

BLACK PEAK CAPITAL, LLC FIRM BROCHURE (ADV PART 2A)

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This brochure provides information about the qualifications and business practices of Black Peak Capital, LLC. If you have any question about the contents of this brochure, please contact us at (203) 912-1657. 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.

Black Peak Capital, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Black Peak Capital, LLC is available on the SEC's website www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Black Peak Capital, LLC's CRD number is 284701.

2. MATERIAL CHANGES

Our last annual update to this firm brochure was on February 27, 2018. Since that date the following material changes have occurred:

1. Effective May 25, 2018, the firm's office moved locations from 345 Fiarview Avenue, Fairfield, CT 06824 to its new location 34 Sport Hill Road, Easton, CT 06612.

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4. ADVISORY BUSINESS

A. OWNERSHIP/ADVISORY HISTORY

Black Peak Capital, LLC (“The Advisor”) was founded in 2016 by Stephen Aniston and Peter Kihara. Stephen Aniston is the Advisor’s managing member and investment advisor representative. Additional information about Stephen Aniston can be found under Item 19 and his supplemental brochure.

B. ADVISORY SERVICES OFFERED

The Advisor offers portfolio management services through four model portfolios, as described below.

Elite VIX (EV)

This is a discretionary long/short volatility strategy. The strategy will invest in long VIX futures contracts or long VIX futures ETFs during high and rising volatility periods and in short VIX futures ETFs or short VIX futures contracts during low and declining volatility periods. The strategy may have partial allocations to VIX futures contracts. Normal allocation lots are around 25% of the portfolio size. The strategy may on occasion contain both long and short VIX futures positions at the same time for hedging. The strategy may have long stretches where it is fully or partially in cash if conditions don’t favor either long or short VIX futures exposure due to high volatility drag. This is a purely discretionary strategy and as such human judgement is as big of a risk as the inherent risks of the VIX futures market or the VIX calculation itself. While the strategy will be guided by algorithmic signals the ultimate decision making will be discretionary. This strategy is expected to have positive returns every year regardless of whether the S&P 500 has a positive or a negative year. This is a high risk strategy and is for qualified investors only.

Smart Short VIX (SSV)

This strategy utilizes algorithms that use volatility indicators to enter and exit into Short VIX Futures ETFs like SVXY or VMIN or enter and exit directly into short VIX futures positions. This strategy is designed to take advantage of decline in VIX futures prices during low or declining volatility periods in the S&P 500 index. Hedging will be used for limited amounts of time during periods of rising volatility. The strategy will stay in cash or other liquid alternatives during periods of high volatility. The strategy is either 100% invested in short VIX futures positions via ETFs or directly or not at all. Majority of the time the strategy will be unhedged. The term structure formation of the Volatility Curve will be the primary algorithmic driver of trade entry and exit points. This is a high risk strategy and is for qualified investors only.

Conservative Short VIX (CSV)

This is a strategy that seeks to improve on the S&P500 index by enhancing return and reducing volatility. This strategy exposes a portfolio to a smaller amount of equity risk via a short VIX futures strategy thus lowering the maximum drawdown and lowering the market correlation. But the allocation to short VIX futures contracts is still large enough to produce benchmark beating returns. This strategy invests in 33% Smart Short VIX (SSV) and 67% Aggregate Bond ETF

(AGG) with annual rebalancing of the bond exposure. This strategy is suitable for growth investors who are willing to undertake some risk.

Customized Portfolios

The Advisor allows investors to customize the above model portfolios to suit their individual investment objectives.

Sub-Advisory Services

The Advisor acts as a money manager or sub-advisor for unaffiliated third party investment advisers. Under this arrangement, an unaffiliated investment adviser will act as a client's Primary Advisor. Pursuant to the Sub-Advisor Agreement, the Primary Advisor will engage the Advisor to manage on behalf of the Primary Advisor specific accounts identified by the Primary Advisor and accepted by the Advisor (each a Sub-Advisory Account) according to the Program to be specified by Primary Advisor for each such Sub-Advisory Account.

