

**Part 2A of Form ADV**  
**Firm Brochure**  
**Pacific Rim Capital Management, LLC**

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This brochure provides information about the qualifications and business practices of Pacific Rim Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (949) 379-2372. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Pacific Rim Capital Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for of Pacific Rim Capital Management, LLC is 288857.

## **Item 2 Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

We review and update our Form ADV Part 2A Brochure at least annually to make sure that it accurately describes Pacific Rim Capital Management, LLC ("PacRim") and the business we conduct.

This brochure is presented for the first time, thus there are no prior versions of this brochure to provide updates on material changes.

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## **Item 4 Advisory Business**

### **A. Description of Your Advisory Firm**

Pacific Rim Capital Management, LLC ("PacRim") is a licensed investment advisor based in Irvine, California. We are organized as a limited liability company ("LLC") under the laws of the State of Delaware. PacRim was previously exempt from registration based on the family office exclusion set forth in Rule 202(a) (11) (G)-1. We became registered with the SEC in September 2018 in order to provide advisory services to individuals and other clients. We are owned by Ethan Kay and Andrew Pham.

### **Description of Advisory Services Offered**

We provide alternative asset management services to accredited high net worth individuals due to our expertise relating to our alternative investment strategies. We also offer portfolio management services through separately managed accounts.

A client or potential client may invest through a private fund sponsored by us. Private funds sponsored by PacRim include: Pacific Rim Structured Alpha Onshore, L.P. ("PRSA-ON"); Pacific Rim Structured Alpha Offshore, LLC (PRSA-OFF") and Pacific Rim Structured Alpha Master Fund, LLC ("PRSA-MF"), which are private funds formed for investment purposes. PacRim serves as the general partner of PRSA-ON; as the managing member for PRSA-OFF; and as the investment manager for PRSA-ON, PRSA-OFF and PRSA-MF. PRSA-ON is the managing member of PRSA-MF. PacRim offers discretionary portfolio management services to our clients and prospective clients. Discretionary portfolio management means clients have authorized us to make investment decisions and place buy or sell orders in their account without specifically discussing those decisions with them beforehand. These decisions are made based upon their stated investment objectives and risk tolerance. We do not offer non-discretionary portfolio management services. Non-discretionary portfolio management means clients require us to contact them to obtain their authorization to effect investment transactions we recommend.

Our investment advice is tailored to meet our clients' needs. If you decide to explore our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us create a portfolio and implement an asset allocation strategy that will be specific to your goals. Our firm mainly uses equity derivatives in our portfolio management programs.

We will monitor your portfolio's performance on an ongoing basis, and rebalance the portfolio whenever we believe it is necessary, such as based on changes in market conditions, changes in your financial circumstances, etc.

As outlined above, discretionary portfolio management means the ongoing supervision and management of the portfolio will be our responsibility. This allows our firm to decide on specific securities (and the quantity of those securities) to buy or sell for your account without obtaining your approval for each specific transaction. You may grant us discretionary authority using either the investment advisory agreement you sign with our firm, a limited power of attorney agreement, trading authorization forms, or similar legal documents. You may impose certain limitations or restrictions on the exercise of our discretionary authority, such as the types of securities to invest in. However, we reserve the right not to enter into a contract with a prospective client, or to terminate an agreement with an existing client, if the proposed limitation or restriction is likely in our opinion to impair our ability to provide services to a client or we otherwise believe to be administratively or practically infeasible.

## B. Client-Tailored Services and Client-Imposed Restrictions

PacRim's asset management services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. PacRim will analyze each client's investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement an investment strategy consistent with such investment objectives, goals, risk tolerance, and related financial circumstances.

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account - for example, restricting the type or amount of security to be purchased in the portfolio.

## C. Wrap Fee Program

PacRim is not a manager to, or sponsor of, a wrap fee program.

