

# **Garrison Point Capital, LLC**

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## **FORM ADV PART 2A BROCHURE**

This Form ADV, Part 2A, ("Brochure"), provides information about the qualifications and business practices of Garrison Point Capital, LLC. If you have any questions about the contents of this Brochure, please contact us at (415) 887-1410. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Garrison Point Capital, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Garrison Point Capital, LLC is registered with the SEC under the Investment Advisers Act of 1940. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Material changes made to this brochure since the last annual update filed March 28, 2018:

Registrant's Ownership structure has changed so that it is owned 100% by Garrison Point Holdings, LP. This Limited Partnership is in turn principally owned by Garrett J. Smith and Tom S. Miner.

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## Item 4 Advisory Business

Garrison Point Capital, LLC ("Registrant", "GPC", or the "Firm") is operated by Garrett J. Smith, Principal; Tom S. Miner, Principal; and Julie T. Meissner, Chief Compliance Officer. As of July 1, 2018 Registrant is owned by Garrison Point Holdings, LP ("GPH"). GPH is principally owned by Messrs. Smith and Miner. Registrant's advisory assets under management were approximately \$1,758,438,851 million in discretionary managed assets and \$0 in non-discretionary managed assets. Registrant had approximately 36 discretionary clients and 0 non-discretionary clients. Registrant was formed and registered under the Investment Advisers Act of 1940 ("Advisers Act") in 2012.

The Registrant primarily provides investment advice regarding fixed income securities with a specialty towards non-agency residential mortgage-backed securities (RMBS). See Item 8 for more information. Registrant provides investment advice and management to individually managed accounts that is tailored to the needs of individual clients, mostly on a discretionary basis. For discretionary clients, Registrant has complete discretion over the selection and amount of securities to be bought or sold without obtaining specific client consent. Clients may impose restrictions on their investments upon request. These restrictions may include prohibitions or limits on individual securities, security types, asset classes, allocation, liquidity, credit quality and income. For non-discretionary accounts, Registrant generally does not have discretion to buy or sell securities without specific client consent.

Registrant is affiliated with the following entities:

- Garrison Point Funds, LLC
- Garrison Point Advisors, LLC

All of these entities are Registered Investment Advisers under the Advisers Act.

The Registrant and these affiliates have certain owners and/or senior managers in common, and share office space in Walnut Creek. Julie Meissner is the Chief Compliance Officer of the Registrant and the affiliates. These entities or their principals also control various investment limited partnerships and limited liability companies. All of these entities may share office space and the services of certain employees. These relationships are further discussed below.

The firm also serves as sub-advisor to a registered investment company. The firm's management of fund assets is governed by the investment objective of the fund, including certain restrictions and limitations imposed on the management of the fund's assets by its board of directors. Such strategies and/or restrictions are described in the prospectus of each investment company. GPC does not provide tailored investment advisory services to the individual investors in an investment company.

## Item 5 Fees and Compensation

Fees are negotiable and may vary, but generally will be based on an annual percentage rate of two percent (2%) of assets under management in the CMO Strategy and one and a half percent (1.5%) of assets under management in all other strategies. Fees are payable quarterly in arrears at the beginning of each calendar quarter based on the market value of the assets under management at the close of the prior quarter. Fees on additions or withdrawals are pro-rated. A client may terminate an investment advisory agreement on five (5) business days advance written notice. On termination, clients may receive a refund of advisory fees on a pro-rated basis. Fees are generally deducted from client accounts.

Registrant believes that its fees are competitive with fees charged by other investment advisers for comparable services, but comparable services may be available from other sources for lower fees than those charged by Registrant. Registrant's fees for investment advisory services are separate and distinct from fees charged by Registrant's affiliated investment advisers or limited partnerships.

Registrant's fees for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange-traded funds ("ETFs") to shareholders. Clients invested in mutual funds or ETFs will pay advisory fees to Registrant and will pay additional advisory, brokerage, custodial and administrative fees as a shareholder of the applicable mutual fund or ETF. These mutual fund or ETF fees and expenses are described in each fund's prospectus. Registrant's fees are also separate and distinct from custodial, accounting, legal and other fees incurred by clients.

