



MISSION CREEK  
CAPITAL PARTNERS

## Form ADV Part 2A

Firm Brochure

*for*

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This brochure provides information about the qualifications and business practices of Mission Creek Capital Partners, Inc. If you have questions about the contents of this brochure, please contact us at (415) 363-0400 or by email at [info@missioncreekcap.com](mailto:info@missioncreekcap.com). 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. Registration does not imply a certain level of skill or training.

Mission Creek is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Investment Adviser provide you with information from which you determine whether to hire or retain an Investment Adviser.

Additional information about Mission Creek Capital Partners, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Mission Creek is 151514.

March 28, 2019

## Item 2: Material Changes

Mission Creek Capital Partners, Inc. ("Mission Creek") is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update. Mission Creek is required to state that it is only discussing material changes from its last annual update which occurred on March 12, 2018.

Since Mission Creek's last ADV annual update:

- Item 4.E has been updated to reflect regulatory assets under management as of December 31, 2018 of \$124,517,679.

Mission Creek will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after its fiscal year ends. Mission Creek's fiscal year ends on December 31st so you will receive the summary of material changes, if any, no later than April 30<sup>th</sup> each year. At that time, Mission Creek will also offer a copy of the most current disclosure brochure. It may also provide other ongoing disclosure information about material changes when warranted.

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## **Item 4: Advisory Business**

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

Mission Creek Capital Partners, Inc. ("Mission Creek") is an investment-advisory firm headquartered in San Francisco, California, organized as a California corporation originally in 2009 and registered with the United States Securities and Exchange Commission. Prior to 2018, Mission Creek was registered with the Commissioner of Corporations of the State of California.

Mission Creek is fully independent and employee owned, principally by Henri W. Moudi, CFA, CFP® and Charles S. Gehring, CFA. Mission Creek's fiscal year end is as of December 31st.

### **B. Types of Advisory Services**

Mission Creek provides specialized investment management and direct- and sub-advisory services on a discretionary basis for institutional and private clients, such as public and private pension plans, endowments and foundations, limited partnerships, general partnerships, family offices, trusts and estates, executives, entrepreneurs and other SEC or state-registered advisory firms.

Mission Creek provides wealth management, advisory and financial planning services. Our wealth and investment management and advisory services consider the asset nature, underlying exposures, concentration risks, diversification goals, liquidity requirements, implementation costs, effective tax management, downside exposure, portfolio and single-stock transition planning and other client objectives.

Mission Creek's services may include investing and holding individual equity and fixed income securities, exchange traded funds, mutual funds, option contracts and cash or money market instruments deemed appropriate for a client based upon a review of that client's investment requirements, risk tolerances and objectives. The firm offers custom investment advisory services which may include investments in equities and securities across a wide range of asset classes.

Mission Creek offers differentiated and customized private equity distribution/post-venture management services for institutional private equity limited and general partners, executives and entrepreneurs. Mission Creek's private equity distribution management platform seeks to preserve and enhance overall cash-on-cash returns for private equity investors on a separately managed account basis.

Mission Creek also serves as the investment advisor to the Financia Global Focus Fund L.P., a California limited partnership (the "Fund"). Mission Creek's investments are tailored to comply with the investment guidelines disclosed in the offering materials for the Fund. Each potential investor in the Fund receives a complete set of offering materials prior to investing in the Fund.

### **Discretionary Investment Advisory Services**

- Custom Portfolio Services
- Private Equity Distribution Management
- Concentrated Stock Management Services
- Separately Managed Account and Sub-Advisory Services
- Portfolio and Single-Stock Transition Management
- Effective Tax Management Strategies

### **Non-discretionary Investment Advisory Services and Planning**

- Non-discretionary Investment Management
- Wealth Management/Financial Planning Services
- Executive Planning
- Income, Education and Retirement Planning
- Tax, Estate and Trust Planning
- Business Succession Planning
- Wealth Transfer and Philanthropy Planning
- Customized Security Research
- ISOs, NSOs, Restricted and Control Stocks, 83(b) Elections Analysis and Planning
- Diagnostic Review of Client's Current Investments and Advisory Engagements
- Rule 10b5-1 Planning
- Defined Benefits and Profit-Sharing Plan Management
- Fiduciary Advisory Services

Most of Mission Creek's clients receive discretionary investment advisory services. Discretionary means Mission Creek has written authorization to make investment decisions on a client's behalf. Using that authority, Mission Creek decides to buy, sell or hold securities or other investments, including cash, in client accounts and/or allocate assets to one or more of Mission Creek's separate account strategies. We monitor these accounts and proactively buy and sell positions when we believe it is appropriate to help achieve a client's investment return objectives and/or to reduce risk. Mission Creek's discretionary authority may include the ability to select external fund vehicles.

### **Custom Portfolio Services**

Mission Creek tailors an investment strategy to meet the needs of each client. Our customized platform includes, along with Mission Creek's separately managed account strategies, individualized equity and fixed income investment strategies, sophisticated options strategies and, where suitable, access to alternative investments. Mission Creek's custom portfolio services also include comprehensive review of existing assets to ensure a streamlined and tax efficient transition of a client's assets and/or securities to meet an appropriate asset allocation aligned to individualized investment objectives. Separate accounts allow our direct- and sub-advised clients to own securities directly, and thereby control their own cost-basis.

When necessary, Mission Creek appropriately adjusts exposures to incorporate pre-existing, concentrated positions within our clients' portfolios.

