



**True Capital Management, LLC  
Part 2A of Form ADV  
Brochure**

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March 2019

This brochure provides information about the qualifications and business practices of True Capital Management, LLC ("TCM"). If you have any questions about the contents of this brochure, contact us at 415-538-3600. 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.

TCM is a Registered Investment Adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about TCM is also available on the SEC's website at:  
[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Item 2. Material Changes**

Since our last annual update was filed in March 2018, our assets under management increased from a total of \$965,794,292 at the end of 2017 to \$1,019,396,569 at the end of 2018.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31<sup>st</sup> so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Clients and prospective clients may obtain a copy of this brochure, free of charge, by contacting our office at 415-538-3600.

**Subsequent Events**

N/A

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#### **Item 4. Advisory Business:**

##### **Firm History and Principal Owners**

Doug Raetz and Heather Goodman founded and are the principal owners of True Capital Management, LLC (TCM) a California Limited Liability Company in 2006. TCM is a wealth management firm with offices in San Francisco and Los Angeles that provide individualized investment supervisory services, financial planning and consulting, and banking services.

As of December 31, 2018, TCM had discretionary assets under management of \$918,938,672 and non-discretionary assets of \$100,457,897 for total assets of \$1,019,396,569 on behalf of approximately 325 clients.

TCM offers clients both Investment Advisory Services and Business Management Services.

##### **Business Management Services:**

###### **Cash Management & Budgeting:**

TCM Prepares monthly cash flow statements and budgets for select clients to assist in the management of their finances. Where appropriate TCM provides bill pay services. Clients that sign up for bill pay services establish one or more bank accounts typically with First Republic Bank or City National Bank to serve as the qualified custodian-bank of the accounts. TCM is not affiliated with First Republic Bank or City National Bank. Please refer to Item 15 – Custody for more details.

###### **Financial Planning & Consulting Services:**

TCM offers financial planning and consulting services to all clients. In this role, TCM assists clients in defining their personal financial planning goals and objectives to be pursued in various areas which may include, but are not limited to: budgeting and cash management, pension and retirement planning, tax efficient strategies and income planning, estate planning, business planning and disposition, education planning, disability protection, lending, real estate investment or acquisition and review of adequate insurance coverage. Additional consulting services may include but are not limited to, advice on concentrated stock positions, investments not managed by TCM, derivative strategies designed to lower investment risk, and other financial matters that may be of concern to the client. TCM generally serves as the lead advisor amongst its clients' other professional advisors (legal, accounting, insurance, etc.) as appropriate, to ensure that services are well coordinated and to avoid duplication.

###### **Insurance & Risk Management**

True Capital Insurance Services (TCIS) is a licensed (CA, FL, TX and NY) insurance entity that offers Life and Disability Insurance. TCIS works with insurance specialists and providers to assist in minimizing risk and protecting assets through health, umbrella, and property and casualty insurance.

###### **Lending & Credit Monitoring**

Through 2017 facilitated peer to peer loans to a small number of long-term clients through its affiliated entity, SCTCM dba Premium Lending, which holds a California Lending License. As of 2018, TCM is no longer facilitating peer to peer lending.

TCM offers various credit monitoring services to its client base using unaffiliated credit monitoring service providers. Clients pay for these services directly to the credit monitoring service providers. We do not receive referral fees or any portion of the fee paid to the credit monitoring service.

##### **Investment Advisory Services:**

TCM defines investment advisory services as giving continuous advice to a client or taking investment action for a client based on their individual needs. This service may also be known as Investment Management or Asset Management services. At inception, the client's goals and objectives are determined based on their particular circumstances. An Investment Policy Statement (IPS) is developed jointly with the client. Client investment accounts are constructed using investment models which consist primarily of stocks, bonds, exchange traded funds (ETFs), and in certain instances private fund interests, or other alternative investments that are deemed appropriate for the client on a case by case basis. TCM allocates assets among various investments taking into consideration the

overall risk tolerance and investment objectives of each individual client. On occasion TCM may design an individual portfolio that does not resemble one of their allocation models or for which the client may retain some investment discretion.

The client must appoint TCM as the investment adviser of record on specified accounts (collectively, the "Account"). The Account consists of separate account(s) held by Pershing, LLC as a qualified custodian(s) under the client's name. Please refer to Item 12 – Brokerage Practices for more information about our arrangement with Pershing, LLC. The qualified custodian maintains physical custody of all funds and securities of the Account, and the client retains all rights of ownership (e.g., right to withdraw securities or cash, and receive transaction confirmations) of the Account.