Registrant will regularly review the commission rates paid by its advisory clients to determine that they are competitive with commissions paid by clients of investment advisors that provide services similar to Registrant's. Nevertheless, Registrant's clients may be able to obtain more favorable brokerage commission rates elsewhere particularly when one considers the advisory fees being paid to Registrant.

Fees for sub-advisory services rendered to a registered investment company will be agreed upon by the fund's board of directors. The firm entered into an advisory agreement in principle with a fund adviser, subject to the Fund's Board of Directors' approval, in the second quarter of 2015. The sub-advisory fees to be paid by the fund's adviser to GPC for the services provided and the expenses borne pursuant to the agreement, the adviser will pay to the sub-advisor as full compensation therefore a fee equal to 50% of the net advisory fees paid by each Fund to the Adviser. Net advisory fees are defined as management fees less fee waivers due to the expense caps and any revenue sharing, administration, account-based and asset-based fees or sub-transfer agency fees not paid by the Fund. This fee for each month will be paid to the sub-advisor during the succeeding month. The fees and compensation paid to GPC by an Investment Company are described in such Investment Company's Prospectus. A copy of each Investment Company's Prospectus is available through the SEC's website at [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html). The fees and compensation paid to GPC will be paid by the Investment Company in accordance with GPC's advisory agreement. An Investment Company investor will indirectly bear its *pro rata* share of the fees, expenses or charges described in the Investment Company's Prospectus. Such fees, expenses and charges include, but are not limited to, fees incurred for legal, audit and custodial services provided to the Investment Company and transactions effected for the Investment Company such as brokerage and execution charges, markups and commissions. Please see the discussion below in "Item 12. Brokerage Practices" for a description of brokerage and execution charges. GPC will not receive sales commissions in connection with sales of interest in an Investment Company.

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

Registrant and certain of its affiliates charge performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client). Performance based fees are typically charged to private funds (hedge Funds). Such performance based fees are fully disclosed in the respective offering documents or investment management agreement. The Registrant and its affiliated investment advisers, serves as a general partner and investment adviser for affiliated private funds. The Registrant's principals and employees have invested in one or more of these affiliated, private funds. These arrangements result in a conflict of interest because Registrant and its employees may have an incentive to favor accounts for which its affiliates receive a performance fee. Registrant and its employees may also have an incentive to recommend that advisory clients invest in other affiliated entities to obtain additional advisory fees. See Item 10 for additional information.

Registrant has taken numerous actions to address these potential conflicts of interest. Registrant is committed to meeting its fiduciary duty to its clients under the Advisers Act, which includes the duty to act in its clients' best interest at all times and to disclose material conflicts of interest. Registrant has adopted and implemented a Code of Ethics and Compliance Program that includes specific provisions regarding Registrant's and employees' fiduciary duties with respect to potential conflicts of interest resulting from investments managed by Registrant's affiliated investment advisers and limited partnerships. These policies and procedures include, among other things, provisions that: (1) require that investments in affiliated entities must be in the best interests of advisory clients; (2) require that investment opportunities must be fairly and equitably allocated between Registrant and its affiliates; and (3) prohibit employees from profiting at the expense of Registrant's advisory clients. Registrant has also appointed Julie Meissner as the Chief Compliance Officer. As Chief Compliance Officer, Ms. Meissner is responsible for ensuring that Registrant and its employees meet their fiduciary obligations under the Advisers Act and Registrant's Code of Ethics and Compliance Program on an ongoing basis.

### Performance Fee

**Fees** For Manager's services, Client will pay Manager a performance fee equal to 20% of Trading Profit (as defined below). The performance fee will generally be determined as of each calendar quarter-end based on the Trading Profit received during such calendar quarter and shall be paid in accordance with Section 10.3 below. "Trading Profit" shall mean the amount by which, at the time of determination, (i) the sum of principal and interest payments received during the life of all investments in the Account and all proceeds of disposition of investments exceeds (ii) the sum of Client's Capital Contribution, as set forth on Appendix A, and any expenses paid by the Account in accordance with Section 10.2. Any amounts reinvested by Manager shall be excluded for purposes of clause (i) above in calculating Trading Profit.