## D. Client Asset Under Management

PacRim was previously exempt from registration based on the family office exclusion set forth in Rule 202(a) (11) (G)-1, but, nevertheless, managed \$97,000,000 in client assets on a discretionary basis. The firm did not manage any assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1 Private Fund Client Fee Schedule

If you engage PacRim for portfolio management services through a private fund (i.e., an unregistered pooled investment vehicle), we will charge a quarterly fee, to be paid in advance, based upon a percentage of the market value of the assets being managed ("Management Fee"). As part of our portfolio management service, PacRim may recommend investments in private funds that we manage for our client accounts. We will receive compensation from the private funds where we act as the manager and therefore, a conflict of interest exists as we receive compensation from the private fund and the fees that we charge to manage it. We will only make such investments where we believe it is consistent with our fiduciary duty and your investment objectives. The fees that you pay to our firm for portfolio management services are separate and distinct from the fees and expenses charged by private funds. Our fee for portfolio management services to clients investing through a private fund is set forth in the following fee schedule.

#### Fee Schedule For Private Fund Clients

Share Class	Capital Commitment (USD \$)	Management Fee (% Per Annum)	Incentive Fee (% Per Annum)
Founders Class	\$1,000,000 to \$100,000,000	1.5% (0.375% (Quarterly)	0%
A Class	\$1,000,000 to \$50,000,000	1.0% (0.375% Quarterly)	0%
	Accounts over \$50,000,000	Negotiable	Negotiable

**Founder Class:** Currently only available to certain employees of the general partner, friends, and family members of the principals of the general partner.

**A Class:** All other investors.

**Incentive Fee:** An incentive fee is a fee charged by a fund manager based on the net capital appreciation of an investor's interests (subject to a high-water mark and subject to adjustments for withdrawals).

**Management fee:** is a periodic payment that is paid by an investment fund to the fund's investment adviser for investment and portfolio management services. The fee covers investment advisory services and administrative services and is calculated as a percentage of assets under management.

Additional information regarding the fund's fees are outlined in the fund's Governing Documents.

### **Advisory Services Offered to Private Funds (Hedge Funds)**

Specific information regarding our advisory fees as it relates to private funds can be found in the applicable Private Placement Memorandum or offering documents. All fees and expenses assessed to the private funds are fully disclosed to investors in the respective hedge fund's Private Placement Memorandum or offering documents and in Investor Subscription Agreement.

The Hedge Fund's minimum subscription amount is \$1,000,000 (these minimums are negotiable and can be waived at the investment manager's discretion).

Investment advice we provide to private funds is under a separate agreement. We may recommend investments in the hedge funds we manage for our client accounts. Therefore, as a client of our firm, you are advised that we will receive compensation from private funds where we act as the adviser and that a conflict of interest exists when investing your assets in the hedge funds we advise. We will only make such investments where we believe it is consistent with our fiduciary duty and your investment objectives. We will earn fees from the private funds for investments made in the private funds we advise and may earn separate fees from you for asset allocation, monitoring and other services. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by private funds. For tax-qualified accounts with assets invested in the hedge fund, the advisory fee on such assets will be offset by the amount of the management fee paid to us by the hedge fund.

### **A.2 Separately Managed Account Client Fee Schedule**

We charge similar fees for clients who engage our portfolio management services through separately managed accounts. The difference in fees is an additional 0.5% annual fee on top of the base Management Fee, the aggregate to be paid quarterly and in advance, charged for private fund clients. The higher Management Fee is to cover the increased operational support required to manage the client's specific account.

#### **Fee Schedule For Separately Managed Account Clients**

<b>Account Size (USD \$)</b>	<b>Management Fee (% Per Annum)</b>	<b>Incentive Fee (% Per Annum)</b>
\$1,000,000 to \$50,000,000	Base Private Fund Fee + 0.5%	0%
Accounts over \$50,000,000	Negotiable	Negotiable

The fee schedules above display the typical fees charged, however, at our sole discretion, we may negotiate and reduce certain fees. As such, the exact fee you will pay may be different from those reflected above. The fees you will pay will be clearly stated in the advisory agreement that you sign with our firm. PacRim will deduct fees from your account on a quarterly basis.