#### **Private Equity Distribution Management**

Mission Creek provides customized private equity distribution management services for institutional private equity limited partners, general partners, executives and entrepreneurs. Stock distributions from venture and private equity funds present private equity investors with multiple challenges that Mission Creek focuses on addressing. The appropriate management of exits is a crucial element of the private equity life cycle that is often overlooked and taken for granted. Our private equity distribution management platform seeks to best manage, monetize and maximize the value of securities distributed by venture capital and private equity funds.

Mission Creek's distribution management platform is uniquely positioned to best ensure that private equity exits are effectively and efficiently managed to preserve and enhance overall returns based on our clients' specific hold guidelines, risk parameters and other objectives on a separately managed account basis.

#### **Concentrated Stock Management Services**

Mission Creek provides analysis, research, monitoring, management and diversification strategies for clients with concentrated stock holdings. These concentrated exposures can arise because of successful private equity related investments or the acquisition of a closely held business by a publicly traded company. Additionally, executives, entrepreneurs and individuals are often exposed to significant concentrated exposures due to employee related stock holdings and unexercised options gained over time.

Concentrated stock positions can often constitute a large portion of a client's overall portfolio and can cause excessive exposure to specific risks of a single company. Mission Creek can hedge or diversify this risk to suit the investment objectives and risk tolerances of our clients. In some situations, clients seek to generate additional income from concentrated stock positions or portfolios. Mission Creek works closely with clients to develop a strategy to increase the income generated from these positions or portfolios through covered call-writing strategies. The additional cash flow derived from a call-writing strategy has the effect of cushioning downside exposure from a stock's decline.

In many situations, concentrated stock exposures may have a low-cost basis that makes an outright sale of the position unattractive from a tax liability perspective. This is true for those exposures resulting from successful private equity investments and employee related holdings. Mission Creek utilizes several approaches to mitigate and/or defer the tax impact over time.

#### **Separate Managed Accounts and Sub-Advisory Services**

Mission Creek offers several separate managed account strategies on a direct and sub-advisory basis that utilize individual equities and/or covered-call and collared overlays. These strategies are designed to provide a core equity foundation for clients' portfolios through diversification, proactive management, tax efficiency and risk mitigation. Our separate account investment solutions may be used exclusively or in combination within an aggregate portfolio or a custom

portfolio which may also include fixed income securities, exchange traded funds, and/or no-load mutual funds. We work with our clients to determine which one, or combination, is best suited to their investment objectives and risk tolerances.

Institutional clients, other SEC or state-registered advisory firms, financial planning firms and family offices (the “primary advisor”) have access to our separate managed account strategies on a sub-advisory basis directly and/or through our participation on Charles Schwab’s Managed Account Marketplace (“Marketplace”) and TD Ameritrade Institutional Separate Account Exchange Managed Account Platform (“Platform”). Mission Creek contracts with the primary advisor to provide investment management services to their clients (“sub-advised client”). Schwab’s Marketplace and TD Ameritrade’s Platform are open architecture platforms that provide other investment advisors utilizing Schwab Advisor Services® or TD Ameritrade Institutional and their clients’ access to Mission Creek’s turnkey separate managed account strategies.

Under Mission Creek’s sub-advisory arrangement, the primary advisor maintains an on-going direct relationship with the sub-advised client and determines that client’s investment objectives and whether Mission Creek’s strategies are suitable to meet such objectives. Mission Creek reserves the right, in its sole discretion, to not accept a client account under a sub-advisory arrangement.

#### **Effective Tax Management Strategies**

Mission Creek’s investment process utilizes an overall asset “allocation” and asset “location” planning approach to best meet client’s overall objectives, risk tolerances and to enhance tax efficiency. We employ strategies to improve after-tax returns through the optimized allocation of assets based on their tax efficiency between taxable and tax-deferred accounts and through the appropriate matching of realized gains and losses.

#### **ISOs, NSOs, Restricted and Control Stocks, 83(b) Elections Analysis and Planning**

Mission Creek has expertise working with clients with significant incentive stock options (ISOs), nonqualified stock options (NSOs), restricted stock and/or control stock holdings. We can uniquely provide individualized analysis to determine, in a collaborative manner, the optimal option exercise timing, 83(b) elections and income, capital-gains and AMT tax minimization and deferment strategies, in close collaboration with clients’ legal and tax advisors.

#### **Defined Benefits and Profit-Sharing Plan Management**

Mission Creek advises and implements attractive personal tax deferment strategies by maximizing retirement contributions through effectively designed defined benefit plans, profit sharing accounts and maximizing 401(k) safe harbor contributions. These strategies are attractive for small business owners and executives seeking to shelter income during peak earning years for future retirement.

#### **Fiduciary Advisory Services**

Mission Creek also provides qualified and Employee Retirement Income Security Act of 1974 (“ERISA”) retirement plan consulting services. These services may involve fiduciary advisory services:



- Recommendations regarding investment selection consistent with ERISA section 404(c)
- Ability to consult on a one-on-one basis with Plan Participants

Mission Creek acknowledges that when providing these fiduciary advisory services, it is acting as a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of ERISA for purposes of providing non-discretionary investment advice only.

Mission Creek will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Mission Creek to be a fiduciary as a matter of law. However, in providing the fiduciary advisory services, Mission Creek (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of the client’s retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of the client’s retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of the client’s retirement plan or interpreting the client’s retirement plan documents, (b) is not an “investment manager” as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the “Administrator” of the client’s retirement plan as defined in ERISA.

