

**TRUST ASSET MANAGEMENT  
FORM ADV, PART IIA**

**Item 1 – Cover Page**

TRUST ASSET MANAGEMENT, LLC

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March 21, 2017

This Brochure provides information about the qualifications and business practices of Trust Asset Management, LLC (“TAM”). If you have any questions about the contents of this Brochure, please contact John Hale, Chief Compliance Officer at 832-308-2783 or [jhale@tam-llc.com](mailto:jhale@tam-llc.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.

TAM is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Information contained in this Brochure may provide you with information to assist you in determining whether to hire or retain an adviser.

We will deliver to our Clients, within 120 days of the end of each fiscal year, a free, updated Brochure that either includes or is accompanied by a summary of material changes.

Our Brochure may be requested at any time by contacting John Hale, Chief Compliance Officer at 832-308-2783 or [jhale@tam-llc.com](mailto:jhale@tam-llc.com).

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

**Item 2 - Material Changes**

TAM had Assets Under Management as of December 31, 2016 in the amount of \$956,932,067 in client assets, \$629,003,921 on a discretionary basis and \$327,928,146 on a non-discretionary basis. This reflects a change in Assets Under Management from TAM’s annual update of its Brochure dated March 16, 2016.

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**Item 4 - Advisory Business**

TAM commenced fee based advisory services on November 1, 2009. TAM's parent organization is NorthStar Memorial Group, LLC ("NorthStar").

TAM provides investment advisory services to Clients that are trusts formed for various regulatory purposes related to the operating business of NorthStar, as prescribed by various state laws. Institutional trustees are appointed by operating subsidiaries of NorthStar to act on behalf of the trusts. All of TAM's trust Clients are regulated by the states in which they were formed.

TAM also recommends that its trust Clients invest in private pooled investment vehicles ("Private Funds") for which Axys Capital Management ("Axys Capital") is the primary adviser. Axys Capital has entered into an investment advisory agreement with TAM to assist with its advisory duties and responsibilities related to the Private Funds.

TAM's management of Client portfolios can be on a fully discretionary or non-discretionary basis. The firm actively manages portfolios with an overall goal of maximizing total returns subject to each Client's risk profile and investment objective. TAM does not consider the services offered to be "financial planning" or as may be described by any similar term. TAM manages the Private Fund portfolios on both a discretionary and non-discretionary basis. Axys Capital, as the Private Funds' adviser and sole Manager

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has discretion to invest on behalf of and ultimate authority over the Private Funds with respect to non-discretionary investments.

Types of Investments

TAM recommends investment in a variety of asset categories, including cash and cash equivalents, equities, debt or fixed income investments, and alternative investments. It does so through an investment committee comprised of Mark Shinder, TAM's President and Chief Investment Officer and Michael Zislis, the Chief Operating Officer and the Managing Director of TAM.

TAM offers investment advice on and utilizes the following types of investments:

**Public**

- Money market funds
- Fixed income securities
- Common and preferred stock
- Limited partnerships
- Open end and closed-end mutual funds
- Derivatives based on tangible and intangible assets such options and futures

**Private**

- Real estate
- Energy interests
- Energy infrastructure
- Private equity
- Private debt
- Participation interests

TAM chooses combinations of these investments to form strategies it deems appropriate given the Client's investment objectives and risk tolerance.

TAM also uses certain leverage and hedging techniques, including derivatives designed to mimic equity or debt positions, buying securities on margin and selling securities short, all of which are either permitted or restricted by each Client's Investment Policy Statement.

Investment Strategies

TAM invests and manages Client assets in accordance with investment objectives selected by the Client, in the form of model type portfolios of securities that TAM believes best represents the Client's investment objectives and restrictions.

The current investment strategies provided by TAM are as follows: 1) Long Term Growth, 2) Balanced Income and Growth, and 3) Preservation of Capital.

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Clients and the state regulatory schemes to which they are subject may impose restrictions on investing in certain securities or types of securities.

Assets Under Management

As of December 31, 2016, the total amount of Assets Under Management by TAM was as follows:

Discretionary Trust Client Assets	\$627,052,394
Discretionary Private Fund Assets	\$1,951,526
<b>Total Discretionary</b>	<b>\$629,003,921</b>

**Total Non-Discretionary**

(Non-Discretionary Private Fund Assets)	\$327,928,146
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<b>Total Assets Under Management</b>	<b>\$956,932,067</b>
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**Item 5 – Fees and Compensation**

TAM charges a fixed-percentage fee per annum for investment advice based on Assets Under Management. All fees are currently billed monthly. Typically, advisory fees are not negotiable.