**Incentive Fee:** An incentive fee is a fee charged by a fund manager based on the net capital appreciation of an investor's interests (subject to a high-water mark and subject to adjustments for withdrawals).

**Management fee:** is a periodic payment that is paid by an investment fund to the fund's investment adviser for investment and portfolio management services. The fee covers investment advisory services and administrative services and is calculated as a percentage of assets under management.

Additional information regarding the fund's fees are outlined in the fund's Governing Documents.

## **B. Client Payment of Fees**

As noted above, Management Fees are paid in advance and are deducted from your account. Unless an alternative fee payment method is agreed upon by the client and the firm, PacRim will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

## **C. Additional Client Fees Charged**

Clients and potential clients should note that our portfolio management fees do not include legal fees, audit fees, tax preparation fees, custodial fees, or any other related costs and expense which you may pay in connection with our advisory services. We do not receive any portion of those fees. Clients will incur brokerage and other transaction costs. Please see Item 12 - Brokerage Practices for further information on brokerage and transaction costs.

## **D. Prepayment of Client Fees**

For PacRim clients that prepay their advisory fees, PacRim's fees will be disbursed to PacRim by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be withdrawn by a Limited Partner as of the last day of the calendar quarter ending on or after the first anniversary of the Capital Contribution or by PacRim with 30 days' prior written notice to the client. If the agreement terminates other than at the end of a calendar month or quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

## **E. Compensation for the Sale of Securities or Other Investment Products**

PacRim does not accept compensation for the sale of securities or other investment products.

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

PacRim provides investment management services to multiple clients and is paid performance-based compensation by the private funds. As noted above, an annual performance-based fee, the Incentive Fee, will also be charged on the basis of a share of the gains or appreciation of the assets after all other fees are deducted. Typically, the Incentive Fee is charged, when applicable, in addition to the Management Fee. Further details regarding these fees are described and set forth in the Fund's offering materials and/or operating agreements.

This arrangement of a performance-based fee presents a potential conflict whereby PacRim may be incentivized to make investment decisions that could produce greater capital gains but also expose the assets to a greater risk of capital loss. Another potential conflict is that PacRim may have an incentive to favor accounts for which it receives a performance-based fee. We seek to mitigate potential conflicts of interest which may arise from managing accounts that bear a performance fee by monitoring and diligently enforcing our policies and procedures, complying with our investment advisory agreements policy and Rule 205-3 requirement under the Investment Advisers Act of 1940.

## **Item 7 Types of Clients**

PacRim generally provides discretionary private investment management services to individuals, including high-net-worth individuals, families, trusts, estates, foundations, pension and profit sharing plans, institutional retirement (both ERISA and non-ERISA) plans, private funds, corporations, and other business entities

In general, we require a minimum of \$1,000,000 to open an advisory account. There is no minimum account size requirement to maintain an account. We reserve the right in our sole discretion to waive account minimums. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

We offer investment advisory services to pooled investment vehicles (other than investment companies). The minimum investment amount is outlined in the fund's Governing Documents. The General Partner of each fund may in its sole discretion permit investments below the minimum amounts set forth in the organizational documents of the fund.

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

### **A. Method of Analysis and Investment Strategies**

Investing in securities involves risk of loss that clients should be prepared to bear. Additionally, the investment tactics and techniques PacRim uses within a given strategy will vary over time depending on various factors. PacRim may give advice and take action for clients which differs from advice given or the timing or nature of action taken for other clients with different objectives. PacRim is not obligated to initiate transactions for clients in any security which its principals, affiliates or employees may purchase or sell for their own accounts or for other clients.