Each addition of capital Client makes to the Account will be treated as if Client had opened a new account, and the performance fee will be calculated separately for that account. Each such account will be reflected in Appendix A hereto.

Following termination of this Agreement pursuant to Section 13, Client will pay Manager a performance fee with respect to all investments held in the Account as of the Termination Date in the amount equal to (i) if the Agreement is terminated by Client, 20% of Trading Profit received after the Termination Date, or (ii) if the Agreement is terminated by Manager, 10% of Trading Profit received after the Termination Date. Following termination of this Agreement, Client shall determine the amount of the performance fee owed to Manager as of each quarter-end and shall pay such amount to Manager within twenty (20) days after the last day of the calendar quarter in which the performance fee was earned. Client will furnish Manager with quarterly reports of the performance of all investments held in the Account as of the Termination Date, including a performance and transaction review, and profit, loss, dividend and interest information, and with such other reports concerning the investment status of the investments held in the Account as of the Termination Date as Manager may reasonably request, including, but not limited to, copies of brokerage and custodial statements.

**Expenses** The Account shall be responsible for all expenses relating to trading the assets of the Account, including, but not limited to, brokerage commissions, bank service fees, and debit balances. All custody costs of the Account will be paid by Client.

**Manner of Payment** Following the end of each calendar quarter, Manager shall bill Client for any amount owing to Manager from Client under this Agreement and Client shall pay amounts owed to Manager within twenty (20) days of Client's receipt of such bill.

**Withdrawals** Client may withdraw or transfer any assets from the Account at any time. If Client withdraws or transfers any assets other than cash from the Account, Manager shall have the right to treat such withdrawal or transfer as a termination of this Agreement by Client with the consequences set forth in Section 10.1 above.

Clients who reside in the United States and who are charged performance fees or allocations are required to be qualified clients as defined under the Advisers Act.

The nature of the performance fee, however, creates a potential conflict of interest between the Firm, its associated persons, and clients in that it may create an incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Such fees will be structured and charged in a manner consistent with the requirements of applicable law, including the Advisers Act and ERISA. To the extent the Firm values any such securities or instruments it has a conflict of interest as the Firm will receive higher management fees and performance fees if it gives such securities and instruments a higher valuation. The Firm may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account, depending on the specific time periods and the nature of any preferred returns. Where any part of the Firm's compensation is based in part on the unrealized appreciation of securities or instruments for which market quotations are not readily available, the Firm shall disclose how such securities or instruments will be valued and the extent to which the valuation will be determined independently.

In addition, in the event that the Firm manages an account from which it collects Performance Fees and also manages at the same time an account from which it does *not* collect Performance Fees, the Firm has an incentive to favor accounts for which it receives the performance fee because it will receive a greater profit from the accounts which are charged performance fees. Therefore, the Firm has an incentive to allocate investments that are expected to be more profitable to accounts from which it collects performance fees, on the one hand, and that are riskier on the other hand, since in both scenarios, the Firm may receive greater fees if the investment generates a positive return. Notwithstanding the foregoing, The Firm does not favor accounts that pay Performance Fees. The Firm does not represent that the amount of the performance fees or the manner of calculating the performance fees is consistent with other performance related fees charged by other investment advisers under the same or similar circumstances. The performance fees charged by the Firm may be higher or lower than the performance fees charged by other investment advisers for the same or similar services.

## **Item 7 Types of Clients**

Registrant's clients include individuals, high net worth individuals, trusts, businesses, pension plans/profit sharing plans, and charitable organizations, investment companies, insurance companies, and other institutional. Registrant generally requires a minimum investment of \$1,000,000, although Registrant may accept a lesser amount in its discretion. The firm also offers sub-advisory services to registered investment companies.