TAM charges performance-based fees in addition to asset based fees to its private fund Clients which, in turn, invest primarily if not exclusively in private companies or private investment opportunities which are usually described as “alternative investments.”

Fee Schedules

The following describes TAM’s basic advisory fee schedule. In some cases, fees charged by TAM may be greater than fees charged by other investment advisers for similar services; in other cases our fees may be lower.

***Trust Clients:***

Minimum Acct Size:     None

All Dollar Ranges:     1.00% for all Clients

***Private Fund Clients:***

Minimum Acct Size:     None

All Dollar Ranges:     1.50% for all Clients

Trust Clients who are also equity holders of private fund Clients will effectively pay fees in both categories. For Private Fund Clients, TAM also charges performance-based fees, as described in Item 6 below.

**Item 6 - Performance-Based Advisory Fees and Side-By-Side Management**

For its Private Fund Clients, TAM is entitled to receive a quarterly performance based fee (the "Performance Fee") equal to 20% of all realized and unrealized capital gains and income earned by the Private Fund Clients for the relevant quarter, after payment of asset-based fees and other fund expenses for such quarter ("Net Profits") and subject to an uncompounded preferred return to the fund Clients of 1.75% of the net asset value of the fund as of the close of business on the last Business Day of the immediately preceding quarter (the "Preferred Return"). In the event that Net Profits are less than the Preferred Return in any particular quarter, no Performance Fee will be paid to TAM for such quarter and an amount equal to the underperformance (i.e. the difference between the amount of the Preferred Return for such quarter and Net Profits for such quarter) will be accrued and will be allocated to the fund Clients out of Net Profits earned by each fund in the future investment periods prior to the payment of any Performance Fees. Any Performance Fees that are not paid as provided in the immediately preceding sentence will be considered deferred and will be paid in future investment periods as described in the immediately following paragraph.

In the event that payment of Performance Fees is deferred as described in the immediately preceding paragraph, at such time as Net Profits for a quarter are sufficient to allow the fund Clients to receive their then current Preferred Return for such quarter and any accrued underperformance from prior periods, then after allocation to the Private Fund Clients of such amounts, TAM shall be entitled to be paid 100% of all Net Profits in excess of such amounts as a "catch-up" until it has received an amount equal to all deferred Performance Fees, after which payment TAM shall be entitled to be paid its Performance Fee as described in the immediately preceding paragraph.

TAM manages Client accounts "side by side", meaning it manages its Private Fund Client accounts for a percentage of assets under management in addition to a 0.20 or a twenty percent (20%) share of the realized income and realized and unrealized capital appreciation of the Client assets. TAM manages its trust Client accounts solely for a percentage of assets under management.

### **Item 7 – Types of Clients**

TAM offers investment advice to trusts formed for various state regulatory purposes as required by the operating business of NorthStar, TAM's parent organization. Institutional trustees are appointed by operating subsidiaries of NorthStar to act on behalf of the trusts. All of TAM's trust Clients are regulated by the states in which they were formed.

In addition, TAM provides investment advice to private funds. The private funds are designed to provide exposure to private and/or alternative investments. In all cases, the Clients of the private fund are Trust Clients of TAM.

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

TAM's method of security analysis evaluates the fundamentals of the companies whose securities it purchases on behalf of Clients. Sources of information used by TAM include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the Securities and Exchange Commission and company press releases.

With respect to alternative investments made by its Private Fund Clients, TAM has developed due diligence processes that are tailored to the particular type of investment presented by the alternative investment opportunity (e.g. real estate, oil and gas interests or promissory notes and other credit instruments).

Investment strategies employed include long and short term purchases, short sales, purchases on margin, option writing (including covered options, uncovered options and spreading strategies), and the use of certain other derivatives.

TAM may enter into derivative transactions when consistent with established Client investment guidelines and the firm's investment strategy as selected for the Client. A derivative is a financial arrangement between two parties whose payments or values are based on the performance of some agreed upon benchmark. Common benchmarks include securities, indices, commodities, interest rates, currency exchange rates, securities spreads and other assets or economic benchmarks with varying degrees and types of associated risks.

