

Structural Management LLC
("Structural")

Form ADV, Part 2A
("Brochure")

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This brochure provides information about the qualifications and business practices of Structural Management LLC. If you have any questions about the contents of this brochure, please contact us at 650.206.9265 or info@structuralinvest.com. 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 Structural Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Structural may refer to itself as a "registered investment adviser" or "RIA". You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

None

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- **an offer or agreement to provide advisory services to any person**
- **a complete discussion of the features, risks or conflicts associated with Structural's advisory services**
- **to be relied on in determining whether to establish an advisory relationship**

As required by the Investment Advisers Act of 1940, as amended ("Advisers Act"), Structural provides this Brochure to current and prospective clients. Additionally, this Brochure is available through the Securities and Exchange Commission's ("SEC's") Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services of Structural, persons who receive this Brochure (whether or not from Structural) should be aware that it is designed solely to provide information about Structural as necessary to respond to certain disclosure obligations under the Advisers Act.

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ITEM 4: ADVISORY BUSINESS

A. Structural Management LLC

Structural Management LLC, a Delaware Limited Liability Company, was formed in September of 2010 and is headquartered in Woodside, California. Structural is principally owned by its Managing Member, Joel Hornstein.

B. Advisory Services

Structural provides investment advice and management to high net worth individuals and families, including associated trusts, charitable giving vehicles, and other associated entities. Broadly, our work comprises three areas of focus:

Alpha evaluation: Evaluating potential opportunities to achieve pre-tax return in excess of what an investment's non-diversifiable risk would seem to require. We believe that many such purported opportunities do not, in fact, provide expected return net of expenses in excess of what their true risk would warrant. But we enjoy working with our clients to identify exceptions.

Tax planning: We advise our clients on asset location, trust and estate planning, charitable giving, and other tax planning strategies. When evaluating potential investments, we consider how taxes impact their after-tax return and how tax treatment may differ across each client's investment entities.

Risk management: We work with our clients to identify and quantify the risks to which they are exposed across their full "economic portfolio", which we define to encompass not only their investment portfolio but also earnings and other cash inflows. Where possible, we work to reduce each client's exposure to risks for which they are not properly compensated through higher expected return (e.g., unintended exposure to a given sector or geography); we do so cognizant of the tax and transaction costs associated with such rebalancing. When an investment provides higher expected return than its non-diversifiable risk would require, but also entails investment-specific risk, we work with our clients to evaluate how to size the investment appropriately.

C. Tailored Advice and Client-Imposed Restrictions

We tailor our advice to each client. Specifically, our advice is tailored to each client's tax posture (including the tax attributes of associated vehicles and entities), objectives, and risk tolerance. Additionally, where a client informs us that they wish not to invest in certain types of companies, or in certain types of investments, we tailor their portfolio accordingly.

D. Wrap Fee Disclosure

Not applicable.

E. Assets Under Management

As of June 26, 2019, Structural had approximately \$10.2 million in assets under advisement, which consists of regulatory assets under management and non-discretionary assets advised on a

periodic sub-advisory basis. A predecessor entity to Structural, also led by Mr. Hornstein, managed substantially more; we are now registering with the SEC as we expect to shortly return to work with certain clients Mr. Hornstein previously served, whose assets collectively exceed \$100 million.

ITEM 5: FEES AND COMPENSATION

A. Compensation

We have no fixed fee schedule. We work with each client to agree upon a fee that we and they agree fairly reflects the effort required and the value created.

B. Billing

We bill clients for fees incurred. Predecessor entities deducted fees from client assets; though we do not currently do this for any client, we are glad to do this if a given client prefers.

C. Other Expenses

In addition to the fees described above, clients bear other costs associated with investments or accounts. These include investment management fees (including “carried interest” and similar incentive compensation), as well as an array of other expenses. Such other expenses include but are not limited to:

(1) custodial charges, brokerage fees, commissions and related costs; (2) borrowing costs including interest expenses; (3) taxes, duties and other governmental charges; (4) transfer and registration fees or similar expenses; (5) costs associated with foreign exchange transactions; (6) other portfolio expenses; (7) costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts; (8) fees related to legal, audit and administration services; and (9) extraordinary expenses, if any.

D. Advance Billing

We do not currently charge any client a management fee payable in advance. Should we enter into a fee agreement pursuant to which fees are paid in advance, which is then terminated prior to the end of the period, fees paid in advance will be refunded only if agreed to by the parties.

E. Sales-based Compensation

Not applicable.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Not applicable.

ITEM 7: TYPES OF CLIENTS

Structural provides investment advice and management to high net worth individuals and families, including associated trusts, charitable giving vehicles, and other associated entities.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

When evaluating purported opportunities for investment “alpha” (i.e., pre-tax return in excess of risk), our analysis is both quantitative and qualitative. Our quantitative analysis considers the past performance of the manager or strategy, as well as the past performance of similar managers or strategies in aggregate, as well as the risk characteristics of the proposed investment. Our qualitative analysis considers the economic logic of why a given manager or strategy might or might not outperform prospectively.

