standards of integrity, honesty and fair dealing. Access Persons are specifically required to understand and comply with applicable laws, statutes, rules and regulations to which the Advisory Entities are subject.

The Code requires pre-approval prior to an Access Person investing in certain transactions, including initial public offerings and private placements other than those conducted on behalf of clients. In addition, all Access Persons must certify annually that they have read, understand and will abide by the Code.

YCM will provide a copy of the Code to any client or prospective client, upon request.

In making decisions to recommend, purchase, sell and/or hold securities and other investments for all of its client accounts, including affiliated client accounts, YCM's overall objective is to treat each client account in a fair and equitable manner. Depending on the particular facts and circumstances and the needs and financial objectives of YCM's various clients, such that allocations are not based upon account performance, applicable fee structures and/or the appearance of otherwise preferential treatment, and tradable position sizes are retained in each portfolio. YCM intends to avoid any action that could result in an unfair or inequitable disadvantage to any client account and/or unfair or inequitable advantage to any proprietary account and/or any client account that is charged performance-based fees.

Based on the foregoing, set forth below are YCM's general policies and procedures regarding the allocation of investments among, and the aggregation of orders placed on behalf of, their clients' accounts.

(i) **Best Execution.** YCM shall aggregate trades, when possible, unless it believes that doing so would conflict or otherwise be inconsistent with their duty to seek best execution for their client accounts, and/or the terms of the respective investment advisory contracts and other agreements and understandings relating to the client accounts for which trades are being aggregated. When YCM believes that they can effectively obtain best execution for their client accounts by aggregating trades, including, subject to any policy restrictions set forth in YCM's Code and/or policy regarding insider trading for any client accounts, it generally will do so for all client accounts for which the trades are both suitable and consistent with the respective investment advisory contracts, investment guidelines, and/or other agreements and/or understandings relating to such client accounts, unless:

(a) a client directs YCM to execute a trade through a particular broker-dealer, including, without limitation, a wrap fee program broker, that is not executing the aggregated trade; or

(b) to the extent that YCM otherwise would be prohibited or restricted from aggregating such trades under applicable law and/or by virtue of any agreement, instrument or other document to which the Advisory Entities and/or any of its property is bound.

(ii) **Average Price.** Each client account that participates in an aggregated security order will participate at the average share price for such order on a given business day (although, with respect to option contracts, determining the average price may not be possible), with transaction costs shared pro rata based on each client account's participation, unless otherwise required by contract and/or applicable law. YCM generally shall not favor any account over any other account.

(iii) **Standard Allocation Procedure.** Aggregated orders generally shall be allocated in the following manner: (i) pro rata among all participating client accounts based upon their respective sizes; or (ii) based upon a uniform target percentage holding across all participating client accounts, unless there are limit orders. Each such pro rata and target allocation procedures are sometimes referred to herein as a "Standard Allocation Method".

(iv) **Limit Orders.** Limit orders may be aggregated with market orders based on any Standard Allocation Method. If limit orders cannot be executed, then all other orders (i.e., the market orders) are to be filled only among client accounts submitting market orders and generally based upon the original order size, unless YCM wishes to increase the order size in light of unexecutable limit orders, in which case orders will be reallocated using any Standard Allocation Method based upon the respective sizes of the participating client accounts or a new, higher uniform target allocation, as applicable.

(v) **Particular Results.** Although YCM believes that the ability to aggregate orders for client accounts will in general benefit its clients overall over time, in any particular instance, such

aggregation may result in a less favorable price or execution for any particular client than might have been obtained if a particular transaction had been effected on a non-aggregated basis.

(vi) **Directed Brokerage, Wrap Fee Program, Etc.** Generally, as noted above, YCM's clients give them full discretion to choose brokers-dealers through whom transactions may be executed. In specific situations, broker/dealer relationships are pre-determined by the client. Clients that direct YCM to use a specified broker-dealer, including, without limitation, a wrap fee program broker, should understand that compliance with such directions may result in such accounts not participating in an aggregated order. However, when feasible and when YCM believes it is appropriate, YCM may aggregate orders for directed brokerage, wrap fee program and/or other similarly situated clients (each, a "Directed Brokerage/Wrap Client") with orders for the same securities for other client accounts, and execute such aggregated orders with the broker-dealer that YCM believe will provide the best execution of the aggregated order. In such cases, YCM may use a "step out" transaction if the executing broker is not the broker-dealer for the relevant Directed Brokerage/Wrap Fee Client. A "step out" transaction is one in which YCM instructs the executing broker to "step out" the relevant Directed Brokerage/Wrap Fee Client's portion of the aggregated order to their directed, wrap-fee program or other applicable broker who will clear, settle and confirm the transaction and charge the client the commission rate that it has negotiated with the client, the wrap fee program sponsor or other applicable party. The executing broker does not receive a commission for that portion of the trade.

(vii) **Special Allocation Method (Use of Different Broker-Dealers).** Orders that cannot be aggregated due to the use of different broker-dealers, including, without limitation, as a result of directed brokerage, wrap fee programs and/or other similar arrangements, shall be divided into two general categories: (i) orders for Directed Brokerage/Wrap Fee Clients; and (ii) all other orders. On any given day, orders in the first category generally will trade after orders in the second category. Within each category, securities first will generally be allocated according to the different broker-dealers through which aggregate orders were placed using a random rotation. Next, for each such order, securities generally will be allocated among the client accounts participating in such order using a Standard Allocation Method or other permissible method described above. YCM believes such methodology is reasonably designed to be fair to all relevant client accounts over time. For the avoidance of doubt, however, YCM may increase or decrease the amount of securities allocated to one or more client accounts if necessary to avoid holding odd-lots or small numbers of shares in a client account.