The Account is managed by TCM based on the client's financial situation, investment objectives and risk tolerance. TCM actively monitors the Account and provides advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

TCM will need to obtain certain information from the client to determine their financial situation and investment objectives. The client is responsible for notifying TCM of any updates regarding their financial situation, risk tolerance or investment objective and whether they wish to impose or modify existing investment restrictions; however, TCM will contact clients at least annually to discuss any changes or updates regarding their financial situation, risk tolerance or investment objectives. TCM is always available to consult with clients regarding the status of their Account. Clients have the ability to impose reasonable restrictions on the management of their accounts, including the ability to instruct TCM not to purchase certain securities.

It is important for clients to understand that TCM manages investments for many clients and that TCM may give advice or take actions for other clients or for their personal accounts that is different from the advice given to them. TCM is not obligated to buy, sell or recommend any security or other investment that may be bought, sold or recommended for any other clients or for its own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that TCM manages. TCM strives to allocate investment opportunities believed to be appropriate for client account(s) and other accounts advised by the firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to the attention of TCM will be allocated in any particular manner. If TCM obtains material, non-public information about a security or its issuer that TCM may not lawfully use or disclose, TCM will have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

#### Separate Account Managers

In most instances, TCM will recommend or select individual money managers to provide investment advisory and discretionary services for all or part of a client's assets. TCM refers to such money managers as Separate Account Managers throughout this brochure. If Separate Account Managers are not appropriate due to account size or per the client's request, TCM will manage the assets internally.

Separate Account Managers available on the TCM platform are generally accessed through our custodian, Pershing, LLC. Separate Account Managers are unaffiliated, investment advisors offering third-party asset management services. TCM performs due diligence on each Separate Account Manager and reviews the performance of these managers on a regular basis. TCM retains the right to terminate the Separate Account Manager at any point in time.

The client will work directly with their investment advisor representative to determine the amount of assets to be managed by a Separate Account Manager. The Separate Account Manager directs the investment and reinvestment of the assets allocated to that Separate Account Manager on a discretionary basis. While TCM does have discretion over the assets managed by the Separate Account Manager, TCM does not direct trading on the assets that have been allocated to the Separate Account Manager. TCM has discretionary authority to add or terminate the services of a particular Separate Account Manager from the client's account. TCM can replace a Separate Account Manager with a different Separate Account Manager, or replace a Separate Account Manager with TCM to direct the investment and reinvestment of the client's assets. Please refer to Item 6 for more details.

Fees charged by Separate Account Managers are assessed and billed separate from the fee charged by TCM. The fees charged by the Separate Account Managers will be reflected on the client's statement from Pershing, LLC. Please see Item 5 for a description of our fee schedules.

#### **Tailor Advisory Services to Individual Needs of Clients**

TCM services are provided based on the client's individual needs. For example, when TCM provides Investment Advisory Services, the client is given the ability to impose restrictions on the accounts TCM manages for them, including specific investment selections and sectors. TCM works with the client on a one-on-one basis to determine the client's investment objectives and suitability information. TCM's Business Consulting Services are also provided based on the client's individual needs.

TCM will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with TCM's investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

When managing client accounts through TCM's Investment Platform, TCM may manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model. However, the determination to use a particular model or Separate Account Manager is always based on each client's individual investment goals, objectives and mandates.

#### **Private Fund Management**

TCM serves as investment adviser to exempt-from-registration, pooled investment vehicles, referred to as "Private Funds" throughout this Brochure. For purposes of this Form ADV Brochure, the term private fund has been defined by regulators to mean "an issuer that would be an investment company as defined in section 3 of the Investment Company Act of 1940 but for section 3(c)(1) or 3(c)(7) of that Act." It is anticipated that the offer and sale of interests in Private Funds will also be exempt from registration under the Securities Act of 1933 and similar state laws.

Either TCM or another company affiliated with TCM will serve as the general partner and/or managing member of the Private Funds. Thus, TCM will not be independent of the Private Funds. Also refer to Item 10 – Other Financial Industry Activities and Affiliations, Item 11 – Participation in Client Transactions and Personal Trading and Item 16 – Custody of this Disclosure Brochure for more information.

Investors in the Private Funds will be required to execute a subscription agreement in order to subscribe for interests in the Private Fund and will receive a Confidential Private Placement Memorandum (PPM) or LLC/Operating Agreement, together with any applicable supplements.

Private Funds have been established primarily for the benefit of our clients. Therefore, most of the investors in the Private Funds are also individual clients of TCM. However, TCM has offered Private Funds to non-TCM clients and will continue to do so in the future.