### **C. Client Tailored Services and Client Imposed Restrictions**

Through our discussions with each advisory client, we develop a wealth management and investment plan for that advisory client based on, among other things, the advisory client’s circumstances, financial goals or objectives, risk tolerance, time horizon and liquidity needs. Mission Creek closely consults with clients and adjusts its strategies to accommodate client requests to alter investment choices. We will perform on-going monitoring of your account, provide you with quarterly reports and conduct periodic investment reviews. Clients may impose reasonable restrictions on investing in certain securities or types of securities and targeted hold periods.

### **D. Wrap Fee Programs**

Mission Creek does not currently participate in any wrap fee programs.

### **E. Regulatory Assets Under Management**

Mission Creek managed \$124,517,679 on a discretionary basis and no assets on a non-discretionary basis as of December 31, 2018.

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

Mission Creek charges an annualized fee for its investment management services based on a percentage of assets under advisement typically ranging between 0.60% - 1.50%.

Mission Creek's management fees for its investment management services for private clients is based on assets under management and depends on the size, complexity of clients' account(s) and other business considerations. Fees are payable quarterly and in advance. Fees are calculated based on closing account values on the last day of the previous quarter. The minimum quarterly fee is \$750. Mission Creek may group related client accounts to determine annualized fees and achieving the minimum account size. Mission Creek reserves the right to negotiate and to waive its minimum fee requirements and to adjust its advisory fees for new clients while retaining prior fee arrangements for existing clients.

Mission Creek charges additional management fees for its option overlay, covered-call, collared and concentrated stock management strategies. Mission Creek provides a reduced fee structure for its separately managed account strategies when utilized on a sub-advisory basis.

Mission Creek charges for its standalone advisory and planning services on an hourly basis, ranging from \$250 to \$350 per hour. An estimate for the total hours is determined at the start of an advisory relationship.

Mission Creek charges for its private equity distribution management/post-venture services based on a percentage of distribution value or liquidation value managed and performance-based fee structures. Mission Creek charges for its private equity distribution management services based on a sliding scale based on assets managed which resets annually.

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

Mission Creek's management fees for its investment management services are payable quarterly in advance and are due on the first day of the calendar quarter. Fees are generally deducted directly from clients' accounts pursuant to a written agreement. In certain situations, Mission Creek's clients may be billed directly.

Mission Creek's fees for its private equity distribution management/post-venture services are payable quarterly in arrears based on the just ended quarter's value of assets managed or liquidated.

### **C. Clients Are Responsible for Third Party Fees**

Mission Creek's management fees do not include custodial fees to third-party custodians, nor do they include brokerage commissions or other transaction fees to third-party broker/dealers. Clients will incur brokerage and other transaction costs. Refer to Item 12 regarding brokerage practices.

Clients' investments in mutual funds and exchange-traded funds include an embedded investment management fee paid to the investment adviser of the mutual fund or exchange-traded fund. As such, client accounts with investments in those types of securities will be subject to two layers of management fees. Depending on the custodian, Mission Creek may purchase mutual funds with no transaction fees. Fees may be imposed upon early redemption, if the fund was owned prior to our management or if we sell the fund in our discretion. An explanation of fees and expenses charged by each mutual fund is contained in that fund's prospectus.

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

In the case of a terminated advisory contract, any prepaid management fees to Mission Creek are prorated to the date of termination and the unearned fee portion will be refunded to the client.

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

For its separately managed account clients, Mission Creek does not charge performance-based fees, that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

For its private equity distribution/post-venture management clients, Mission Creek may charge a performance-based fee. The performance fee is based on up to ten-percent (10%) of the net annual realized gains and losses, unrealized losses and other income relative to initial distribution value managed annually.

### **Financia Global Focus Fund L.P. Fee Structure**

Besides an asset-based management fee, limited partners in the Financia Global Focus Fund L.P. may pay an incentive allocation to Mission Creek's capital account at the end of each fiscal year representing twenty-percent (20%) of any "net profit" that is allocable to the investor for that fiscal year, less an amount to compensate for prior period losses (the "Incentive Allocation"). Under this method of calculating the Incentive Allocation, any net decreases in your capital account balance for any fiscal year are carried forward and must be recouped before Mission Creek can earn any additional Incentive Allocation. For this purpose, "net profit" includes all

items of income, deduction and realized and unrealized gain and loss. If a client withdraws capital from the Fund, the incentive allocation for the amount withdrawn will be calculated as of the withdrawal date. Mission Creek reserves the right to reduce and/or waive its incentive allocation.

Mission Creek only enters a performance-based fee structure with “qualified clients,” as defined under Section 205 of the Investment Advisors Act of 1940 and other securities laws. Mission Creek may manage both accounts charged a performance-based fee and accounts charged an asset-based fee. Having multiple fee arrangements may create an incentive for Mission Creek to favor higher fee-paying accounts over other accounts. Incentive allocation arrangements could also create an incentive for us to make investments that are riskier or more speculative than would be the case absent the arrangement. Mission Creek has implemented procedures designed to ensure that all clients are treated fairly and equitably over time, and to prevent these conflicts from influencing investment process and decisions.

## **Item 7: Types of Clients**

Mission Creek has client relationships with institutional investors, institutional consultants, pension plans, university endowments, foundations, charitable organizations, fund-of-funds, corporations, family trusts and estates, private clients, executives and entrepreneurs, and other SEC or state-registered advisors.