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

**Investing in securities involves risk of loss that clients should be prepared to bear.**

Registrant provides its clients with individualized investment advice tailored to the investment objectives and financial situation of each client. Registrant's methods of analysis include fundamental analysis, charting and technical analysis. Registrant offers advice on the following types of securities: (1) Equities (exchange listed, over-the-counter and foreign issues); (2) Warrants; (3) Corporate Debt securities; (4) Municipal securities; (5) Interest Rate securities (United States Government securities

and Certificates of Deposit, Interest Rate Swaps , and Eurodollars); (6) ETFs and Mutual Funds; (7) Asset-Backed securities; (8) Residential Mortgage Backed securities; (9) Commercial Mortgage Backed securities; (10) Corporate bonds; and (11) Convertible bonds. These investments bear the risk of loss at any time due to unforeseen market, economic, interest rate, liquidity or other risks.

When appropriate to the needs of the client, Registrant may recommend the use of trading (securities sold within 30 days), margin transactions, short sales and/ or option writing as investment strategies. Because these investment strategies may involve increased risk of loss, they are only recommended when consistent with the client's stated tolerance for risk.

**Below Investment Grade Bond Risk:** Below investment grade bonds, otherwise known as high yield bonds ("junk bonds"), generally have a greater risk of principal loss than investment grade bonds. Below investment grade bonds are often considered speculative and involve significantly higher credit risk and liquidity risk. The value of these bonds may fluctuate more than the value of higher-rated debt obligations, and may decline significantly in periods of general economic difficulty or periods of rising interest rates.

**Call Risk:** Call risk is the risk that a bond issuer will redeem its callable bonds before they mature. Call risk is greater during periods of falling interest rates because the bond issuer can call the debt and reissue the debt at a lower rate. This action may reduce the Client's income because it may have to reinvest the proceeds at lower interest rates.

**Credit Risk:** Credit risk is the risk that the issuer of the debt obligation will be unable to make interest or principal payments on time. A decrease in an issuer's credit rating may cause a decline in the value of the debt obligations held.

**Interest Rate Risk:** The value of debt obligations will typically fluctuate with interest rate changes. These fluctuations can be greater for debt obligations with longer maturities. When interest rates rise, debt obligations will generally decline in value and you could lose money as a result. Periods of declining or low interest rates may negatively impact the Client's yield.

**Liquidity Risk:** Liquidity risk is the risk that holdings which are considered to be illiquid may be difficult to value. Illiquid holdings also may be difficult to sell, both at the time or price desired.

**Mortgage-Backed Securities and Asset-Backed Securities Risk:** The value of the mortgage-backed and other asset backed securities (commercial and residential) may fluctuate significantly in response to changes in interest rates. In periods of falling interest rates, underlying mortgages and other loans may be paid early, lowering the potential total return, and, during periods of rising interest rates, the rate at which the underlying mortgages are pre-paid may slow unexpectedly, causing the maturity of the mortgage-backed securities to increase and their value to decline.

**Prepayment Risk:**

The issuer of certain securities may repay principal in advance, especially when yields fall. Changes in the rate at which prepayments occur can affect the return on investment of these securities. When debt obligations are prepaid or when securities are called, GPC may have to reinvest in securities with a lower yield. GPC also may fail to recover additional amounts (i.e., premiums) paid for securities with higher coupons, resulting in an unexpected capital loss.



## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

### Arrangements with Affiliated Entities

We are affiliated with Garrison Point Funds, LLC and Garrison Point Advisors, LLC through common control and ownership.

Garrison Point Funds, LLC primarily provides advisory services to private funds. We may recommend that you use the services of GPF or invest in a private fund managed by GPF if appropriate and suitable for your needs. Our advisory services are separate and distinct from the fees paid to our affiliate for their services. The fees charged by the private fund are separate and apart from our advisory fees. You should refer to the private placement memorandum and other offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in a private fund. Persons affiliated with our firm may have made an investment in a recommended private fund and may have an incentive to recommend the fund over other investments. When we recommend an affiliated private fund we will either offset our fee or not take a fee when the affiliate is obtaining a fee for the same assets.

Garrison Point Advisors, LLC primarily provides advisory services, including Portfolio Management, Financial Consulting and Wealth Planning Services, to individuals (including high net worth individuals), foundations, and charitable organizations.