C. TAILORED SERVICES

Clients may impose restrictions on investing in certain securities or types of securities.

D. WRAP PROGRAM

The Advisor does not sponsor a wrap program. This section is not applicable.

E. CLIENT ASSETS MANAGED

As of December 31, 2017, we did not manage any client assets.

5. FEES AND COMPENSATION

Depending on the portfolio, the Advisor charges either an annual management fee based on a percentage of the assets under management in the account or an annual management fee based on a percentage of the assets under management and a performance fee. The management fees are as follows:

Smart Short VIX

Annual management fee is 1.00% of assets under management plus a 10% performance based fee.

Conservative Short VIX

Annual management fee is 1.00% of assets under management plus a 10% performance based fee.

Elite VIX

Annual management fee is 1.00% of assets under management plus a 10% performance based fee.

Customized Portfolios

Fees for customized portfolios are negotiable.

The fees are calculated and collected monthly based in arrears. The fees are based on the account custodian reported value as of the final business day of each month. The fees are negotiable.

The performance based fees are only offered to high net-worth or “qualified clients” as defined by Section 275.205-3 of the Investment Advisers Act of 1940. Please see below for the definition of “qualified client.”

In determining the return on client accounts, the Advisor considers the “high water mark,” the highest value of the assets during the year previous to the end of the current billing period (as adjusted for deposits and withdrawals of capital). In the event that the account fails to achieve any net capital appreciation relative to the high water mark as defined above during the performance fee period, no performance fee is due to the Advisor for that month of management.

Performance Based Management Fee Example: Client A is a qualified client who contracts Advisor for management of his or her portfolio. Client A has a \$1,000,000 portfolio with an annual management fee of \$10,000 annually (1.00%). The annual management fee is calculated on a monthly basis. The performance fee charged to Client A would be assessed at the end of each year and calculated after the annual management fee has been factored into Client A’s return (i.e., deducted from the client’s return). The performance fee is payable only if and to the extent that the net capital appreciation of Client A’s account exceeds any net capital depreciation accumulated in prior years (as adjusted for withdrawals of capital). For example, Client A’s \$1,000,000 account achieves a 10% return for a full year of management, which equates to a \$100,000 return. Also suppose that there was a 2% carry forward loss from the previous year. Additionally, Client A has been charged an annual management fee of \$10,000 for the year. The Advisor’s performance fee would be calculated as follows: the entire gain of \$100,000 less a carry forward loss of \$20,000 (i.e., the 2% carry forward loss mentioned earlier) equals \$80,000 less the annual management fee of \$10,000 equals \$70,000 multiplied by 10% equals a performance fee due to the Advisor of \$7,000. This would be in addition to the annual management fee.

Performance based fee arrangements may create an incentive for the Advisor to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. These fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Advisor has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

FEE BILLING

Investment management fees are billed monthly, in *arrears*, meaning that the Advisor collects its fee *after* the billing period has *ended*. Fees are generally deducted from a designated client account

to facilitate billing. The client must consent in advance to direct debiting of his or her investment account as authorized in the Investment Management Agreement.

OTHER FEES

The Advisor's fees are separate and distinct from other fees or expenses, including brokerage charges, transaction fees, and other related costs and expenses. Additionally, clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by fund managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, as disclosed in a fund's prospectus, which are separate and distinct from the Advisor's fee.

TERMINATION OF SERVICES

If the client has not received the Advisor's ADV Part 2A at least 48 hours prior to signing the investment management agreement, the client may terminate the Agreement for any reason within the first five (5) business days after signing and receive a 100% refund of any prepaid fees without any cost or penalty. Thereafter, the investment management agreement may be terminated by either party by giving 10 days' written notice to the other party. The Advisor will prorate its fees for the amount of time services were rendered during the termination month.

DEFINITION OF QUALIFIED CLIENT

An investment adviser can charge performance based fees if those fees are only offered to "qualified clients". The definition of "qualified clients" can be found in SEC 275.205-3.