The following are different methods of analysis that we may use when providing you with investment advice:



Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

*Risk:* The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance

Technical Analysis - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

*Risk:* The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

*Risk:* The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends

Charting Analysis - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

*Risk:* Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy

Modern Portfolio Theory - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

*Risk:* Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

*Risk:* If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

**Quantitative Analysis** - Quantitative analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall. While statistical inferences can be made through quantitative analysis, clients should note that past performance is not indicative of future results.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

*Risk:* Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

*Risk:* Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.

We will not perform quantitative or qualitative analysis of individual securities. Instead, we will advise you on how to allocate your assets among various classes of securities or third party money managers. We primarily rely on investment model portfolios and strategies developed by the third party money managers and their portfolio managers. We may replace/recommend replacing a third party money manager if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **B. Investment Strategy**

PacRim investment strategy includes: i) the selling and buying of option derivatives for different strikes and maturities to receive equity-risk and volatility-risk premium, and ii) the use of fixed income or money market funds to generate fixed income return. The strategy provides one product with three unique sources of potential return. PacRim at its discretion may use leverage and may use a conservative investment approach to mitigate risk.

One such technique that we employ generally involves the use of option derivatives. Using option derivatives typically result in more frequent trading and increased brokerage and transaction costs and taxes. This strategy may involve the writing of options. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price on or before the expiration date of the option. When an investor sells a call option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. When an investor sells a put option, he or she must pay the strike price per share if the buyer exercises the option, and will receive the specified number of shares. The option writer/seller receives a premium (the market price of the option at a particular time) in exchange for writing the option. Options are complex investments and can be risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

A put option gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy, upon exercise of the option, the underlying security at the exercise price. The amount of a premium received or paid for an option is based upon certain factors, including the market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period, and interest rates.

A short put option strategy is highly speculative and has the theoretical potential for significant loss. The seller (writer) of the put option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain above the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security decrease below the contract strike price, the option writer can either purchase the put option at a loss, or through a process of exercise and assignment be forced to buy the underlying security at the current strike price. If this occurs, the option writer will be purchasing the underlying security at a price that is potentially well above the then current market value, exposing the investor to potential loss.

**Leverage:** Clients should carefully consider the risks of using leverage. When using leverage as a strategy, the fund may purchase securities on margin. A margin account is borrowed money from a broker that is used to invest in securities. Using leverage can potentially cause the investor to lose more money than the original investment.

### **C. Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for all investors so you should carefully consider whether the strategies employed will be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

All investments come with the risk of losing money. Certain investment strategies involve substantial risks, including the risk of a complete loss of principal. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in securities industry regulations, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

Liquidity Risk: The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

Credit Risk: Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

Inflation and Interest Rate Risk: Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

Horizon and Longevity Risk: The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

## **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a



significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match the Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

Real Estate: Real estate is increasingly being used as part of a long-term core strategy due to increased market efficiency and increasing concerns about the future long-term variability of stock and bond returns. In fact, real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. However, the asset class still bears a considerable amount of market risk. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and thus real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.

Limited Partnerships: A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst-case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.

## **Item 9 Disciplinary Information**

### **A. Criminal or Civil Actions**

PacRim has no reportable items to disclose for this item.

## **B. Administrative Enforcement Proceedings**

PacRim has no reportable items to disclose for this item.

## **C. Self-Regulatory Organization Enforcement Proceedings**

PacRim has no reportable items to disclose for this item.

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

## **A. Broker-Dealer or Representative Registration**

Neither PacRim, nor any of its management persons, are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

## **B. Futures or Commodity Registration**

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

## **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

PacRim is affiliated with and controls Pacific Rim Structured Alpha Onshore, L.P. ("PRSA-ON") as its general partner. PacRim also is affiliated with and controls Pacific Rim Structured Alpha Offshore, LLC ("PRSA-OFF") as the majority holder of PRSA-OFF's voting shares. PRSA-ON and PRSA-OFF investments through a master fund known as Pacific Rim Structured Alpha Master Fund, LLC ("PRSA-MF") whereby PRSA-ON is the managing member of PRSA-MF. PRSA-ON, PRSA-OFF and PRSA-MF are private funds engaging PacRim for portfolio management services. A client desiring to subscribe to these private funds must adhere to the funds' investment objectives and terms which has the potential to be in conflict with the client's own goals from time to time. Clients in these private funds have the option to exit out of the funds. Alternatively, clients may engage PacRim's portfolio management services through a separately managed account rather than through the private funds.