We may recommend that you use the services of Garrison Point Funds, LLC or Garrison Point Advisors, LLC if appropriate and suitable for your needs. Our advisory services are separate and distinct from the fees paid to our affiliate for their services.

Referral arrangements with an affiliated entity present a conflict of interest for us because we have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

- **Garrett J. Smith**

Mr. Smith is a Principal and Portfolio Manager of Registrant. He is also a Principal and Portfolio Manager of Garrison Point Funds, LLC and Garrison Point Advisors, LLC, each a Registered Investment Advisor. Mr. Smith devotes the majority of his time to Registrant, Garrison Point Funds, LLC, and Garrison Point Advisors, LLC. The specific time for each will depend on circumstances, including the development of each business.

- **Tom S. Miner**

Mr. Miner is a Principal and Portfolio Manager of Registrant. He is also a Principal and Portfolio Manager of Garrison Point Funds, LLC and Garrison Point Advisors, LLC, each a Registered Investment Advisor. Mr. Miner devotes the majority of his time to Registrant, Garrison Point Funds, LLC and Garrison Point Advisors, LLC. The specific time for each will depend on circumstances, including the development of each business.

- **Brian H. Loo**

Mr. Loo is a Portfolio Manager of Registrant. He is also a Portfolio Manager of Garrison Point Funds, LLC and a Principal of Garrison Point Advisors, LLC, each a Registered Investment Advisor. Mr. Loo devotes the majority of his time to Registrant, Garrison Point Funds, LLC and Garrison Point Advisors, LLC. The specific time for each will depend on circumstances, including the development of each business.

- **Jonathan Q. Tran**

Mr. Tran is an Analyst of Registrant. He is also a Registered Investment Advisor Representative with Garrison Point Funds, LLC and Garrison Point Advisors, LLC, each a Registered Investment Advisor. Mr. Tran devotes the majority of his time to Registrant, Garrison Point Funds, LLC and Garrison Point Advisors, LLC. The specific time for each will depend on circumstances, including the development of each business.

- **Andy Li**

Mr. Li is Chief Financial Officer ("CFO") of Registrant. He is also the CFO of Garrison Point Funds, LLC and Garrison Point Advisors, LLC, each a Registered Investment Advisor. Mr. Li devotes the majority of his time to Registrant, Garrison Point Funds, LLC and Garrison Point Advisors, LLC. The specific time for each will depend on circumstances, including the development of each business.

- **Julie T. Meissner**

Ms. Meissner is the Chief Compliance Officer ("CCO") of Registrant. She is also the CCO of Garrison Point Funds, LLC and Garrison Point Advisors, LLC, each a Registered Investment Advisor. Ms. Meissner devotes the majority of her time to Registrant, Garrison Point Funds, LLC and Garrison Point Advisors, LLC. The specific time for each will depend on circumstances, including the development of each business.

### **Affiliated Investment Limited Partnerships**

The registrant has affiliated registered investment advisers and general partners, noted below, the registrant has a profits interest in the investment partnerships they manage and also receive a management fee.

Registrant is affiliated with Garrison Point Funds, LLC a Registered Investment Adviser. Garrison Point Funds, LLC is the general partner of:

- GP Mortgage Opportunity Fund I, LP
- GP Mortgage Opportunity Fund, II, LP
- GP Mortgage Opportunity Fund, III LP, and
- Garrison Point Opportunities Fund I LP.

Clients may be solicited to invest in investment partnerships managed by Registrant's affiliates, noted above. These investment partnerships are composed of partners who, in the main, qualify as accredited investors under the Securities Act of 1933, and may also include a limited number of unaccredited investors. The partnerships seek growth of capital through investment in a variety of financial instruments/strategies including, but not limited to, emerging growth companies, restructuring companies, short sales; options and risk arbitrage. The partnerships may invest in opportunistic

situations based on considerable fundamental research, which is conducted to determine the expected values, risks, and timing associated with each anticipated strategy. These entities may also borrow funds to make investments, which may result in increased risk of investment losses.

### **Shared Office Space and Employees**

Registrant and its various affiliated entities share common offices in Walnut Creek. Julie Meissner is the Chief Compliance Officer of these same entities. Employees of these entities also provide services to affiliated entities on an ongoing basis.