TCM's services can best be described as managing Private Funds that are established to invest in niche-oriented private alternative companies with the goal of achieving diversification, risk management and long-term capital growth.

The types of investments made through TCM's Private Funds will depend on the mandate of the Private Fund, or the applicable Series LLC. As of the date of this Brochure TCM will evaluate and advise on investments of the following types:

- Venture Capital
- Private Equity
- Alternative Fixed Income
- Real Estate

The Private Funds TCM manage will make direct investments in specific companies as well as investments in funds of funds. TCM identifies and screens potential investments, conducts due diligence on the potential investments as well as the fund of funds, negotiates terms and monitors the performance of TCM's investments/private funds on an on-going basis.

In general, TCM discusses the philosophy and merits of private fund investing in one on one meetings with clients. In these meetings, TCM will review the private fund's overall strategy and risks associated with investing in alternative investment along with the fee structure, time horizon and investment commitments already in place (if any). No assurance of investment returns are made.

As an investment adviser, TCM has the responsibility for managing the investment portfolios of the Private Funds pursuant to the investment objectives of each Private Fund as well as the discretionary authority for establishing and implementing these investment objectives. (See Item 15 – Investment Discretion for more information).

## **Item 5. Fees and Compensation**

### **ASSET BASED FEE SCHEDULE:**

Account Size	Investment Mgmt. Only	Business Mgmt. & Investment Mgmt.
	Annual Fee	Annual Fee
\$0 - \$500,000	1.50%	1.00% + Flat Fee
\$500,001 - \$1,000,000	1.25%	1.00% + Flat Fee
\$1,000,001 - \$10,000,000	1.00%	1.00% + Flat Fee
\$10,000,001 - \$25,000,000	0.90%	0.90% + Flat Fee
\$25,000,001 - \$50,000,000	0.75%	0.75% + Flat Fee
\$50,000,001 and up	0.50%	0.50% + Flat Fee

An investment management fee of up to 2% may be charged on client assets held in certain private equity funds.

### **FLAT ANNUAL FEE:**

Business Management Services - based on level of service: \$5,000 - \$150,000:

In addition to the advisory fee for Investment Management Services, a flat fee for Business Management Services may be assessed on a monthly or quarterly basis. Fees will be deducted directly from the Client's Account unless other arrangements are agreed upon. Investment Management Fees are deducted directly from the client's brokerage accounts held at Pershing, LLC. Business Management fees are deducted from the client's bank account at First Republic Bank or City National Bank. Please refer to Item 15 – Custody for more details.

TCM may charge a one-time, fixed consulting fee of up to 5% on the amount of assets a client is investing in certain alternative or private equity deals. The fixed consulting fee is charged to cover TCM's time, legal costs and other miscellaneous expenses incurred.

Fees are typically paid quarterly in advance based upon the market value of the account on the last day of the prior quarter. For some clients, TCM may compute their annual fee on a monthly basis. When the advisory agreement begins or ends in the midst of a quarter or month, or when material cash flows come into the account, a pro-rated calculation will be made and the appropriate fee amount will be debited or credited to the account. All fees are negotiable based on individual client circumstances and at the discretion of TCM.

Investment advisory agreements can be cancelled at any time for any reason, by either party, upon receipt of a 30-day written notice.

In certain alternative investments TCM may receive an ownership interest in the range of 0 to 5%, based on the dollar amount placed in the investment. In the case of income generating investments, TCM will generally place clients in "A" or Preferred shares and will receive "B" or non-preferred shares for their interest.

Advisory personnel of TCM through their licensed (CA, FL, TX, and NY) insurance entity; True Capital Insurance Services (TCIS), receives commissions and other incentives for the recommendation of /sale of annuities and other insurance products. Although TCM's advisory personnel endeavor at all times to put the interest of the client first, clients should be aware that the receipt of commission and additional compensation, in their separate capacities as insurance agents, itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations.

### **PRIVATE FUND MANAGEMENT FEES:**

TCM does not charge an "investment advisory" fee for serving as investment advisor on the Private Funds. Instead, TCM or an affiliated TCM Company will serve as General Partner or Managing Member to the Private Funds. As General Partner or Managing Member, TCM or its affiliate will receive an annual management fee based on the Private Fund's total assets or contributed capital. The fee is generally 0% to 2% per year on contributed capital. In some instances, the fee is 0% to 2% through the investment period of the Private Fund and thereafter goes to, 0% to



2% per year on the lower of cost or market value of the investments then held by the Private Fund.