We are affiliated through common control and ownership with the following entities.

- 1) Red Rock Realty Investments, LLC
- 2) Seaboard Investments, LLC
- 3) 3E Capital, LLC
- 4) Alders, LLC

These business entities were formed as investment holding companies for tax purposes. Mr. Kay's and Mr. Pham's duties do not create a conflict of interest to their provision of advisory services through Pacific Rim Capital Management.

As stated in Item 14 below, we do not engage in referral arrangements. Our advisory services are separate and distinct from the compensation paid to our affiliates for their services. Some affiliated firms may be otherwise regulated by the professional organizations to which they belong and must comply with the rules of those organizations.

## **D. Recommendation or Selection of Other Investment Advisers and Conflicts of Interest**

PacRim does not recommend other investment advisers in which it receives any form of compensation from the investment advisers.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics Description**

PacRim has adopted a Code of Ethics (the "Code") to address investment advisory conduct. We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

A client may make a request for a copy of the Code to Andrew Pham, Chief Compliance Officer, at [andrew.pham@pacrim.com](mailto:andrew.pham@pacrim.com).

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

PacRim does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, PacRim does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

At times PacRim and/or its Associated Persons may purchase or sell the same securities purchased or sold for client accounts. In accordance with our fiduciary responsibilities to our clients, we will not permit transactions that would be in conflict with the interests of clients. Front running (effecting transactions for the accounts of PacRim or its Associated Persons ahead of transactions for client accounts) is prohibited. Similarly, PacRim and its Associated Persons are prohibited from effecting transactions for their accounts which are adverse to transactions for client accounts (for example, buying an investment while selling the same investment from a client's account and vice versa). Should a transaction for the account of PacRim or one of its Associated Persons present an apparent conflict, we will ensure that no client is disadvantaged as a result of it.

### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

PacRim and/or its Associated Persons may effect securities transactions for their own accounts that differ from those recommended or effected for other PacRim clients. PacRim will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its and/or its Associated Persons' accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of PacRim to place clients' interests above those of PacRim and/or its Associated Persons.



## **Item 12 Brokerage Practices**

### **A. Factors Used to Select Broker-Dealers for Client Transactions**

PacRim maintains the brokerage and custodial services of multiple brokers and custodians as the broker-dealer for client transactions. In all cases, the recommended Custodian is a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

In selecting a broker-dealer, we conduct a review of the full range and quality of a potential broker-dealer's services, including execution quality, commission rates, its financial strength and its responsiveness to our requests. We believe that the recommended Custodian(s) provide quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the Custodian, including the value of the Custodian's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

#### **A.1. Soft Dollar Arrangements**

"Soft dollars" is a term used to describe a variety of benefits provided to an investment adviser by a broker-dealer through which the investment adviser executed investment transactions for clients. For example, a soft dollar arrangement would exist when the broker-dealer uses some of the commissions it earns from transactions directed by the investment adviser to pay for independent research provided to the investment adviser. PacRim is not engaged in any soft dollar arrangements.

#### **A.2. Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### **A.3. Directed Brokerage**

We do not permit clients to direct the execution of investment transactions (referred to as "directed brokerage") to any broker-dealer other than Fidelity and NFS.