Derivatives can be used for a variety of reasons. For example, if a portfolio consists of foreign investments that are denominated in the currency of the country of the issuer, TAM may want to reduce the risk of fluctuations in the value of such currencies. Or, TAM may want to modify the risk/return profile of a portfolio without incurring large transaction costs or disturbing the underlying investments in a portfolio. Derivatives can be used to achieve these and other goals.

There are significant risks associated with derivatives that can result in the loss of principal, or in certain cases, the loss of more than the initial investment. The primary risks associated with derivatives are (i) market risk (the risk that the market value of the investment will decline), (ii) credit risk (the risk that the counterparty to the transactions will default on its obligations), (iii) liquidity risk (the risk that the

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instrument will not be readily marketable) and (iv) valuation risk (the risk that because the instrument is thinly traded, it may have only one pricing source). Additionally, if these instruments are traded frequently, transaction costs will mount and will affect the overall return on assets of the Client. In no event will TAM invest in any derivative instrument on behalf of a Client unless such investment is consistent with established Client investment guidelines.

Please remember that investing in securities generally involves a risk of loss that Clients should be prepared to bear.

**Item 9 – Disciplinary Information**

TAM has no history of disciplinary infractions. None of its officers, directors or key personnel have a disciplinary history.

**Item 10 – Other Financial Industry Activities and Affiliations**

TAM is wholly owned by NorthStar Memorial Group, LLC, which utilizes TAM’s advisory services in its own operating business. However, through a series of higher holding companies, TAM is owned by an eventual parent entity, the managing member of which is Evergreen Investment Advisers, LLC (“Evergreen”), an SEC registered investment adviser. However, the business of Evergreen is of a completely different character than TAM’s business. There are no operational ties between the two, and Evergreen has never exercised any control over TAM’s business. Consequently, TAM’s relationship with Evergreen is not material to TAM’s advisory business and does not create a conflict of interest with or for TAM.

TAM utilizes the personnel and services of NorthStar in the performance of its business including accounting, general administration and acquisition or formation of trust Client relationships. No additional fees or expenses are charged to the Client for the parent’s services.

**Item 11 - Code of Ethics, Participation in Client Transactions, Personal Trading**

TAM has adopted a Code of Ethics expressing the firm’s commitment to ethical conduct. The Code identifies “material non-public information” about companies whose securities are traded in the public markets and forbids TAM employees and others from using it for personal gain. No person supervised by TAM may prefer his or her own interests to that of an advisory Client or make personal investment decisions based on the investment management trading activities of advisory Clients. In addition, all employees and others supervised by TAM are required to keep all information about the Clients and their investments confidential. TAM personnel are required not to accept or receive gifts from others that might influence investment decisions and must report other gifts that are valued at more than \$300.00.

Individuals employed or otherwise supervised by TAM are required to consult with the Chief Compliance Officer prior to any trade if they reasonably believe that such trade might conflict with the Personal Securities Transactions policy.

If a security is held or about to be held in a TAM portfolio for a TAM Client, the employee or supervised person is subject to a blackout period with respect to trading that security. Such period extends from a

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period commencing five business days before to 24 hours after any trading of such security in a TAM portfolio for a TAM Client. Purchases of certain securities, including shares in initial public offerings, and shares or interests in companies making a private offering, require prior approval from the Chief Compliance Officer.

No TAM representative holding a security in his or her own account or having any other interest in that company can recommend purchase or sale of that company's security for a client, unless he or she discloses such interest in the targeted investment to the Client beforehand.

To supervise compliance with the firm's Code of Ethics, TAM requires that persons with access to information about the firm's trading provide annual securities holdings reports and quarterly transactions reports to the firm's Chief Compliance Officer. The Chief Compliance Officer must also obtain initial and annual certifications in writing from each supervised person that she or he has received a copy of the TAM Code of Ethics, read and understood it and agrees to abide by it.

TAM, as a matter of policy, does not have a proprietary trading account and does not own any securities for its own account. Consequently, TAM does not sell securities to or purchase securities from Clients.

The Chief Compliance Officer is required to retain records concerning the codes of ethics that have been in place for the preceding five years, records of violations, written acknowledgment of receipt of the code annually, records of reports and other information related to the Code of Ethics.

TAM will provide a copy of the Code of Ethics to any Client or prospective Client upon request. Clients may request a complete copy of TAM's Code of Ethics by contacting the firm's Chief Compliance Officer at (832) 308-2783 or in writing at [compliance@tam-llc.com](mailto:compliance@tam-llc.com) or,

Trust Asset Management, LLC  
Attn: Chief Compliance Officer  
1900 Saint James Place Suite 300  
Houston, Texas 77056

**Item 12 - Brokerage Practices**

Under the TAM investment advisory agreement with each Client, the person or entity with authority to make decisions on behalf of the Client (i.e. the Trustee of each trust Client or the manager of the Private Fund) has the responsibility to choose which securities broker through whom TAM's investment advice and strategy is implemented.