The annual fee is computed quarterly, and in most cases in arrears. The fee will be deducted directly from the Private Fund. Each Private Fund will set forth its specific fee structure in its applicable PPM, LLC Agreement or Subscription Agreement.

For clients that invest directly in TCM Private Funds, the value of their investment in the Private Fund will be included in their overall Investment Management Fee “if “TCM, or its affiliate serving as General Partner, does **NOT** charge a management fee thru the fund. However, if a management fee is retained by TCM or its affiliate directly through the private fund, the client’s investment in that fund will be excluded from the quarterly investment management fee.

In addition to the annual management fee, TCM may also receive a performance based fee as described below in

The Private Funds will incur other expenses (in addition to the management fee described above and the performance-based fee described in Item 6 – Performance-Based and Side-by-Side Management below) from its operations and investment activities, including, without limitation, the costs of identifying and evaluating proposed investments; expenses relating to investment transactions (including expenses with respect to the acquisition, management and disposition of the investments and other temporary investments, whether or not consummated); legal, accounting, consulting, and other service provider fees; taxes, fees or other government charges levied against the Private Fund; expenses associated with the Private Fund’s financial statements, tax returns and Schedule K-1s; expenses of advisory committees and annual meetings of the investors; insurance; and extraordinary expenses (such as litigation, if any). The Private Fund will also bear the organizational and certain of the offering costs of the Private Fund.

In addition to the fees paid by the Private Funds to TCM or their affiliate serving as General Partner, if the Private Funds invest with third party investment managers (funds of funds), such third parties generally also charge expenses, an asset-based management fee or a management fee based on committed capital along with performance based fees, thereby resulting in two layers of expenses and fees.

TCM may also oversee a client’s direct invest in a private fund or company. In that instance, TCM will include the investment on its quarterly invoice at the client’s advisory rate. In addition, TCM may also charge up to a 20% carried interest on the investment. Under this arrangement, a separate agreement will be signed by the client.

TCM generally does not negotiate its allocations and/or fees. Under special circumstances, however, TCM may enter into agreements with certain Private Fund investors that may provide different terms to those investors. TCM may waive or reduce its management fee and performance-based compensation for certain of its related persons, service providers, or strategic investors invested in the Private Funds. We may also reduce or eliminate the asset-based management fee and performance-based compensation for certain types of investments of the Private Fund or for certain series of the Private Fund.

#### Termination of Services

Private Fund management services will be terminated automatically if a fund is dissolved or terminated. In addition, services may be terminated at any time upon ninety (90) days’ notice in its entirety in the event the general partner of a Private Fund decides to select a different investment advisor for the Private Fund. In the event services are terminated, TCM will provide a pro-rated refund of fees charged, based on the number of days services were provided during the final calendar quarter.

### **Item 6. Performance Based Fees and Side-by-Side Management**

TCM or its affiliate serving as general partner or managing member of a private fund, may earn a profit (or carried) interest (not to exceed 25%) from the private funds managed by TCM. Under this arrangement, TCM or its affiliate serving as general partner or managing member of the private fund will receive the carried interest on net profits of the fund after investors first receive their original investment amount (and designated preferred return, if applicable).

The nature of this arrangement poses an opportunity for TCM or its affiliate serving as general partner or managing member to the private fund to earn more income than the standard management fee retained by TCM or its affiliate serving as a general partner or managing member to the private fund. There are other potential conflicts associated with this arrangement that are not as common under an asset-based fee arrangement. The nature of this arrangement can encourage unnecessary speculation within fund assets in order to earn or increase the amount of profits retained by TCM. Although riskier investments could yield higher returns to a fund, they historically have a higher chance of losing value. In addition, because TCM or one of their affiliates is allocated a percentage of the fund's profits, the carried interest/profit arrangement could give an incentive to time transactions in the fund to serve the interests of the company (to manipulate the best performance allocation possible) rather than the best interest of the fund. However, given the illiquid nature of investments held in applicable funds, this situation is unlikely. Another way TCM attempts to control for potential conflicts of interest is that the principals of TCM may personally invest in the funds to align their personal investment interests with those of the fund.

TCM does not represent that the amount of profit interests retained is or will be consistent with other private pooled investment vehicle arrangements. The percentage of profits retained may be higher or lower than the fees charged and profits retained by other fund managers for the same or similar services.

There are conflicts of interest when TCM is managing performance based accounts at the same time they are managing asset based, non-performance based accounts. For example, the nature of a performance fee poses an opportunity for TCM or its affiliate to earn more compensation than under a stand-alone asset based fee. Consequently, TCM may favor performance fee accounts over those accounts where TCM receives only an asset based fee. One-way TCM may favor performance fee accounts is that more time and attention is devoted to the performance fee accounts vs accounts under an asset based fee arrangement.