### **B. Trade Aggregation**

While investment advice is provided to each individual client for his/her accounts, transactions for client accounts may be executed in a block along with transactions for other clients. No advisory account within a block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. We believe that the aggregation of transactions can reduce the costs of execution but PacRim will not aggregate a client's order if in a particular instance PacRim believes that aggregation would cause the client's cost of execution to be increased.

## **Item 13 Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts and Advisory Persons Involved**

PacRim monitors the individual investments within its client accounts each day the market is open. Overall portfolio performance is reviewed, at a minimum, on a monthly basis. Portfolio reviews will be performed by the Chief Compliance Officer, Andrew Pham.

### **B. Review of Client Accounts on a Non-Periodic Basis**

PacRim may perform ad hoc reviews on an as needed basis if there have been material changes in a client's investment objective or risk tolerance, or a material change in how PacRim formulates investment advice.

### **C. Content of Client Provided Reports and Frequency**

Clients will receive written performance statements on at least a monthly basis. These reports include changes in market values, and current and historical performance statistics. Private fund clients will receive their statements directly from PacRim's fund administrator, SS&C Fund Services, LLC ("SS&C"). Separately managed account clients will receive their statements from PacRim.

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

### **A. Economic Benefit Provided to Advisory Firm from External Sources and Conflicts of Interest**

PacRim does not receive economic benefits from third-parties in exchange for providing investment advice or other advisory services to our clients.

### **B. Advisory Firm Payments for Client Referrals**

PacRim does not make payment for client referrals.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly.

We are not affiliated with the custodian. The custodian does not supervise our firm, its agents or activities.

Clients will receive at least quarterly account statements directly from the custodian containing a description of all activity, cash balances, and portfolio holdings in the client's account. We encourage each client who receives account statements from the broker-dealer, bank or other qualified custodian to carefully review those statements. Separately managed account clients will receive account

statements from us and should compare the statements with those they receive from the qualified custodian. If you have any questions on the information the custodian or PacRim provides, please contact us at [info@pacrim.com](mailto:info@pacrim.com).

We will serve as the investment adviser to private fund(s), a pooled investment vehicle(s) organized as limited partnership(s). The Fund is offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom the Fund is offered will receive a private placement memorandum and other offering documents. The fees charged by the Fund are separate and apart from our management fees. Investors in the Fund should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Fund. Persons affiliated with our firm may have made an investment in the Fund and may have an incentive to recommend the Fund over other investments.

In our capacity as investment adviser to the Fund, we will have access to the Fund's funds and securities, and therefore have custody over such funds and securities. We provide each investor in the Fund with audited annual financial statements. If you are a Fund investor and have questions regarding the financial statements or if you did not receive a copy, contact us directly at the telephone number on the cover page of this brochure.

#### **Use of Client Log-in Credentials**

Our firm or persons associated with our firm may be in possession of client log-on information to the client's investment accounts. In general, where our account access gives us the ability to control client funds and securities, we are deemed to have custody. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer or other independent, qualified custodian.

### **Item 16 Investment Discretion**

As stated in Item 4 - Advisory Business, PacRim may accept discretionary authority to manage securities accounts on behalf of clients. Clients may grant us discretionary authority using either the investment advisory agreement they sign with our firm, a limited power of attorney agreement, trading authorization forms, or similar legal documents. We will not assume this authority until such legal document have been effected. Clients may impose certain limitations or restrictions on the exercise of our discretionary authority. However, we reserve the right not to enter into a contract with a prospective client, or to terminate an agreement with an existing client, if the proposed limitation or restriction is likely in our opinion to impair our ability to provide services to a client or we otherwise believe to be administratively or practically infeasible.

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

PacRim does not have authority to vote proxies on your behalf. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder. Generally, clients will receive proxy materials or other solicitation directly from the custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Item 18 Financial Information**

### **A. Balance Sheet**

PacRim does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

PacRim has no financial issues that impairs its ability to meet contractual commitments to its clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There are no bankruptcy petitions to report.

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

This section is not applicable as PacRim is a federally registered investment adviser.