As a part of the services it provides, TAM makes recommendations to Clients as to brokerage platforms and other service providers and products that will be the most effective for its Clients. In order to better serve its Clients, TAM has entered into a services agreement with a "prime broker" whereby TAM is able to use a proprietary online trading platform on behalf of its Clients. In addition, TAM has entered into services agreements with certain introducing or "executing" brokers including a "soft dollar services" broker. TAM's Clients often take those recommendations with respect to which broker or other service provider to use. However, both TAM and the prime broker require that the Client enter into a separate agreement with the prime broker. It is TAM's policy to seek the best execution available



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in light of the overall quality of brokerage and research services provided to it or its Clients. Best execution involves reasonably seeking the most favorable terms for a transaction under the circumstances. TAM's relationship with the prime broker enables it to rely on that broker to help fulfill its obligation to seek best execution through use of the proprietary online trading platform. TAM's soft dollar services executing broker rebates two thirds of the commission it earns to be used by TAM to purchase investment related products and services which the broker may purchase on TAM's behalf. The relationship with the soft dollar broker has been in place since October, 2014. To date, TAM has accumulated soft dollar credits and has used those credits in accordance with Section 28(e) of the Securities Exchange Act of 1934. Please see discussion of Soft Dollar Benefits below.

The actual allocation of brokerage business between and among the Prime Broker and Executing Brokers may vary from year to year. In no case will TAM make binding commitments as to the level of brokerage commissions it will allocate to a broker, nor will it commit to pay cash if an informal target is not met.

Directed Brokerage

Under its investment advisory agreement with TAM, each Client has the option of directing TAM to use a particular executing broker to effect particular trades in its account. In following the Client's direction to use a particular executing broker to execute either all or part of the brokerage transactions from their accounts, Clients must be aware that, in doing so, they may adversely affect TAM's ability to obtain volume discounts on aggregated orders or seek to achieve best execution.

When effecting aggregated orders, we attempt to include transactions of Clients who have directed the use of a particular executing broker in the bunched order. In such transactions, the previous executing broker must agree to transfer that portion of an aggregated order relating to a Client who has directed the use of a particular broker to the new executing broker specified by the Client. If the previous executing broker does not agree to make this transfer, the order for the same securities on behalf of a Client who has directed the use of a particular executing broker will be executed through the specified broker and the cost of the transaction may be greater.

In selecting executing brokers for a portfolio transaction, a Client must consider, without limitation, the overall direct net economic impact results to an account, including both price paid or received and any commissions and other costs paid, the efficiency with which the transaction is effected, the ability to effect the transactions at all where a large block is involved, the availability of the broker to stand ready to execute possibly difficult transactions in the future, responsiveness to TAM and the financial strength and stability of the broker.

Trade Aggregation and Allocation

TAM seeks to aggregate orders for the purchase or sale of the same security for Client accounts where TAM deems this to be appropriate and in the best interests of the accounts, consistent with applicable regulatory requirements. TAM has implemented an electronic and automated Order Management System to better accomplish this task. When a bunched order is filled in its entirety, each participating Client account will participate at the volume weighted average share price for the aggregated order on the same business day, and the transaction costs shall be shared pro-rata based on each Client's participation in the aggregated order. When an aggregated order is only partially filled, the securities purchased will be allocated on a pro-rata basis to each account participating in the aggregated order

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based on the initial amount requested for the account, subject to certain exceptions (such as de minimus orders) and each participating account will participate at the volume weighted average share prices for the aggregated order on the same business day. TAM performs investment advisory services for multiple Clients and may give advice and take action, with respect to any of those, which may differ from the advice given or the timing or nature of action taken with respect to any other Client. However, over a period of time and to the extent practical, TAM allocates investment opportunities to each Client and account on a fair and equitable basis relative to other similarly situated Client accounts.

Cross Transactions

TAM does not engage in agency or principal cross transactions. However, there are some circumstances where Client A needs to liquidate some of its positions in its account while Client B needs to acquire more of that same security. TAM arranges for an executing broker to execute Client A's sell transaction and Client B's buy transaction, and relies on the broker's best execution policy and procedure.