### **Item 7. Types of Clients**

TCM provides services to individuals, trusts, corporations and small business entities. TCM also serves as investment adviser to privately offered, pooled investment vehicles (i.e. Private Funds). TCM does not impose a minimum investment amount in order to engage our services, but all clients must execute a standard client contract.

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

TCM is a long-term investor managing equity and fixed income assets with a focus on preservation of capital. TCM starts by creating an Investment Policy Statement jointly with the client which leads to the construction of an asset allocation model targeting the client's income needs, risk tolerance and overall performance goals. For client accounts not aligned with a Separate Account Manager, the following will apply:

#### **Fixed Income Approach:**

TCM believes income producing assets are key to a balanced portfolio and a major building block for developing and maintaining long-term wealth. TCM incorporates tax-free municipal bonds, corporate and government bonds, as well as high-yielding alternative investments when developing a client's fixed income portfolio.

- at the time of purchase muni bonds generally are single-A rated or better
- the credit rating and insurance status of the bond is reviewed
- analyze the bond issue's official statement filing status – make sure they have been timely
- identify the source of revenue
- review the recent trade history of the bond and inter-dealer transactions
- compare any potential bond purchase to bonds currently held in the portfolio

**Equity Philosophy & Strategy:**

- use a multi-cap value focus
- typically own 30 to 40 names in equity portfolio
- the average position size is 1% to 2%, but may increase due to appreciation
- use fundamental analysis - seeking quality companies with a good earnings track record
- look for improving economic margins for the current and pending fiscal year
- search for companies with limited capital needs
- use ETFs for commodity and foreign currency allocations
- use ETF model portfolios based on sector analysis for accounts that do not meet the Separate Account Manager's minimums

**Sell Discipline:**

- review when there is a fundamental change to our original investment thesis
- review when there is a significant change in the company management team
- review when there is a major valuation change – stock has reached price target
- rebalance portfolio - when a new stock with better upside replaces position with less potential
- generally, no position will be larger than 10% - usually trim positions once they reach 4% to 5%
- evaluate or trim when stock achieves gains of 50%

**Risk of Loss Factors:**

Past performance is not indicative of future results. Therefore, clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, TCM is unable to represent, guarantee, or even imply that their services and 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. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, clients will bear additional expenses based on their pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds.
- **Management Risk** – Client's investment performance will vary with the success and failure of TCM's investment strategies, research, analysis and determination of portfolio securities. If TCM's investment strategies do not produce the expected returns, the value of the client's account will reflect this.
- **Market Risk** – The stock market, or the value of an individual company, may go down resulting in a decrease in the value of a client's investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If a client owns a common stock, or common stock equivalents, of any given issuer, they would generally be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.
- **Company Risk**. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

- **Fixed Income Risk.** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Real Estate Ownership** – Real estate investments are typically leveraged. Investments will be subject to the risks generally inherent to the ownership of real property and loans, including: uncertainty of cash flow to meet fixed and other obligations; uncertainty in capital markets as it relates to both procurements of equity and debt; adverse changes in local market conditions, population trends, neighborhood values, community conditions, general economic conditions, local employment conditions, interest rates, and real estate tax rates; changes in fiscal policies; changes in applicable laws and regulations (including tax laws); uninsured losses; delays in foreclosure; borrower bankruptcy and related legal expenses; and other risks that are beyond the control of the General Partner. There can be no assurance of profitable operations because the cost of owning the properties may exceed the income produced, particularly since certain expenses related to real estate and its ownership, such as property taxes, utility costs, maintenance costs and insurance, tend to increase over time and are largely beyond the control of the owner. Moreover, although insurance is expected to be obtained to cover most casualty losses and general liability arising from the properties, no insurance will be available to cover cash deficits from ongoing operations.

## **Item 9. Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

TCM serves as the manager to its Private Funds. Thus, TCM is not independent from the Private Funds it manages and has a direct and beneficial interest in all Private Funds it manages. Further, TCM's principals and managing directors may personally invest in Private Funds under their management.

TCM is also responsible for soliciting new investors into the Private Funds they manage. Please refer to Item 5 – Fees and Compensation and Item 6– Performance-Based Fees and Side-By-Side Management for a description of the material financial interest TCM has in their affiliated Private Funds and the potential conflicts of interest.