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

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

Every aspect of Mission Creek’s investment and advisory services is guided by a set of principles developed and honed through decades of direct capital markets experience. These principles form a solid and broad foundation amid dynamic and ever changing economic and financial markets.

These principles focus on key areas we believe can have the most positive impact helping our clients realize their goals and objectives, namely management of concentration risks, appropriate diversification and asset allocation, downside capture minimization, overall implementation costs reduction and effective tax management.

#### **Rigorous Investment Approach**

- Investment approach is grounded in tested theory and real-world experience

- Investment strategies and solutions are designed to provide long term value over a wide range of economic and financial market conditions
- Exceptionally disciplined investment and portfolio implementation
- Asset allocation is a tremendously important decision in properly balancing our clients' return objectives, time horizons and risk tolerances

#### **Risk Management**

- Risk management is integral to our investment approach
- Appropriate diversification is fundamental to risk management
- Investors should be appropriately compensated for assuming risk and should consistently search for the optimal trade-off between risk and return
- Higher risk assumptions do not necessarily equate to higher returns, yet higher returns almost always equate to higher risk assumptions

#### **Minimize Implementation Costs and Taxes**

- Costs are a significant detractor of overall investment returns and, as a result, the most cost-effective means to achieve our clients' goals and objectives are pursued
- Taxes have an out-sized impact on investment returns particularly for private clients and, as a result, reasonable efforts to defer tax exposure to best improve after-tax returns are integral to our approach
- Combination of the best of what active and passive strategies have to offer in crafting clients' portfolios creates the optimal balance between appropriate diversification, reduced costs and greater tax realization flexibility

#### **Direct and Open Communication**

- Clear and consistent communication of realistic and appropriate expectations forms the foundation of a successful long-term relationship

Mission Creek's comprehensive approach utilizes a core and satellite approach to best structure highly customized portfolios and solutions for clients. Mission Creek's core strategy implements a fundamental, bottom-up, company-specific process with the objective of determining fair value and an appropriate target price. Mission Creek's fundamental, company-specific analysis entail reviewing earnings growth, earnings quality, supply/demand dynamics, competitive position for the respective company, pricing power, operating leverage, free cash flow generation and balance sheet strength, among other news and industry developments and economic and financial items.

We use various financial databases to screen publicly traded companies to identify a smaller universe of candidates that meet our criteria for value and long-term dividend income growth. We utilize commercially available data bases, technology, financial periodicals, sell-side analysis and other publications, SEC filings, and financial statements to assist with our analysis. Mission Creek also utilizes a top down economic overlay to enhance its overall asset, market and sector views. Additionally, Mission Creek determines likely catalysts that will help designated positions realize their value within targeted hold periods. We also may use technical analysis, chart analysis, and chart interpretation. These three approaches use statistics generated by market

activity, such as past price and volume, as indicators of potential future activity. Finally, we consider psychological factors in deciding to purchase or sell securities.

Mission Creek uses both active and passive strategies to construct the optimal client allocations. We utilize a diverse set of asset classes and strategies in our portfolio construction process and continually evaluate the appropriate balance for each specific client. Mission Creek's investment selection process for exchange traded funds (ETFs) begins with our use of a quantitative methodology to choose funds that represent industry sectors, baskets of regional and international stocks, fixed-income instruments and commodities. By analyzing ETF data, we also seek to identify ETFs with sufficient overall liquidity and institutional support.

Our investment selection process for mutual funds begins by screening potential funds using various industry sources. We use specific criteria to determine the overall investment merit of a fund. Our focus is on the fund's historical performance in both bull and bear markets, current performance, overall expense ratio, fund purpose and sector, price volatility, standard deviation, returns over a specific period of time, and overall management stability.

Mission Creek's investment selection process for fixed-income securities is based on the specific client's goal for liquidity, our outlook, and our view of the interest rate environment. We develop and use our investment strategies and processes in managing our clients' portfolios. These unique strategies are combined for each client's individual situation. We use one or a combination of our strategies based on a client's situation.

#### **Differentiated Separate Managed Account Strategies**

**Private Equity Distribution Management Strategies.** Mission Creek provides customized private equity distribution management strategies to best manage, monetize and maximize the value of securities distributed by venture capital and private equity funds. Our distribution management process combines a fundamental and timing investment management approach with our clients' risk parameters, hold guidelines and other objectives. We begin our investment process prior to the distribution event by evaluating a client's private equity commitments and focusing on those exposures with the highest likelihood of having a distribution event due to a recent initial public offering (IPO), merger or acquisition. Our pre-distribution analysis helps us differentiate securities that may warrant immediate liquidation from those that may offer better exit opportunities.

Private equity and venture capital portfolios are highly concentrated and are exposed to stock-specific and sector-specific risks. Mission Creek can implement many hedging and overlay strategies to best manage these exposures based on our clients' overall needs and risk tolerances. Given the insider status of many private equity general partners, distributed stocks also have many restrictions. Removing these restrictions and settling restricted shares can be time consuming and labor intensive because it involves coordinating with multiple, third-party participants. Mission Creek focuses on the efficient processing and settlement of restricted shares to ensure cash proceeds are received promptly.

**Equity Strategy.** Mission Creek offers a high-quality equity strategy geared to provide clients with an attractive core equity allocation on a separately managed account basis. Separate accounts allow our clients to own securities directly, and thereby control their own cost-basis, rather than indirectly through ownership of a fund.