"Qualified Client" under SEC 275.205-3 means:

- (i) A natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;
- (ii) A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
 - (A) Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,100,000, at the time the contract is entered into; or
 - (B) Is a qualified purchaser as defined in section 2(a)(51)(AA) of the Investment Company Act of 1940 (15U.S.C. 80a-2(51)(A)) at the time the contract is entered into; or
- (iii) A natural person who immediately prior to entering into the contract is:
 - (A) An executive officer, director, trustee, general partner or person serving in similar capacity, of the investment adviser; or
 - (B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection

with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

The Advisor offers performance based fees to qualified clients. This is described above in Items 4.B and 5. Performance based fee arrangements may create an incentive for the Advisor to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. These fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Advisor has policies and procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. These policies and procedures include:

-) All accounts are managed according to the strategy agreed to with each client.
-) The Advisor performs a periodic review of each client's account. In this review, performance account trades are reviewed and compared with non-performance account trades to ensure that favoritism was not exercised.
-) The Advisor has trade allocation policies and procedures designed to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

7. TYPES OF CLIENTS

The Advisor's services are offered to individuals, high net worth individuals, and institutions. The Advisor requires a minimum account size for each portfolio of \$100,000. However, for the Advisor's sub-advisory arrangements, it requires a minimum account size of \$2,000,000.

8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The Advisor may use a combination of proprietary indicators that are based on quantitative and qualitative analysis.

Quantitative analysis is a business or financial analysis technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement and research. By assigning a numerical value to variables, quantitative analysts try to replicate reality mathematically.

Quantitative analysis can be done for a number of reasons such as measurement, performance evaluation or valuation of a financial instrument. It can also be used to predict real world events such as changes in a share price. In broad terms, quantitative analysis is simply a way of measuring things. Examples of quantitative analysis include everything from simple financial ratios such as earnings per share, to something as complicated as discounted cash flow, or option pricing. Although quantitative analysis is a powerful tool for evaluating investments, it rarely tells a complete story without the help of its opposite - qualitative analysis.

Qualitative analysis uses subjective judgment based on unquantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. Qualitative analysis deals with intangible, inexact concerns that belong to the social and experiential realm rather than mathematical one. This approach depends on the kind of intelligence that machines (currently) lack, since things like positive associations with a brand, management trustworthiness, customer satisfaction, competitive advantage and cultural shifts are difficult, arguably impossible, to capture with numerical inputs. Although qualitative analysis is a powerful tool for evaluating investments, it rarely tells a complete story without the help of its opposite - quantitative analysis.

B. RECOMMENDED SECURITIES AND INVESTMENT RISKS

The Advisor uses exchange traded funds in its portfolios. Some of the risks associated with using exchange traded funds are the following:

Market Risk. Since the ETF invests most or a substantial portion of its assets in stocks, it is subject to stock market risk. Market risk involves the possibility that the value of the ETF's investments in stocks will decline due to drops in the stock market. In general, the value of the ETF will move in the same direction as the overall stock market in which the ETF invests, which will vary from day to day in response to the activities of individual companies, as well as general market, regulatory, political and economic conditions.

Trading Risk. Although ETFs will be listed on the Exchange, there can be no assurance that an active or liquid trading market for them will develop or be maintained. In addition, trading in the ETF on the Exchange may be halted due to market conditions or for reasons that, in the view of the Exchange, make trading in the ETF inadvisable. Further, trading in the ETF on the Exchange is subject to trading halts caused by extraordinary market volatility under the Exchange "circuit breaker" rules. There can be no assurance that the requirements of the Exchange necessary to maintain the listing of the ETF will continue to be met or will remain unchanged.

Value Stock Risk. Value stocks are subject to the risk that their intrinsic value may never be realized by the market or that their prices may go down. While the ETF's investments in value stocks may limit its downside risk over time, the ETF may produce more modest gains than riskier stock funds as a trade-off for this potentially lower risk.