### **Addressing Potential Conflicts of Interest**

Registrant recognizes that its relationships with affiliated persons and entities, as described above, results in potential conflicts of interest between the interests of advisory clients and the interests of Registrant and its affiliated entities and persons. Registrant has taken numerous actions to address these potential conflicts of interest. Registrant is committed to meeting its fiduciary duty to its clients under the Advisers Act, which includes the duty to act in its clients' best interest at all times and to disclose material conflicts of interest. For more information regarding the private funds noted above please see the respective offering documents.

Registrant has adopted and implemented a Code of Ethics and Compliance Program that includes policies and procedures regarding Registrant's fiduciary duty with respect to potential conflicts of interest resulting from investments and accounts managed by Registrant's affiliated investment advisers and limited partnerships. These policies and procedures require, among other things, that Registrant: (1) manage portfolios in accordance with client investment guidelines and objectives; (2) invest client funds in affiliated entities only when such investments are in the clients' best interest; (3) disclose all fees charged by Registrant and its affiliates; (4) allocate investment opportunities among affiliated entities in a fair and equitable way; and (5) prohibit employees from wrongfully profiting the expense of advisory clients. Registrant has also appointed Julie Meissner as the Chief Compliance Officer. As Chief Compliance Officer, Ms. Meissner is responsible for ensuring that Registrant and its employees meet their fiduciary obligations under the Advisers Act and Registrant's Code of Ethics and Compliance Program on an ongoing basis.

## **Item 11 Code of Ethics**

Registrant has adopted a Code of Ethics for all supervised persons of the firm, which includes all employees of Registrant and its affiliates, describing its high standard of business conduct and fiduciary duty to its clients. The purpose of this Code of Ethics is to require Registrant and its employees to act in the best interests of its clients at all times and to address potential conflicts of interest between Registrant and its employees and advisory clients. Registrant's clients or prospective clients may request a copy of the Code of Ethics by contacting Julie Meissner, Chief Compliance Officer, at (415) 887-1408.

Registrant's Code of Ethics is based on the principle that all employees and certain other persons have a fiduciary duty to place the interest of clients ahead of their own interest and the interests of Registrant and its affiliates. The Code of Ethics applies to all "Access Persons" (i.e. employees and certain other persons with access to confidential information regarding client investments). Access Persons must avoid activities, interests and relationships that might interfere with making decisions in the best interest of advisory clients. As fiduciaries, all Access Persons must, at all times: (1) place the interests of advisory clients first; (2) avoid taking inappropriate advantage of their position (For example, access persons may not use their knowledge of portfolio transactions to profit by the market effect of such transactions); and (3) conduct and report all personal securities transactions in full

compliance with the Code of Ethics on an ongoing basis. These reporting requirements ensure that Access Persons do not place their personal interests ahead of clients' interests when making their personal securities transactions.

The Code of Ethics also permits Registrant and its employees to personally invest in securities of the same class that are purchased for clients and to own securities of a class that are subsequently purchased for clients. If securities of a particular class are purchased or sold for clients and Registrant or its employees on the same day, then the client will either pay or receive a more favorable price, or receive the same price as Registrant, affiliates and employees. Registrant and/or its employees may also buy or sell a specific security for its/their own account which they do not deem appropriate to buy or sell for clients.

Access Employees who violate the Code of Ethics are subject to sanctions, which may include dismissal from employment and the reporting of misconduct to legal authorities.

## **Item 12 Brokerage Practices**

Registrant generally has discretion over the selection of the brokers to be used and the commission rates to be paid in the absence of specific instructions from a client. Brokerage and clearing services are generally provided by RBC Capital Markets, LLC. Other brokers may also provide brokerage clearing services on a limited basis.

In selecting a broker for any transaction or series of transactions, Registrant will attempt to obtain, in its good faith judgment, the best qualitative execution. In this regard, Registrant may consider a number of factors, including, for example, net price, reputation, financial strength and stability, efficiency or execution and error resolution, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, offering to Registrant on-line access to computerized data regarding clients' accounts, the availability of stocks to borrow for short trades and other matters involved in the receipt of brokerage services generally.