Based on clients' objectives and suitability, Mission Creek's equity strategy may be augmented with an "option overlay" strategy. The option overlay enhances and may provide additional yield to our core equity portfolios. The goal with an option covered-call overlay is to help mitigate some downside risk and/or to generate income. Mission Creek can also implement an opportunistic collared element to our option overlay approach to provide more downside mitigation through protective put purchases.

**Concentrated Single-Stock Management Strategies.** Mission Creek provides customized analysis, research, monitoring, management and diversification strategies for clients with concentrated stock holdings. These concentrated exposures can arise because of successful private equity related investments or the acquisition of a closely held business by a publicly traded company. Additionally, executives, entrepreneurs and individuals are often exposed to significant concentrated exposures due to employee related stock holdings and unexercised options gained over time.

**Fixed Income Strategies.** Mission Creek's fixed income strategies include taxable, tax-free and high-yielding portfolios gained through direct fixed income holdings, exchange traded funds or mutual funds.

## **B. Material Risks Involved**

Investing and holding securities can be volatile and can cause significant losses which the client should be prepared to bear. All investments involve the risk of loss of your principal and any profits not realized. Markets can be volatile, and prices of stocks, bonds, commodities and other investments can fluctuate substantially. Other factors such as economic and political events also can affect the performance of your investments. There is no guarantee you will not lose money or that you will meet your investment objectives. Any investment managed for clients by Mission Creek could decrease in value because of the following events.

**Market Risk.** A decline in the stock market could depress the prices of stocks and other equity securities in a client's portfolio. An increase in interest rates or a change in the relationship between different market interest rates could depress the prices of bonds and other fixed income securities in a client's portfolio.

**Event Risk.** Some client portfolios may hold significant concentrations in particular positions, economic sectors or industries which may cause increased downside risk. An adverse event affecting a company or that company's industry could depress the price of a client's investments in that company's stocks or bonds. The company, government or other entity that issued bonds in

a client's portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency.

**Liquidity Risk.** Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.

**Political Risk.** The events that occur in the home country of the foreign company. Revolutions, nationalization, currency collapse or other types of events can affect the security.

**Inflation Risk.** Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits reflecting its underlying health.

**Derivative Instruments.** Investing and engaging in derivative instruments and transactions, including options, commodity funds and commodity exchange traded funds ("ETFs"), may involve different types of risk and possibly greater levels of risk. These risks include, but are not limited to the following:

**Possible Leverage.** A derivative instrument or transaction may disproportionately increase an account's exposure to the market for the assets underlying the derivative position and the sensitivity of an account's portfolio to changes in market prices for those assets. Leverage will tend to magnify both the positive impact of successful investment decisions and the negative impact of unsuccessful investment decisions on an account's performance.

**Counterparty Credit Risk.** An account's ability to profit from a derivative contract depends on the ability and willingness of the other party to the contract (a "counterparty") to perform its obligations under the contract. If the counterparty to an over-the-counter contract fails to perform its obligations, an account may lose the benefit of the contract and may have difficulty reclaiming any collateral that an account may have deposited with the counterparty.

**Lack of Correlation.** The market value of a derivative position may correlate imperfectly with the market price of the asset underlying the derivative position. If a derivative position is being used to hedge against changes in the value of assets in an account, a lack of price correlation between the derivative position and the hedged asset may cause an account's assets being incompletely hedged or not completely offsetting price changes in the derivative position.

**Illiquidity.** Over-the-counter derivative contracts are usually subject to restrictions on transfer, and there is generally no liquid market for these contracts. Although it is often possible to negotiate the termination of an over-the-counter contract or enter into an offsetting contract, a counterparty may be unable or unwilling to terminate a contract with an account, especially during times of market instability or disruption.



The markets for many exchange traded futures, options and other instruments are liquid during normal market conditions, but this liquidity may disappear during times of market instability or disruption.

**Less Accurate Valuation.** The absence of a liquid market for over-the-counter derivatives increases the likelihood that Mission Creek will be unable to correctly value these interests.

Some of our investment strategies require that you maintain a margin account. Clients who purchase securities may pay for them in full or may borrow part of the purchase price from the broker-dealer that holds his/her account. Clients generally use margin to leverage their investments and increase their purchasing power. At the same time, clients who trade securities on margin incur the potential for higher losses. We will discuss the risks of using margin with you to determine if it is appropriate for your portfolio but, in general, would like for you to know about some of the major risks of trading on margin.

- You can lose more funds than you deposit in a margin account
- Broker-dealer holding the account can force the sale of securities in your account
- Broker-dealer can sell your securities without contacting you
- You are not entitled to an extension of time on a margin call

### **C. Risks of Specific Securities Utilized**

Mission Creek's strategies may hold small company stocks which have greater risk of loss and liquidity risk.

## **Item 9: Disciplinary Information**

There are NO legal or disciplinary events that are material to a client's or prospective client's evaluation of Mission Creek's investment management, private equity distribution/post-venture management or advisory business or the integrity of Mission Creek's management.

### **A. Criminal or Civil Action**

Mission Creek and its employees face NO criminal or civil actions in a domestic, foreign or military court.

**B. Administrative Proceeding Before the SEC, Any Other Federal Regulatory Agency, or Any State Regulatory Agency**

Mission Creek and its employees face NO administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory.

**C. Proceeding Before a Self-Regulatory Organization (SRO)**

Mission Creek and its employees face NO self-regulatory organization (SRO) proceeding.