All investment programs have certain risks that are borne by the client and **investing in securities involves risk of loss that clients should be prepared to bear.** The Advisor's strategy attempts to balance risk with reward by cutting losses short and allowing gains to run. A client needs to ask

questions about risks that he or she does not understand; the Advisor would be pleased to discuss them.

9. DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to a client's evaluation of the adviser or the integrity of its management. The Advisor and its owners have no information applicable to this Item because they have never been the subject of any administrative, civil, criminal, regulatory (SEC or State) or self-regulatory proceedings.

10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. BROKER-DEALER AFFILIATIONS

The Advisor and its owners are not affiliated with a broker-dealer.

B. FUTURES/COMMODITIES FIRM AFFILIATION

The Advisor and its owners are not affiliated with a futures or commodities broker.

C. OTHER INDUSTRY AFFILIATIONS

The Advisor's owner, Stephen Aniston, owns Black Peak Ventures, which operates www.vixcontango.com. The website provides research analytics, reports and algorithmic trade alerts to individuals interested in trading volatility-related exchanged traded products. The website tracks and publishes the performance of model portfolios based on these proprietary algorithmic trade alerts. While the model portfolios published on the Black Peak Ventures website are similar to the model portfolios offered to advisory clients of Black Peak Capital, investment returns may differ significantly due to a variety of factors, including timing of investments, portfolio customization, advisor discretion and other factors. Past performance is no guarantee of future results.

D. SELECTION OF THIRD PARTY INVESTMENT ADVISERS

The Advisor does not recommend the services of third party investment advisors.

11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTION AND PERSONAL TRADING

A. DESCRIPTION

The Advisor's Code of Ethics establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. The Advisor will provide a copy of its Code of Ethics to any client or prospective client upon request.

The Advisor's Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition of insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the Advisor must acknowledge the terms of the Code of Ethics annually or as amended.

B. MATERIAL INTEREST IN SECURITIES

The Advisor and its owners do not have a material interest in any securities.

C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES

The Advisor's owner, Stephen Aniston, may buy or sell for his own account the same securities at or about the same that he recommends them to or purchases them for client accounts. This causes a conflict of interest because Stephen Aniston can trade ahead of client trades. The Advisor mitigates the conflict of interest in two ways. First, the Advisor's Code of Ethics requires employees to: 1) report personal securities transactions on at least a quarterly basis, and 2) provide the Advisor with a detailed summary of certain holdings (both initially upon commencement of employment and quarterly thereafter) in which Stephen Aniston has a direct or indirect beneficial interest. The reports are reviewed to ensure Stephen Aniston does not trade ahead of client accounts. Additionally, the Advisor requires client transactions be placed ahead of Stephen Aniston's personal trades, or Stephen Aniston can place personal trades as part of Advisor's block trades (Please see Item 12.B for details on Advisor's block trading practices). The records of all associates' personal and client trading activities are reviewed and made available to regulators to review on the premises.

12. BROKERAGE PRACTICES

A. RECOMMENDATION CRITERIA

When the Advisor recommends custodians, it will seek broker-dealers who offer competitive commission costs together with reliable services. The Advisor recognizes its fiduciary responsibility in negotiating brokerage commissions, assuring best execution practices and assuring adequate investment availability and inventory on behalf of its clients. The Advisor does

not receive compensation for the execution of trades. In some instances, a client will incur a ticket charge for the sale and purchase of securities.

i. RESEARCH AND SOFT DOLLARS

“Soft dollars” are defined as a form of payment that investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. The Advisor does not receive any soft dollars.

ii. BROKERAGE FOR CLIENT REFERRALS

The Advisor does not receive client referrals or any other incentive from any broker-dealer or custodian.

iii. DIRECTED BROKERAGE

Some clients may direct the Advisor to use a specific broker-dealer to execute securities transactions for their accounts. When so directed, the Advisor may not be able to effectively achieve best execution on clients’ transactions.