While GPC does not participate in any formal soft dollar arrangements, GPC may receive services other than execution from broker dealers who act as the custodian for client accounts. These services, as described below, are provided as a benefit to working with the brokerage firm and GPC does not use client brokerage commissions to obtain these services. The firm may receive, without cost to the firm, online access to client accounts, which may include account analysis tools and research and other products and services. These services allow the firm to better monitor client accounts maintained at the custodial firm. Additionally, the firm may also receive duplicate client confirmations, bundled duplicate statements, and access to a trading desk that exclusively services advisory firms who place client transactions through these brokerage firms.

Registrant may, in its discretion, aggregate the trades of advisory clients with the trades of clients of its affiliated advisers and limited partnerships when it is in the best interests of its clients. Clients who participate in aggregated trades will receive the same prices and an equitable allocation of shares.

A client may direct Registrant to utilize a particular broker-dealer to execute some or all transactions for the client's account. In such circumstances, the client is responsible for negotiating the terms and arrangements for the account with that broker-dealer. Registrant will not seek better execution services or prices from other broker-dealers and will not be able to aggregate the client's transactions with other broker-dealers with orders for other accounts advised or managed by Registrant. As a result, Registrant may not obtain best execution on behalf of the client, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case.

The firm may aggregate orders of more than one client if it is determined that aggregation is in the best interests of the clients. Trade aggregation is usually sought to obtain lower commissions and costs or a better transaction price. The firm does not aggregate securities transactions for client accounts unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the investment objectives and guidelines for the client accounts participating in the trade.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client on a pro rata basis, based upon the ratio of the amount of particular issue of securities allocated to the account to the overall amount of that issue purchased. It is the firm's policy that trades are not allocated in any manner that favors one group of similarly-situated clients over another.

When the market for certain securities is thinly traded it may not be possible to aggregate orders for all clients. Under such situations the Registrant will use a different allocation method that the Registrant believes to be fair. One such method is a rotational process whereby the Registrant may allocate a trade to one or more clients and then allocate the next trade opportunity to clients that did not participate in the earlier allocation.

A client may direct Registrant to utilize a particular broker-dealer to execute some or all transactions for the client's account. In such circumstances, the client is responsible for negotiating the terms and arrangements for the account with that broker-dealer. Registrant will not seek better execution services or prices from other broker-dealers and will not be able to aggregate the client's transactions with other broker-dealers with orders for other accounts advised or managed by Registrant. As a result, Registrant may not obtain best execution on behalf of the client, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case.

### **Item 13 Review of Accounts**

Client portfolios are reconciled daily and reviewed on at least a quarterly basis. More frequent reviews may be conducted in response to changes in market or economic conditions or changes in a client's investment objectives or financial condition. Securities held in client accounts are reviewed on a daily basis. Reviews are generally conducted by Mr. Smith and Mr. Miner. Registrant provides clients with at least quarterly reports regarding portfolio holdings, trades, fees and performance.

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

Registrant may pay compensation for client referrals. In the event Registrant pays compensation for client referrals, the details of these arrangements will be disclosed to the clients or prospective clients in writing, in writing in accordance with Rule 206(4)-3 and other applicable requirements under the Advisers Act.

Registrant's affiliated investment advisers and limited partnerships may pay a portion of their management fee and performance-based fees to persons who refer such clients or investors. All such compensation for client referrals shall be disclosed in the private funds offering documents.

Registrant addresses potential conflicts of interest arising from these client referral arrangements by complying with Rule 206(4)-3 and other applicable requirements of the Advisers Act.

## **Item 15 Custody**

Registrant does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker dealer, bank, or trust company. Registrant is unable to take even temporary possession of client assets for the purpose of transferring them to the client's account. RBC Capital Markets, LLC, Schwab, and Wells Fargo Clearing Services, LLC act as independent qualified custodians and executing broker-dealers for over 95% of Registrant's clients. Other custodians hold the remaining client assets. Each qualified custodian sends monthly or quarterly brokerage or custodial statements directly to the client (and/or to an independent third party representative designated by the client), showing all funds and securities held, their current value, and all transactions executed in the client's account, including the payment to Registrant of its investment management fees. These statements should be carefully reviewed by clients. Registrant encourages its clients to carefully compare quarterly reports provided by Registrant to custodial and brokerage statements issued by each qualified custodian. Each investment company has made arrangements with qualified custodians as disclosed in the relevant Prospectus.