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

**A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Mission Creek nor its employees are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

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

**C. Registration Relationships Material to This Advisory Business and Possible Conflicts of Interests**

Mission Creek and its employees have NO relationships or arrangements that are material to its advisory business or to its clients.

**D. Selection of Other Advisors or Managers and How This Adviser is compensated for Those Selections**

Mission Creek and its employees only receive compensation from its clients. No conflict of interest exists in the selection of any other advisor or manager.

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

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

Mission Creek has adopted a code of ethics to set forth standards of conduct expected of advisory personnel (including compliance with federal securities laws); safeguard material non-public information; and require “access persons” to report their personal securities transactions. In addition, the activities of an investment adviser and its personnel must comply with the broad antifraud provisions of Section 206 of the Advisers Act. A copy of our Code of Ethics is available to any client or prospective client upon request.

### **B. Recommendations Involving Material Financial Interests**

Mission Creek maintains a written Code of Ethics which includes business conduct standards, provisions requiring persons to comply with Federal Securities Laws and reporting requirements. It also requires that persons be provided with, and acknowledge receipt of, the Code. The Code is based upon the principle that directors, officers and employees of the firm have a fiduciary duty to place the interests of clients ahead of their own. Occasionally, Mission Creek may buy or sell securities or related securities for client accounts in which Mission Creek or a related person has a material financial interest. It is policy not to permit the firm or associated persons to trade in a manner that takes advantage of price fluctuations caused by clients’ transactions. A conflict of interest can arise as the client transaction may influence the price of the underlying security to the benefit of the Mission Creek or its related person.

### **C. Investing Personal Money in the Same Securities as Clients**

Mission Creek maintains a written Code of Ethics which includes business conduct standards, provisions requiring persons to comply with Federal Securities Laws and reporting requirements. It also requires that persons be provided with and acknowledge receipt of the Code. The Code is based upon the principle that directors, officers and employees of the firm have a fiduciary duty to place the interests of clients ahead of their own. Mission Creek has adopted these principles governing personal investment activities by Mission Creek associated persons:

- The interests of client accounts will at all times be placed first
- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual’s position of trust and responsibility
- Mission Creek associated persons must not take inappropriate advantage of their position

Occasionally, Mission Creek associated persons may transact in portfolio strategies, securities or related securities held in client advised accounts. It is Mission Creek's policy, however, not to permit associated persons to trade in a manner that takes advantage of price fluctuations caused by clients' transactions.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

Mission Creek maintains a written Code of Ethics which includes business conduct standards, provisions requiring persons to comply with Federal Securities Laws and reporting requirements. It also requires that persons be provided with and acknowledge receipt of the Code. The Code is based upon the principle that directors, officers and employees of the firm have a fiduciary duty to place the interests of clients ahead of their own. Mission Creek has adopted these principles governing personal investment activities by Mission Creek associated persons:

- The interests of client accounts will at all times be placed first
- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility
- Mission Creek associated persons must not take inappropriate advantage of their position

Occasionally, Mission Creek associated persons may transact in portfolio strategies, securities or related securities held in client advised accounts. It is Mission Creek's policy, however, not to permit associated persons to trade in a manner that takes advantage of price fluctuations caused by clients' transactions. If transaction orders for a client and Mission Creek associated persons are not aggregated, then transaction orders for Mission Creek associated persons will be the last orders filled. A conflict of interest can arise as the client transaction may influence the price of the underlying security to the benefit of Mission Creek or its related person.

### **Item 12: Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Mission Creek manages both accounts in which Mission Creek is given authority by the client to select custodians, brokers and negotiate commissions, and accounts in which the client designates the custodian and broker-dealer to which brokerage should be directed.

Primarily for its private client and sub-advisory services, Mission Creek may from time to time recommend either Charles Schwab & Co., Inc. (Schwab Advisor Services® division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC); Fidelity Brokerage

Services LLC and/or National Financial Services LLC (together, "Fidelity"); or TD Ameritrade when a client does not utilize an approved broker-dealer. Mission Creek is independently owned and operated and is not affiliated with any custodians. Custodians hold client assets in a brokerage account and buy and sell securities when we instruct them to. Mission Creek believes Schwab, Fidelity and TD Ameritrade offer reasonable commission rates and transaction costs to clients.

## **1. Research and Other Soft-Dollar Benefits**

Mission Creek may receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft-dollar benefits"). Most research obtained by Mission Creek benefits several or all categories of accounts which it manages, as opposed to solely benefiting one account. Normally research services obtained through transactions in common stock would primarily benefit those accounts managed by Mission Creek which invest in common stocks. Some of Mission Creek's clients have not granted brokerage discretion and therefore, any research services received because of paying commissions over the amount another broker might have charged is subsidized by accounts that have granted Mission Creek such discretion.

SEC maintains interpretations relating to paying more than the lowest commission rate for transactions where research is received. Mission Creek believes that the research products and services it receives comply with these interpretations.

Conflicts of interest may arise in that Mission Creek can use client brokerage commissions (or markups or markdowns) to obtain research or other products or services. Mission Creek may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its clients' interest in receiving most favorable execution. This practice may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits.

Soft-dollar benefits are used to service all client accounts to the extent possible without regard to proportionate allocation to the soft-dollar credits the accounts generate. Soft-dollar benefits are used for research and brokerage services.