B. TRADE AGGREGATION

The Advisor may aggregate transactions to improve the quality of execution. When transactions are aggregated, the Advisor will average the actual prices applicable to the aggregated transactions, and it will deem each client’s account to have purchased or sold a proportionate share of the securities involved at the average price obtained. The Advisor may not aggregate all transactions for a variety of reasons, such as the size of the trades, the number of client accounts trading, the timing of the trades, the liquidity of the securities or the discretionary nature of the trades. If the Advisor does not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

13. REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

The Advisor’s owner, Stephen Aniston, performs a daily review of the portfolios.

B. OTHER REVIEWS

Reviews may also be triggered by events within clients' lives, as well as pertinent news events, changes in federal and state regulatory or tax regimes, and overall economic events.

C. REPORTS

Clients receive at least quarterly statements from their custodian. The Advisor urges clients to carefully review these statements.

14. CLIENT REFERRALS AND OTHER COMPENSATION

A. OTHER COMPENSATION

The Advisor does not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients.

B. CLIENT REFERRALS

When acting as a sub-advisor, the Advisor will pay a portion of its management fee to the third party investment adviser. The compensation to be paid in connection with these agreements is subject to negotiation between the Advisor and the third party investment adviser. A referral agreement between any referring party and the Advisor does not result in any additional charges to the client other than the normal level of advisory fees charged. However, these situations may create a financial incentive to recommend one advisory service over another or over other investment advisers and broker/dealer programs, products and services. The third party investment advisers recommending the Advisor's programs receive compensation as a result of the client's participation in the program.

15. CUSTODY

All client funds, securities and accounts are held at third-party custodians. The Advisor does not take possession of a client's securities. However, the client will be asked to authorize the Advisor with the ability to deduct fees directly from the client's account. This authorization will be to deduct the Advisor's management fee only. A client may terminate the fee withdrawal authorization by notifying the Advisor. The Advisor will send an invoice to the client each month detailing the fee amount, the balance on which the fee calculation was based, how the fees were calculated and the time period the fee covered. Additionally, the client's custodian will send a monthly statement indicating the fee amount withdrawn from the client's Account. The Advisor urges clients to carefully review these statements.

16. INVESTMENT DISCRETION

The Advisor offers discretionary investment management services. In order to grant the Advisor discretionary power over the account the client must sign the investment management agreement. The Advisor's investment management agreement contains a limited power of attorney that allows it to select the securities to be bought and sold and the amount of securities to be bought and sold in the client's account. It also allows the Advisor to place each such trade without the client's prior approval. Also, the client's custodian may request the client to sign the custodian's limited power of attorney. This varies with each custodian. The Advisor will discuss all limited powers of attorney prior to their execution. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account, and any other investment policies, limitation or restrictions.

17. VOTING CLIENT SECURITIES

The Advisor will not be responsible for responding to proxies that are solicited with respect to securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact the Advisor.

18. FINANCIAL INFORMATION

A. BALANCE SHEET

The Advisor does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, it does not need to provide a balance sheet.

B. FINANCIAL CONDITION

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about their financial condition. The Advisor has no financial commitment that impairs its ability to service its clients.

C. BANKRUPTCY

The Advisor, its owners and its investment advisor representatives have not been the subject of a bankruptcy proceeding.

19. REQUIREMENTS FOR STATE REGISTERED ADVISERS

Advisor's owner is Steven Aniston. His biographical information is given on the attached Brochure Supplement document. Under Other Industry Affiliations (Item 10) above, Mr. Aniston discloses he operates a website that provides research analytics, reports and algorithmic trade alerts to individuals interested in trading volatility-related exchanged traded products.

Advisor is required to disclose additional information if charging performance-based fees, has any relationship or arrangement with an issuer of securities, or was ever found liable in an arbitration, civil, self-regulatory organization or administrative proceeding. As none of these apply to Advisor, its management persons and investment advisor representatives have no information to disclose regarding these matters.