### ***True Capital Insurance Services, LLC***

Clients may work with their investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products. As such, the client's investment adviser representative in his or her separate capacity as an insurance agent may suggest that a client implement the recommendations of TCM by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which the investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to the client could be biased. Clients are under no obligation to implement any insurance or annuity transaction through their investment adviser representative.

### ***SCTCM dba PREMIUM LENDING***

SCTCM dba Premium Lending holds a California Lending License. Premium Lending facilitates peer to peer lending based on creditworthiness of the borrower. These loans are typically held for less than 1 year and are used for personal needs and are not collateralized by underlying assets. Through 2017 loans were facilitated through this entity. As of 2018, TCM is no longer facilitating peer to peer lending.

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

TCM has adopted a Code of Ethics in compliance with Rule 204A-1 under the Advisers Act, which establishes standards of conduct for its employees. The Code of Ethics includes general requirements that all TCM employees must comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to; personal trading, insider trading, conflicts of interest and confidentiality of Client Information. The basic principle of TCM is that the Client's interest must always come first.

TCM and its officers, managers and employees may personally invest in the same securities as those purchased for Clients and they may currently own securities that are subsequently purchased for Clients. This practice may create a conflict of interest in that any such persons can use his or her knowledge about actual or proposed securities transactions and recommendations for a Client account to profit personally by the market effect of such transactions and recommendations. TCM's use of Separate Account Managers and ETF Model portfolios greatly reduces this risk as the Separate Account Managers do not notify TCM in advance of any pending purchase or sale transactions and the ETF models are constructed using ETFs vs individual securities.

TCM and its officers, managers, and employees may also buy or sell a specific security for their own account based on personal investment considerations, which TCM may not deem appropriate to buy or sell for Clients.

Clients and prospective clients may request a copy of the Code of Ethics and Rules for Personal Investing at any time. On an annual basis, TCM encloses a copy of the TCM Privacy Policy and the ADV Part 2A Material Changes along with the client's first quarter report.

#### **Private Funds**

TCM serves as the manager to its Private Funds. In the manager role, TCM has sole and complete responsibility for managing the Private Funds' investment portfolio pursuant to its investment objectives and investment policies.

The Private Funds are formed to allow clients of TCM to invest in various alternative investments, which may include; securities, real estate, private investments, and other non-traditional investments. Clients are **not** obligated to invest in TCM Private Funds, but may be solicited based on their goals and risk tolerance.

Because of TCM's affiliation with the Private Funds, TCM has a conflict of interest when recommending the Private Funds over other alternatives. One way that TCM seeks to control this conflict of interest is to not charge dual fees for managing individual client assets invested in the Private Fund and managing the Private Fund. TCM may also recommend other private funds to clients.

### **Item 12. Brokerage Practices**

Clients are under no obligation to act on the recommendations of TCM. If TCM assists in the implementation of any recommendations, TCM is responsible to ensure that the client receives the best execution. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in the client's best interest. When considering best execution, TCM will look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with existing systems, and ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

TCM exercises reasonable due diligence to make certain that best execution (not lowest price) is obtained for all clients when implementing any transaction by considering the back-office services, technology and pricing of services offered.

If TCM assists clients in the implementation of any recommendations, Pershing, LLC will be used as the broker/dealer for the transaction due to TCM's arrangement with the Pershing Advisory Solutions® program. TCM is independently owned and operated and not affiliated with Pershing. TCM uses Pershing as the qualified custodian for client's publicly traded assets.

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, TCM may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, TCM requires clients to use broker/dealers and other qualified custodians determined by TCM.

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or when maintaining an account balance with the broker-dealer. While there is no direct linkage (except in certain circumstances) between the investment advice given to clients and TCM's participation in the Pershing Advisor Solutions® program, economic benefits are received by TCM which requires the use of Pershing as the custodian and for trade executions.

These benefits may be used for both research and non-research purposes and allows TCM to supplement, at no cost, their research and analysis activities. These benefits include: a dedicated trade desk that services the program participants exclusively, a dedicated service group and an account services manager dedicated to TCM's accounts, access to a real-time order matching system, the ability to aggregate clients' trades, electronic download of trades, balances and position information, duplicate and batched client statements, confirmations, year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), access to mutual funds.

In addition, TCM receives from Pershing certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in Pershing's Advisor Solutions program. Specifically, the Additional Services include Pershing paying \$35,000 of the annual payment for the portfolio management and account reporting services provided by Addepar.