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

Mission Creek and its related persons do not consider client referrals in selecting or recommending broker-dealers. Brokers or dealers that Mission Creek selects to execute transactions may from time to time refer clients to Mission Creek. The firm will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals; however, Mission Creek may directly or indirectly reimburse a broker or dealer for providing investment advisory services to those clients referred by such broker or the broker chosen by the client. A potential conflict of interest may arise between the client's interest in obtaining best price and execution and Mission Creek's interest in receiving referrals.

### 3. Clients Directing Which Broker/Dealer/Custodian to Use

- a) For accounts for which Mission Creek is given authority to select brokers and negotiate commissions, Mission Creek's policy in selecting brokers is to seek best execution. In determining best execution, Mission Creek will consider research and brokerage services provided by the firm besides price and other factors. This may involve paying a commission to a broker, dealer or exchange member on a transaction that exceeds the commission that Mission Creek might have obtained had the transaction been executed through another broker, dealer or exchange member if it is determined by Mission Creek in good faith that the commission is reasonable in relation to the value of research and brokerage services provided by such broker, dealer or exchange member. Such research must provide lawful and appropriate assistance to Mission Creek in executing its investment decision-making responsibilities. Brokerage services, for this purpose, include effecting securities transactions and, between the time the order is transmitted, and the securities are delivered or credited to the applicable account, performing functions incidental to the transaction or required by rules of the Securities and Exchange Commission or applicable self-regulatory organizations and under relevant SEC guidance. In selecting dealers and in negotiating commissions, besides price and brokerage and research products and services provided, Mission Creek considers among other factors the firm's reliability, the quality of its execution services on a continuing basis and its financial condition. Not all advisers require their clients to direct brokerage. Mission Creek is not a broker-dealer affiliate nor has another economic relationship that creates a material conflict of interest. By directing brokerage, Mission Creek may not achieve most favorable execution of client transactions which may cause higher costs for clients.
- b) Clients may direct brokerage upon agreement and delivery by client of authority and instructions to direct brokerage. Mission Creek may not achieve most favorable execution of client transactions. Directing brokerage may cost clients more money. In a directed brokerage account, the client may pay higher brokerage commissions because Mission Creek may not aggregate orders to reduce transaction costs or the client may receive less favorable prices.
- c) **Schwab Disclosure Statement.** Mission Creek may recommend for its individual investment management clients and clients may choose to custody their funds and securities at no charge in the Charles Schwab & Co., Inc. "Schwab Institutional Program" ("SIP"). Although Schwab does not charge separate custody fees, Schwab is compensated by account holders through commissions or other transaction-related fees for securities trades executed through Schwab or settling into Schwab accounts. SIP includes several services, some of which benefit clients directly, such as account custody at no cost above account brokerage fees. Other SIP services, such as prime brokerage, block trade execution capabilities, research and access to Schwab's institutional trading desk, benefit both Mission Creek and its clients. These services are available to investment advisors with no affiliated broker-dealer on an unsolicited basis at no charge to the advisors if

they maintain at least \$10 million worth of client assets in Schwab accounts. SIP participation is not otherwise contingent upon committing any amount of business (e.g., trade executions) to Schwab.

Mission Creek is not affiliated with Schwab and may execute clients' securities transactions, particularly block trades, through Schwab when Mission Creek believes doing so is consistent with obtaining best execution.

- d) **Fidelity Disclosure Statement.** Mission Creek has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides Mission Creek with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist Mission Creek in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Fidelity also offers other services intended to help Mission Creek manage and develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third-party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide an array of business-related services and technology with whom Mission Creek may contract directly.

Mission Creek is independently operated and owned and is not affiliated with Fidelity. Fidelity rarely charges its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

- e) **TD Ameritrade Disclosure Statement.** Mission Creek participates in TD Ameritrade's Institutional Program and Mission Creek may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Mission Creek's participation in the program and the investment advice it gives to its Clients, although Mission Creek receives economic benefits through its participation in the program typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Mission Creek participants; access to block trading (which provides the ability to aggregate securities transactions for

execution and then allocate the shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Mission Creek by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Mission Creek and/or Mission Creek's related persons. Some products and services provided by TD Ameritrade through the program may benefit Mission Creek but may not benefit its Client accounts. These products or services may assist Mission Creek in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services provided by TD Ameritrade should help Mission Creek manage and develop its business enterprise. The benefits received by Mission Creek or its personnel through participation in the program do not depend on the brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Mission Creek endeavors to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Mission Creek or its related persons creates a potential conflict of interest and may indirectly influence Mission Creek's choice, or recommendation to its clients, of TD Ameritrade for custody and brokerage services.

We may also engage solicitors to provide client or investor referrals. We pay these solicitors a portion of the fees we earn for managing the client or investor referred. If you are referred by a solicitor, this practice will be disclosed in writing and we will comply with applicable rules or statutes.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

Mission Creek will aggregate securities transactions for client accounts where broker dealer firms and custodian firms allow and when block trading is practical. Clients are expected to benefit by block trading due to more effective transaction management and a decrease in the dispersion of returns for accounts implementing similar strategies. Transaction costs and execution prices may be worse for the client if trades are not aggregated.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Investment advisory accounts are reviewed no less than quarterly. Accounts are reviewed for consistency with the investment strategy and performance. Based on a client's strategy, reviews are conducted by Mission Creek's senior staff.



## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Account holdings are reviewed any time market conditions warrant. Reviews may be triggered by changes in a client's requirements and risk profile, significant account withdrawals and macroeconomic or company specific events.