All investments involve risk of loss. Though we seek to guide our clients to investments whose risk appears warranted by their expected return, our ex ante analysis may be wrong and circumstances may change.

B. Material Risks Associated with Investment Strategies

Investing involves risk of loss. While Structural seeks to ensure that risks are appropriate to the return potential of any given strategy, it is not possible to fully mitigate risks. Structural does not offer any products or services that guarantee rates of return on investments for any period. All clients assume the risk that investment returns may be negative or below the rates of return of other investment advisers or products. Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

Structural advises its clients on potential investments across an array of strategies. Accordingly, this brochure cannot fully describe all risks to which investments we may prospectively evaluate may expose our clients. The following discussion, though not a complete list, details some of the risks to which Structural’s clients may be exposed:

Concentration of Investments. Risk rises with exposure to any given investment, issuer, industry, or sector. While we generally advise clients to spread capital among a number of investments, at times a client may have a large exposure to a given investment or risk type, for reasons that include, but are not limited to: inability to sell, tax considerations, or high expected prospective return. Losses in one or more large positions, or a downturn in an industry or market sector in which a client is concentrated, could materially adversely affect the client’s performance.

Custody. Clients will generally maintain accounts at certain banks, broker-dealers and other financial institutions. The failure of these institutions may temporarily impair a client’s access to their holdings and may, under certain circumstances, result in permanent loss of the holdings held at the failed institution.

Debt Securities. Clients may invest in preferred stock, debt or other fixed income securities. The issuer generally pays a fixed, variable or floating rate of interest and, at the maturity of the instrument, must repay the amount borrowed. Some debt securities (e.g., zero coupon bonds) do not pay current interest, but are sold at a discount to their face values. Debt securities have varying levels of sensitivity to changes in interest rates and varying degrees of credit quality. Assuming other factors remain constant (e.g., the creditworthiness of the issuer), bond values generally rise (increase in value) when interest rates fall and fall (decrease in value) when interest

rates rise.

Default Risk; Credit Risk. The performance of client investments could be adversely affected if issuers of debt instruments default on those instruments, or if events occur that reduce the creditworthiness of those issuers. If a bond or other debt instrument were to become subject to such an event, the value of such instrument could be significantly reduced, potentially to zero.

Equity Securities. Clients may invest in publicly traded equity securities, as well as in the equity securities of private companies. Numerous interrelated and difficult-to-quantify economic factors, as well as market sentiment, subjective and extraneous political, climate-related and terrorist factors, government activities and regulations and inflation, influence the value of equities.

Limited Liquidity of Some Investments. Clients may invest in securities or fund interests that are subject to resale restrictions or are otherwise illiquid. A client may not be able to liquidate such positions if the need were to arise. The value assigned to illiquid securities (including thinly traded securities) and large blocks of securities for purposes of determining net profit and net loss may differ from the value the client is ultimately able to realize on those securities.

Non-U.S. Investments and Currency Hedging. Clients may invest in securities or other interests of non-U.S. companies and/or securities denominated in currencies other than U.S. Dollars. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities. These include:

(i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. Dollar and the various foreign currencies in which a Fund's or Separate Account's portfolio securities will be denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) the imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt. There is generally less publicly available information about non-U.S. companies as compared with U.S. companies. This makes it more difficult for Structural to keep informed of corporate actions that may affect the prices of particular securities. These may include securities issued by companies in, and traded in, so-called "emerging markets." Many non-U.S. stock markets are not as developed or efficient as those in the United States and may be more volatile than U.S. markets. The costs and expenses of investing in non-U.S. markets are generally higher than in the United States. Additionally, some non-U.S. economies are less stable than the U.S. economy, due to, among other things, volatile political environments, less stable monetary systems and/or external political risks.

If a client invests in non-U.S. securities or securities traded in currencies other than U.S. Dollars, it may seek to hedge its exposure to currency fluctuations through foreign currency forward contracts (agreements to exchange one currency for another at a future date) or other such instruments. These contracts involve a risk of loss. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss for the value of the unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