Pershing provides the Additional Services to TCM in its sole discretion and at its own expense, and TCM does not pay any fees to Pershing for the Additional Services. TCM and Pershing have entered into a separate agreement to govern the terms of the provision of the Additional Services. TCM's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to TCM, Pershing most likely considers the amount and profitability to Pershing of the assets in, and trades placed for, TCM's client accounts maintained with Pershing.

Pershing has the right to terminate the Additional Services Addendum with TCM, in its sole discretion, provided certain conditions are met. Consequently, to continue to obtain the Additional Services from Pershing, TCM may have an incentive to recommend to its clients that the assets under management by TCM be held in custody with Pershing and to place transactions for client accounts with Pershing. TCM's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

**Brokerage for Client Referrals:**

TCM does NOT receive referrals from broker-dealers.

**Aggregation of Trade Orders:**

When TCM executes a transaction that is held by multiple clients, the order will be aggregated and the actual prices applicable to the trade will be averaged and the clients account will be deemed to have purchased or sold its proportionate share of the security involved in the transaction. Generally, aggregated orders will result in a more favorable execution. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when we believe such action may prove advantageous to clients. The process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Neither we nor our associated persons receive any additional compensation as a result of block trades.

**Item 13. Review of Accounts:**

Doug Raetz and Heather Goodman, TCM's CEO and COO, along with their CIO and Managing Directors continuously review client accounts. In addition, the firm's Investment Committee meets monthly.

Client's goals and objectives at a minimum are reviewed semi-annually to assure proper asset allocation. Frequent investment reviews may arise from changes in the overall market due to political and/or economic circumstances. A material flow of funds into or out of a client's account will be cause for an immediate review of the account. Reviews will generally include performance comparison to relevant indices, analysis of asset allocation targets, review of tax goals, and realized gains/losses for the year. A client may request an account review/meeting at any point in time.

Clients receive a quarterly summary of their overall portfolio which includes a description of all securities owned, the total cost, current market value, and accrued dividends/income earned to date. An asset allocation pie chart and performance comparisons to relevant benchmark indices are also included. Annual Reports will include a detailed realized gain and loss report in addition to any other relevant tax information.

**Item 14. Client Referrals and Other Compensation:**

From time to time, TCM enters into agreements with outside solicitors (Referring Parties) to refer clients to TCM. If a referred client enters into an investment advisory agreement with TCM, a referral fee is paid to the Referring Party, which is based upon a percentage of the client advisory fees that are generated or an agreed upon flat fee. All referral agreements between any Referring Party and TCM will **not** result in any charges to clients in addition to the normal level of advisory fees charged by our firm.

When a client is referred to us by a Referring Party, the Referring Party provides the client with a copy of our Disclosure Brochure as required by the *Investment Advisers Act of 1940*. The client also will complete a Solicitor's Disclosure Statement document. If the Referring Party is an unaffiliated registered investment adviser firm, then the client will also receive a copy of the Referring Party's Form ADV Part 2 Disclosure Brochure. The referral agreements between TCM and Referring Parties follow state and federal securities rules regarding paid solicitor arrangements.

**Item 15. Custody:**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor can access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

**Specific to our individual client services,** TCM is deemed to have custody of client funds and securities whenever TCM is given the authority to have fees deducted directly from client accounts. Many of our clients also sign up for our Cash Management and Budgeting service. One component of this service is bill paying where we will have check-writing privileges on client bank accounts. Check writing authorization is considered a form of custody

beyond the ability to deduct fees from the account. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which TCM is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. **Clients should carefully review those statements and are urged to compare the statements against reports received from TCM.** When clients have questions about their account statements, they should contact TCM or the qualified custodian preparing the statement.

Specific to accounts for which TCM has custody, beyond the ability to deduct advisory fees, the Firm has engaged an independent public accounting Firm, not affiliated with TCM, to perform an annual surprise verification examination. The purpose of such an examination is to verify that the funds and securities held in accounts actually exist and are located with the applicable custodian.

**Specific to Private Fund management services,** TCM is deemed to have custody of the Private Funds' securities and cash since TCM or an affiliate of TCM serves as the general partner or managing member of the Private Funds, which are private pooled investment vehicles. As a result, TCM will maintain the Private Fund's bank accounts at a qualified custodian. In addition, an independent public accountant conducts an annual surprise examination of the private funds.

#### **Item 16. Investment and/or Brokerage Discretion:**

When providing investment management services, TCM maintains trading authorization over client accounts and will provide management services on a discretionary basis. When discretionary authority is granted, TCM will have the authority to determine the type of securities and the amount of securities that can be bought or sold for client's portfolios without obtaining their consent for each transaction. Clients will have the ability to place reasonable restrictions on the types of investments that may be purchased for their account. Clients may also place reasonable limitations on the discretionary power granted to TCM so long as the limitations are specifically set forth or included as an attachment to the client agreement.