(viii) **Departures from Allocation Methods.** YCM may employ an allocation method other than an allocation method described above, including, but not limited to, allocating trades based on (1) the amount of available cash in a particular client account and/or other cash flow needs of a particular client account, (2) a uniform target percentage holding across all participating client accounts, or (3) any other method, provided that YCM generally may not depart from using an allocation method described above unless:



- (a) under the circumstances, such other allocation method is reasonable, employed in good faith and generally does not result in an unfair or inequitable disadvantage to any client account;
- (b) YCM specifies in writing the reason for the departure on the order ticket/instant message relating to such order; and
- (c) prior to or contemporaneously with entering into any trade, the Portfolio Manager shall prepare a written allocation statement, specifying (i) the participating client accounts, and (ii) the method of allocation.

## **BROKERAGE PRACTICES**

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Generally, YCM has the sole power and authority to determine the brokers to be used for each securities transaction for clients. In selecting brokers or dealers to execute transactions, YCM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. In selecting brokers, YCM may or may not negotiate "execution only" commission rates; thus, a client may be deemed to be paying for other services provided by the broker to such client, YCM or their respective affiliates which are included in the commission rate. In negotiating commission rates, YCM will take into account the financial stability and reputation of brokerage firms and the brokerage, research and other services provided by such brokers, although such client may not, in any particular instance, be the direct or indirect beneficiaries of the services provided.

YCM is authorized to direct commissions to certain broker-dealers which may furnish other services to clients, YCM or its respective affiliates, such as investment research, economic consulting services, financial publications and other investment-related services and products. For Managed Account customers, YCM may select brokers who are also sponsors of said Managed Account platforms, if permissible under Managed Account policies.

Accordingly, the client may be deemed to be paying for research and other services with "soft" or commission dollars. Although YCM believes the client will benefit from many of the services obtained with soft dollars generated by their trades, the client will not benefit exclusively. YCM may also derive direct or indirect benefits from some or all of these services, particularly to the extent that YCM uses "soft" or commission dollars to pay for expenses it would otherwise be required to pay itself.

Section 28(e) of the Securities Exchange Act of 1940, as amended, provides a "safe harbor" to investment managers who use commission dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the manager in the performance of investment decision-making responsibilities. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and U.S. Federal law. YCM intends to use commission dollars generated by the clients' brokerage accounts to obtain only such investment research and brokerage services or products as permitted under the safe harbor afforded by Section 28(e).

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

Messrs. Schuringa, Hug and Edelstein (collectively, the "Portfolio Managers") generally will monitor the portfolio holdings on a daily basis. The Portfolio Managers will also generally perform formal reviews of portfolio compliance on a monthly basis and allocations of each client on a quarterly basis. The trading desk reviews account cash balances and restrictions each time a trade is placed.

### ***Client Referrals and Other Compensation***

YCM currently does not (nor in the past has) directly or indirectly compensate any person for client referrals.

### ***Solicitation Arrangements***

YCM's advisory services are marketed on a direct basis by YCM and through client referrals. If a client is introduced to YCM by either an unaffiliated or an affiliated solicitor, Yorkville may pay that solicitor an ongoing referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from YCM's investment management and performance fees, and shall not result in any additional charge to the client. If the client is introduced to YCM by a solicitor, the solicitor shall provide the client with a copy of YCM's ADV Part II written disclosure statement which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Yorkville shall also disclose the nature of his/her relationship to prospective clients at the time of the solicitation. YCM is aware and requires that any solicitors paid a referral fee for services provided to residents of certain states, including, but not limited to, Massachusetts, must be registered through the state securities commissions.

### ***Custody***

YCM does not maintain custody of client accounts, who otherwise select their own custodian. Managed Account clients will generally receive: (i) a quarterly statement of the client's Managed Account, together with a report from the Adviser discussing the performance of the Managed Account for the fiscal quarter just ended; and (ii) monthly account statements from the Adviser's qualified custodian, identifying the amount of funds and each security in the account at the end of the month and setting forth all transactions in the account during that period.

### ***Investment Discretion***

YCM has the sole power and authority, without obtaining specific client consent, to research, select and monitor the investments and make decisions as to when and how much to invest with or withdraw from a particular investment on behalf of each client, subject to stated client objectives.

Investment guidelines and restrictions must be provided to YCM in writing.

### ***Voting Client Securities***

YCM vote, on behalf of clients, proxy proposals, amendments, consents or resolutions (collectively, "proxies") in a manner that seek to serve the best interests of such client. In general, YCM seeks to resolve any potential conflicts of interests associated with any proxy by promptly disclosing the conflict and obtaining written consent before exercising any proxy voting authority, or in the alternative, by applying the general policy of seeking to serve the best interests of each client.

Generally, each proxy issue will be considered by YCM on a case-by-case basis; however, YCM has specific guidelines addressing how they votes proxies with regard to routine matters (which generally means that such matters will not measurably change the structure, management, control or operation of the company and such guidelines are consistent with customary industry standards and practices, as well as the laws of the state of incorporation applicable to the company).

Upon request, you may contact YCM during regular business hours, via email or telephone, to obtain a copy of YCM's proxy voting policy.

## **FINANCIAL INFORMATION**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about YCM's financial condition. YCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

The following individuals are the principal executive officers and managements persons of the Advisor:

- ***Darren R. Schuringa:*** Chief Investment Officer and Chief Executive Officer of the Adviser
- ***James A. Hug:*** Portfolio Manager of the Adviser
- ***Leonard Edelstein:*** Managing Director and Portfolio Manager of the Adviser
- ***Doris Taylor:*** Chief Compliance Officer of the Adviser

Information regarding the formal education and business background for each of these individuals is provided in the subsequent section entitled “Part 2B of Form ADV: Brochure Supplement”.