## **C. Content and Frequency of Regular Reports Provided to Clients**

The nature and frequency of reports to clients are determined primarily by the needs of each client.

Generally, clients are issued written quarterly commentary, valuation and performance reports by Mission Creek. The client usually also receives written quarterly, or more frequent, account statements from the custodian detailing all activity in the account.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Neither Mission Creek nor its employees receive any economic benefit including sales awards or prizes from any third parties for advisory services provided to clients.

### **B. Compensation to Non -Advisory Personnel for Client Referrals**

Mission Creek may enter contractual arrangements with solicitors to whom it will pay cash or a portion of the fee paid by clients referred to it by those solicitors. The arrangements are made in writing under Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, Rule 206(4)-3 requires that such solicitors comply with requirements of the Rule and other applicable law, as well as their contract with Mission Creek. The solicitor must, at the time of his solicitation, provide the client with a copy of Part II of Advisor Form ADV. He must also provide the client with a separate document describing the solicitation arrangement, disclosing any affiliation between Mission Creek and the solicitor, compensation for solicitation, and whether the advisory fee for solicited clients is higher than those for other clients due to compensation paid to the solicitor.

## **Item 15: Custody**

By maintaining prescribed procedures and/or exemptions, Mission Creek is not deemed to have custody of clients' assets. Client custodians send quarterly, or more frequent, account statements directly to clients. Clients will receive account statements from the broker-dealer, bank or other qualified custodian. Clients should carefully review those statements. Direct clients also receive account reports from Mission Creek. Clients are urged to compare the account statements they receive from the custodian with those received from Mission Creek.

As the general partner of the Financia Global Focus Fund L.P., Mission Creek (1) maintains client funds and securities in qualified custodian accounts in the name of the Fund; (2) sends to all limited partners a quarterly statement showing: (a) total additions to and withdrawals from the Fund and the opening and closing value of the Fund at the end of the quarter based on the custodian's records, (b) a list of investments at the end of the quarter, and (c) a list of all additions to and withdrawals from the Fund by the limited partner and the total value of the limited partner's interest in the Fund at the end of the quarter; (3) prepares the Fund's annual financial statements in conformity with generally accepted accounting principles in the United States ("GAAP"); (4) engages an independent auditor registered with, and subject to regular inspections by, the Public Company Accounting Oversight Board to audit the Fund's financial statements as of the end of its fiscal year (December 31<sup>st</sup>); and (5) distributes audited financial statements to all limited partners within 120 days of the end of the Fund's fiscal year (December 31<sup>st</sup>).

## **Item 16: Investment Discretion**

Mission Creek receives discretionary authority to manage securities accounts on behalf of clients. The firm maintains authority to determine without consultation with its client on a transaction-by-transaction basis, the securities to be bought or sold, and the securities to be bought or sold, subject to and in accordance with the investment objective and investment restrictions of the client. Clients may limit certain securities and types of securities and holding periods, although generally, clients do not place any limitations upon Mission Creek.

Clients will grant discretionary authority by signing the Mission Creek client agreement and by authorization with the broker/dealer and/or custodial firm.

## **Item 17: Voting Client Securities (Proxy Voting)**

A. Based on a client's preferences, Mission Creek will accept authority to vote client proxies.

Voting Guidelines - Each proxy issue is evaluated separately. General guidelines are used in voting proposals in the proxy statements, but these guidelines are not used as set directives.

Mission Creek typically votes for proposals which do not change the bylaws, operations or structure of the corporation to the detriment of the shareholders. Given these proposals, proxies are ordinarily voted with management. These issues include election of auditors recommended by management, date and place of annual meeting, ratification of directors' actions on routine matters since previous annual meeting, responsible Employee Stock Purchase Plans and establishing reasonable 401(k) Plans.

Mission Creek votes against any management proposal not deemed to be in the shareholder's best interests. Proposals in this category include issues regarding the issuer's board of directors' composition, poison-pill measures and cumulative voting rights.

Mission Creek votes other issues based on the individual facts with the intention to increase the client's asset value. Mission Creek's Chief Compliance Officer ensures that all proxies received by Mission Creek are voted in a timely and consistent manner and in the client's best interest. Clients can contact us to direct the vote of a proposal. The request will only apply to the individual account. Should the requested client vote conflict with other clients' best interest, the remaining clients will be voted in their best interest.

The client determines if Mission Creek or the client will vote proxies. If voting authority is delegated to Mission Creek, all decisions are made solely in the best interest of the client. Mission Creek acts in a timely and diligent manner intended to increase the client's value. The firm maintains a record of each vote as cast of behalf of clients and how Mission Creek voted for the matter. A copy of any material documentation created and pertinent to the vote is retained.

Clients can request a copy of the Mission Creek's proxy voting record by writing to Charles S. Gehring at [info@missioncreekcap.com](mailto:info@missioncreekcap.com).

B. If proxy voting authority is not granted, clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients can contact Mission Creek at [info@missioncreekcap.com](mailto:info@missioncreekcap.com) or (415) 363-0400 with questions about a particular solicitation.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Mission Creek does NOT require or solicit prepayment of fees more than three months or more in advance.

## **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Mission Creek maintains discretionary authority over client funds or securities. There are no financial conditions reasonably likely to impair our ability to meet contractual commitments to clients.

## **C. Bankruptcy Petitions in Previous Ten Years**

Mission Creek has NOT been the subject of a bankruptcy petition at any time during the past ten years.