Soft Dollar Benefits

TAM utilizes Client brokerage commissions (or markups or markdowns) to obtain certain products and services that benefit both TAM and its Clients. The products include trading software in TAM's efforts to achieve best execution. The services include valuation services for its Fund Clients, which also benefits its Trust Clients as all such Clients invest in the Private Funds. TAM benefits from utilizing soft dollars to the extent TAM might otherwise pay for these products and services. As the level of market trading through brokers differs amongst its Clients, some TAM Clients may indirectly receive disproportionate levels of benefit from this program.

TAM chooses brokers which have both broad market access as well as programs to deliver the soft dollar benefits as above described.

**Item 13 - Review of Accounts**

The Chief Investment Officer is responsible for monitoring and maintaining compliance with the Client objectives and conducts reviews periodically throughout the year. Formal reviews are conducted at least annually. This includes a review of Client portfolio asset allocation, the effects or demands of external cash flows, investment strategies, securities, adherence to Client investment guidelines and benchmarks, and performance analysis.

Written account and performance information are available to Clients on a quarterly basis. More frequent reports may be provided upon request.

**Item 14 – Client Referrals and Other Compensation**

TAM does not enter into agreements with or make commitments to broker-dealers or any other persons or entities under which TAM is obligated to compensate them for Client referrals.

### **Item 15 – Custody**

TAM is related to its current Clients by virtue of common ownership. However, TAM does not have custody of Client funds, as that term is defined by SEC Rule 206(4)-2. Client funds advised by TAM are held by banks and other institutions that would qualify as “Qualified Custodians” under that same rule.

Clients will receive statements from the custodian in addition to any statements they may receive from TAM.

TAM statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

Under the terms of the discretionary investment advisory agreement it has with each Client with an individual account, TAM has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, amount of securities to be bought or sold, broker or dealer to be used (unless otherwise directed by a Client) and commission rates paid. Under these agreements, TAM's Clients, other than its Private Fund Clients, grant it full discretionary authority over securities purchases and sales. TAM's actions are subject to investment objectives and guidelines that are established by the Investment Policy Statement prescribed for each Client as well as the agreement between TAM and the trustee or manager of the Client at the time the account is opened or specific investment is effective, and, in any event subject to the Client's ability to name an executing broker.

With respect to its Private Fund Clients, TAM advises on both a discretionary and non-discretionary basis in accordance with the terms of the investment advisory agreements with such Clients.

### **Item 17 – Voting Client Securities**

#### Proxy Voting Policies and Procedures

TAM does not vote proxies for its Clients with respect to securities of companies held by its Clients. That is a responsibility retained by the trustees or managers of TAM Clients. If and when it receives any proxy, informational or voting materials, TAM forwards those promptly to the trustees of the trusts or managers of the private funds which hold the securities.

#### Class Action Lawsuits

TAM is not responsible for exercising Clients' rights to participate in the proceeds of class action lawsuits affecting securities they own or have owned. TAM will generally not notify Clients regarding class action lawsuits and will not transmit proof of claim forms to Clients except upon Client request.

**Item 18 – Financial Information**

As an adviser which has discretionary authority over client assets, TAM is required to disclose any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to Clients. At the present time, TAM knows of no such financial condition.

**Item 19 – Requirements for State Registered Advisers**

TAM is not a state registered adviser.

**Business Continuity Plan**

TAM has a Business Continuity Plan that addresses how the firm will respond to events that may disrupt its business. If the main telephone line is inactive, the emergency contact line is (844) 881-2591. If the emergency line is down, clients should please contact the custodian for all TAM clients, Pershing Adviser Solutions at its Operations Line (866) 578-6051. TAM will resume operations as quickly as possible (with the goal of resumption within twenty-four hours) depending on the severity of the business disruption. The TAM Business Continuity Plan covers data backup and recovery, mission critical systems, financial and operational assessments, alternative communications, alternate business locations, regulatory reporting and the assurance of prompt access to funds and securities for our customers. Additional details regarding the firm's Business Continuity Plan are available upon request.

**Privacy Notice to Customers**

TAM does not disclose nonpublic information about our clients or former clients except as permitted or required by law. We restrict access to nonpublic information about clients (that we may obtain from a client's account and transactions) to those employees who need to know that information to provide products or services. TAM maintains physical, electronic and procedural safeguards that comply with federal standards, where appropriate, to safeguard nonpublic information.