

**Item 1: Cover Page  
Part 2A of Form ADV: Firm Brochure  
November 2019**

**PEAVINE  
CAPITAL**

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This brochure provides information about the qualifications and business practices of Peavine Capital, LLC. If you have any questions about the contents of this brochure, please contact by telephone at (775) 337-3900 or email at [ken@peavinecapital.com](mailto:ken@peavinecapital.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. Additional information about Peavine Capital, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Peavine Capital, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure**

Peavine Capital, LLC is required to advise you of any material changes to our Firm Brochure ("Brochure").

Since our last annual amendment filing on 01/15/2018, we have made the following changes:

- We no longer accept solicitor referrals.

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## **Item 4: Advisory Business**

We manage investments for institutions, high net worth individuals and investment advisory firms. Our firm is a Limited Liability Company formed in the State of Nevada. Our firm has been in business as an investment adviser since 2012 and is owned by Kenneth Lambert and Jennifer Lambert. As of December 2018, our firm has \$528,000,000 in assets under management.

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing our client. Our firm has a service-oriented advisory practice with open lines of communication for clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. We work with clients to understand their investment objectives while educating them about our process.

### **Advisory Services We Offer**

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We provide investment management services to institutions, high net worth individuals and investment advisory firms. Our investment process focuses on actively managing asset allocation and using index funds for implementation. We periodically adjust portfolio risk exposures in an attempt to maximize risk-adjusted returns over the long term.

We employ continuous account supervision. We utilize a small group of index funds to build portfolios and access those index funds through exchange traded funds ("ETFs"). We believe liquid, indexed exchange traded funds are an efficient way to access capital markets. From time to time we may own individual stocks or bonds, mutual funds and other public and private securities or investments if client specific circumstances warrant.

### **Direct Investment Management**

Our Direct Investment Management service encompasses asset management as well as providing periodic financial advice to clients. It is designed to assist clients in meeting their financial goals and ensure their investment strategy is suitable for their circumstances and personal risk tolerance. We conduct at least one meeting (in person or via telephone conference) with clients to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we recommend an investment strategy to the client.

Individual investment strategies are tailored to the client's specific needs. Each portfolio is initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review it at least quarterly and if necessary, adjust risk and/or asset class exposures based upon the market environment or the client's individual needs, stated goals and objectives.

### **Sub-Advisory Investment Management**

Our Sub-Advisory Investment Management service makes our proprietary strategies available to third party investment advisory firms ("TPIAF"). Firms can access our strategies through either direct sub-advisory management agreements or a licensing agreement through a third-party asset management platform. In cases where we provide direct sub-advisory management, we have trading authority. In cases where TPIAFs access our strategies through a licensing agreement through a

third-party asset management platform, we do not have trading authority. Our firm does not offer any advice on specific securities in connection with this service. The TPIAFs are responsible for client contact and determining the initial and annual suitability of our strategies for their advisory clients.

Our firm claims compliance with Global Investment Performance Standards as established by the CFA Institute. ACA Compliance conducts an annual audit of Peavine Capital for consistency with claiming compliance with these standards.

### **Tailoring of Advisory Services**

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We offer individualized investment advice to clients utilizing our Direct Investment Management service. Each Direct Investment Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Direct Investment Management clients acknowledge that portfolio restrictions will result in differences in performance when compared to our model strategies.

### **Participation in Wrap Fee Programs**

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Our firm does not offer or sponsor a wrap fee program.

### **Regulatory Assets Under Management**

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As of December 31, 2018, we manage<sup>1</sup> \$528,000,000 in assets. Of those assets, \$311,000,000 are managed on a discretionary basis for Direct Investment Management clients.

The remaining \$217,000,000 are managed under a sub-advisory licensing agreement through a third-party asset management platform for third-party investment advisory firms. We have discretion over our strategy and provide continuous supervision of our models. However, since we do not have trading authority for these accounts, we classify these assets as non-discretionary.