When recommending investments in one or more Private Funds to individual clients, TCM will do so on a non-discretionary basis which means TCM will discuss potential Private Fund investments with clients and clients will be required to execute all required subscription agreements and other forms necessary to invest directly in the Private Fund(s).

TCM maintains discretionary authority over the bank accounts of their Private Funds. TCM has the authority to determine the type of assets or securities to purchase or sell. TCM's discretionary authority will be granted in the investment management agreement between TCM and the Private Fund. Prospective investors are provided with the Private Placement Memorandum ("PPM") or LLC Agreement prior to their investment and are encouraged to carefully review the Agreement to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment vehicle.

#### **Item 17. Voting Client Securities (Proxies):**

TCM is responsible for all Proxy Voting. In their capacity as Investment Advisor TCM has chosen to outsource the proxy voting process to Broadridge (a division of ADP) who manages the process of meeting notifications, voting proxies, tracking, mailing, reporting, record maintenance and reviewing vote disclosure rules enacted by the SEC. Broadridge follows the recommendations of an independent third-party research firm, Glass Lewis. TCM can access the voting records for any of these items on a timely basis. In addition, TCM can pre-empt or override a vote recommendation (prior to the deadline) when so desired. If TCM determines that voting a particular proxy would create a material conflict of interest between the interests of clients or the interests of Broadridge or Glass Lewis, TCM will disclose the conflict and determine if they should vote the proxy.



Should a client request to vote a specific Proxy, TCM can notify Broadridge that the client will be voting on their own behalf.

TCM maintains quarterly reports that track the voting record of Broadridge. Clients may obtain a copy of TCM's complete proxy voting policies and procedures upon request and may also obtain information from TCM about how Broadridge or TCM voted any proxies on their behalf by contacting TCM at the address or phone number indicated on the cover page of this Disclosure Brochure.

With respect to client assets managed by Separate Account Managers, the Separate Account Manager(s) will vote proxies for the investments under their management. In the event a Separate Account Manager does not vote proxies, TCM will assign the responsibility to Broadridge. For a description of a Separate Account Manager's proxy voting policy, clients can request a copy of the Separate Account Manager's Form ADV or similar disclosure document. Clients may request a complete copy of the Separate Account Manager's proxy voting policies and procedures as well as information on how the individual client's proxies were voted by contacting TCM at the address or phone number indicated on the cover page of this Disclosure Brochure.

### **Item 18. Financial Information:**

This *Item 18* is not applicable to this brochure.

- TCM does not require or solicit prepayment of more than \$1200 in investment advisory fees per client, six months or more in advance.
- There are no financial conditions that are likely to impair TCM's contractual commitments to clients.
- TCM has never been the subject of a bankruptcy petition.

### **TCM Privacy Policy:**

Per SEC Regulation S-P, TCM has adopted policies in order to safeguard the personal information of the firm's clients, their families their business and other related entities. The following is our policy adopted in compliance with this regulation:

## **TRUE CAPITAL MANAGEMENT, LLC PRIVACY POLICY IN ACCORDANCE WITH SEC REGULATION S-P SECTION 248.13**

At True Capital Management, we are committed to protecting your privacy. Listed below is our standard policy on how we handle your personal information.

In order to conduct regular business, we may collect non-public (or public) personal information about you from sources such as:

- Information provided by you (Investment Advisory Agreement) or other forms you provide to us
- Information about your transactions with us, or your bank/brokerage firm
- Bank/brokerage custodial statements

To provide the utmost in service, we may disclose information regarding your account, as necessary, to financial institutions to perform certain services on our behalf, to companies with whom we have marketing agreements, auditing agreements, or as required by law. When we share your non-public information with companies that perform services for us, such information may only be used for the limited purpose for which it was shared. In addition, these companies are required to adhere to our privacy standards. We may disclose the information below regarding your account:

- Information True Capital Management, LLC receives from clients Investment Advisory Agreement (name, social security number- required to open brokerage accounts)
- Information True Capital Management, LLC receives from custodial statements (account balances)

This statement is for informational purposes only and requires no action on your part. None of the above information reflects a change in the way we do business or handle your personal information. The confidentiality of the data you have provided our firm is and always has been a fundamental part of our professional code of conduct.

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- Nonpublic personal information means personally identifiable financial information and any list, description or other grouping of consumers that is derived using any personally identifiable financial information that is not publicly available.