Options. Clients may buy or sell both call options and put options on specific securities and on securities indices, and it may do so on a “covered” or an “uncovered” basis. In general, when a client buys an option, it pays a premium for the right to buy or sell an underlying security or index at a specified exercise price through a specified expiration date. If, at the expiration date, the market price of the underlying security or index is equal to or, in the case of a call option, lower than (higher than, in the case of a put option) the exercise price, the option will expire worthless and the client will lose its entire investment (the premium plus commissions). When a client sells (writes) an option, the risk can be substantially greater. When it sells a call option, it will receive a premium and grant the option’s buyer the right to buy the underlying security or index from the client at a specified exercise price. If the market price of the underlying security or index increases above the exercise price, the client will lose the amount of the difference (less the premium it received when it sold the option). This risk is theoretically unlimited (similar to the risk of selling a security short) in that the price of the underlying security or index could theoretically increase without limit. When a client sells a put option (grants the holder the right to force the client to buy the underlying security or index at the exercise price), it will bear the risk of a decline in the price of the underlying security or index below the exercise price, theoretically to zero. The client can limit these risks by writing options on a “covered” basis – e.g., owning securities of the same class and in the same amount as the securities underlying a call option it writes, or having a short position in the securities underlying a put option it writes. Although covering reduces the risks of selling options, as with all hedging strategies, it can involve transaction costs and may inherently limit the potential for profit from the option position.

ITEM 9: DISCIPLINARY INFORMATION

Not Applicable.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Registered Broker-Dealer or Registered Representative

Not applicable.

B. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person

Not applicable.

C. Material Business Relationships with Certain Related Persons

Mr. Hornstein is a director and significant equity holder in i) Main Street Bank Corporation, a prospective bank holding company and ii) Smartleaf, Inc., a vendor of investment software. Structural does not do business with either company and does not advise its clients to invest in either.

D. Recommendation and Selection of Other Investment Advisers

Not applicable.

**ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND
PERSONAL TRADING**

A. Code of Ethics

Structural has adopted a Code of Ethics (the “Code”) pursuant to Advisers Act Rule 204A- 1 that sets forth the Firm’s ethical standards and governs the business conduct of the Firm and persons associated with the Firm. The Code describes Structural’s policies regarding confidential Client information and regulates personal trading activity. Securities holdings and transactions of access persons and their immediate family members are reviewed to determine compliance with the requirements of the Code. The Code also contains other restrictions and reporting requirements designed to limit personal conflicts of interest. These provisions apply to all employees of the Firm. All personnel are also required to comply with applicable federal securities laws.

You may obtain a copy of our code of ethics upon request. Our contact information appears on the cover page of this Brochure.

B. Participation or Interest in Client Transactions

Not applicable.

C. Investment in Securities Recommended to Clients

In some contexts, Structural or its principals may invest in the same securities or vehicles as some or all of our clients. In such instances, we do so on the same terms as our clients. We do not believe that this represents a conflict of interest. Indeed, we believe that the prospect of investing alongside clients in a potential investment aligns our interests and contributes to our careful vetting of potential risks.

D. Investment in Securities at or about the Same Time Recommended to Clients

See Part 11 C. above.

ITEM 12: BROKERAGE PRACTICES

A. Selecting or Recommending Broker-Dealers

Structural recommends broker-dealers to its clients based solely on what we believe to be in each client's best interest. This assessment encompasses fees and other costs, execution quality, product breadth, and institutional stability.

1. Soft Dollar Arrangements

Not applicable. Structural does not accept soft dollars or other such benefits

2. Brokerage for Referrals

Not applicable. Structural only recommends brokers based on its assessment of the best interests of each client.

3. Directed Brokerage

Not applicable.

B. Aggregation of Trades

We do not aggregate trades across clients. As a practical matter, given the nature of our client services, there is no opportunity for us to do so.

ITEM 13: REVIEW OF ACCOUNTS

A. Periodic Account Review

Our agreement with each client governs the frequency with which we review that client's portfolio and the scope of that review. Mr. Hornstein, our managing member, supervises that review.

B. Other Account Reviews

We also review client accounts as requested by the client. We may suggest such a review in light of market changes or material changes in client circumstances, but the decision to incur the cost of such a review is at the client's discretion.

C. Reporting

Our agreement with each client governs the form and frequency of account reporting.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Not applicable.

ITEM 15: CUSTODY

Not applicable.

ITEM 16: INVESTMENT DISCRETION

Structural manages certain client assets on a discretionary basis, with the authority to determine for each client what investments are made, as well as when and how they are made, consistent with and pursuant to written documents (e.g., a Separate Account Client agreement) signed by the client. Clients may impose reasonable restrictions, limitations or other requirements with respect to their individual accounts.

ITEM 17: VOTING CLIENT SECURITIES

A. Structural Proxy Voting Authority

Structural disclaims any responsibility for voting client securities. Moreover, Structural's client agreement does not provide Structural this authority.

B. Client Proxy Voting Authority

Clients are responsible for voting their own securities. Clients who desire to do so must so inform their custodian or transfer agent. Clients are welcome to discuss with us any questions they have about specific solicitations. As with any other client inquiry, we may be reached by phone, email or (in theory) mail.

ITEM 18: FINANCIAL INFORMATION

A. Financial Disclosures

Not Applicable.

B. Material Financial Impairment

Not Applicable.

C. Bankruptcy Petitions

Not Applicable.