## **Item 16 Investment Discretion**

Registrant generally provides discretionary advisory services to its clients in accordance with investment guidelines and restrictions determined in consultation with clients. Discretionary services means that Registrant will purchase and sell securities without prior client permission in accordance with a limited power of attorney. The limited power of attorney generally prohibits Registrant from withdrawing funds from the clients' custodial and brokerage accounts. For non-discretionary services, Registrant generally obtains specific client consent prior to the purchase or sale of a security.

## **Item 17 Voting Client Securities**

Registrant generally does not have proxy voting rights for any of its wealth management clients. Registrant instructs each client's custodian to deliver all proxy voting materials directly to the client. Clients who wish to discuss their proxy votes with Registrant may call Julie Meissner, Chief Compliance Officer, at (415) 887-1408. However, the Registrant as a sub-adviser does vote proxies for registered investment company clients pursuant to SEC Rule 206(4)-6 as follows:

GPC will generally not vote proxies in the following situations:

- Proxies are received for equity securities where, at the time of receipt, GPC's position, across all clients that it advises, is less than, or equal to, 1% of the total outstanding voting equity (an "immaterial position").
- Proxies are received for equity securities where, at the time of receipt, GPC's Clients and Investors no longer hold that position.

### **Management Proposals**

Absent good reason to the contrary, GPC will generally give substantial weight to management recommendations regarding voting. This is based on the view that management is usually in the best position to know which corporate actions are in the best interests of common shareholders as a whole.

GPC will generally vote for routine matters proposed by issuer management, such as setting a time or place for an annual meeting, changing the name or fiscal year of the company, or voting for directors in favor of the management proposed slate. Other routine matters in which GPC will generally vote along with company management include: appointment of auditors, fees paid to board members, and change in the board structure. As long as the proposal does not: i) measurably change the structure,

management, control or operations of the company; ii) measurably change the terms of, or fees or expenses associated with, an investment in the company; and the proposal is consistent with customary industry standards and practices, as well as the laws of the state of incorporation applicable to the company, GPC will generally vote along with management.

### **Non-Routine Matters**

Non-routine matters might include such things as:

- Amendments to management incentive plans
- The authorization of additional common or preferred stock
- Initiation or termination of barriers to takeover or acquisition
- Mergers or acquisitions
- Corporate reorganizations
- Term limits for board members
- "Contested" director slates

In non-routine matters, GPC will attempt to be generally familiar with the questions at issue. Non-routine matters will be voted on a case-by-case basis, given the complexity of many of these issues.

GPC will also maintain a record of each written request from a Client for proxy voting information and GPC's written response to any request from a Client for proxy voting information. These records shall be maintained in compliance with Rule 204-2.

### **Actual and Apparent Conflicts of Interest**

Potential conflicts of interest between GPC and its clients may arise when GPC's relationships with an issuer or with a related third party actually conflict, or appear to conflict, with the best interests of the GPC's clients.

If the issue is specifically addressed in these policies and procedures, GPC will vote in accordance with these policies. In a situation where the issue is not specifically addressed in these Policies and Procedures and an apparent or actual conflict exists, GPC shall either: i) delegate the voting decision to an independent third party; ii) inform clients of the conflict of interest and obtain advance consent of a majority of such clients for a particular voting decision; or iii) obtain approval of a voting decision from GPC's CCO, who will be responsible for documenting the rationale for the decision made and voted.

In all such cases, GPC will make disclosures to clients of all material conflicts and will keep documentation supporting its voting decisions.

### **Registered Investment Companies**

The proxy voting guidelines for an Investment Company can be found in its statement of additional information.

## **Item 18 Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures regarding any financial conditions that may impair their ability to meet contractual commitments to clients. Registrant has no financial conditions that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.