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<sup>1</sup> Please note that our method for computing the amount of "client assets we manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute "client assets we manage," we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our "as of" date must not be more than three months before the date we last updated our Brochure in response to Item 4.E of Form ADV Part 2A.

## **Item 5: Fees & Compensation**

### **How We Are Compensated for Our Advisory Services**

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#### **Direct Investment Management**

The maximum annual fee charged for our Direct Investment Management service is 1.00%. The fee assessed the account(s) will be outlined in the Investment Management Agreement. Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of the account on the last day of the previous quarter. Fees will be deducted from the managed account. In rare cases, we will agree to directly bill clients. As part of this process, clients understand and acknowledge the following:

- a) The independent custodian sends statements monthly showing the market values for each security included in the Assets and all disbursements in the account including the amount of the advisory fees paid to us;
- b) The client provides authorization permitting us to be directly paid by these terms. We send our invoice directly to the custodian; and
- c) If we send a copy of our invoice to the client, it will include a legend urging the client to compare information provided in our statement with those from the qualified custodian.

#### **Sub-Advisory Investment Management**

The maximum annual fee charged for our Sub-Advisory Investment Management service is 0.30%. For direct sub-advisory management agreements, our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of the account on the last day of the previous quarter. Fees will be deducted from the sub-advisory management account by our firm.

For sub-advisory investment management offered through a licensing agreement through a third-party asset management platform, our firm's fees are deducted from the client account quarterly by the third-party asset management platform and then paid to our firm. The total fee to be charged to the end client, as well as billing procedures, will be outlined in the agreement signed by the TPIAF's end client.

#### **Other Fees:**

Clients will incur transaction fees for trades executed by their chosen custodian via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

#### **Refunds Following Termination**

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Advisory fees for our Direct Investment Management service and Sub-Advisory Investment Management service provided through direct sub-advisory management agreements are charged

quarterly in advance. If a client wishes to terminate our services, we will refund the unearned portion of our advisory fee to the client. The client needs to contact us in writing and state that they wish to terminate our services. Upon receipt of the termination letter, we will proceed to close out the account and process a pro-rata refund of unearned advisory fees.

### **Commissionable Securities Sales**

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Our firm and representatives do not sell securities for a commission.

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

Our firm does not charge performance-based fees.

### **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations; and
- Institutions and other Registered Investment Advisers.

Except in unique circumstances, we are no longer accepting new clients for our Direct Investment Management service.

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

The following methods of analysis and investment strategies may be utilized in formulating our investment advice and/or managing client assets, provided that such methods and/or strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

### **General Risks of Owning Securities**

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

The prices of, and the income generated by, most debt securities held by a client's account may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities in the client's account generally will decline when interest rates rise and increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, "call" or refinance a security before its stated maturity, which may result in our firm having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities generally have higher rates of interest and may be subject to greater price fluctuations than shorter maturity debt securities. Debt securities are also subject to credit risk, which is the possibility

that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

The guarantee of a security backed by the U.S. Treasury or the full faith and credit of the U.S. government only covers the timely payment of interest and principal when held to maturity. This means that the current market values for these securities will fluctuate with changes in interest rates.

Investments in securities issued by entities based outside the United States may be subject to increased levels of the risks described above. Currency fluctuations and controls, different accounting, auditing, financial reporting, disclosure, regulatory and legal standards and practices could also affect investments in securities of foreign issuers. Additional factors may include expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs. Various administrative difficulties, such as delays in clearing and settling portfolio transactions, or in receiving payment of dividends can increase risk. Finally, investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

### **Methods of Analysis**

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Securities analysis methods rely on the assumption that the companies whose securities are purchased and/or sold, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While our firm is alert to indications that data may be incorrect, there is always a risk that our firm's analysis may be compromised by inaccurate or misleading information.

- **Asset Allocation:** Asset allocation (the decision to allocate assets among markets such as stocks, bonds and cash) determines the majority of portfolio risk and return results over time. We utilize our experience building institutional and individual portfolios to develop efficient asset allocation strategies designed to maximize returns given their level of risk. Our process begins with capital market return, risk and correlation expectations and portfolio mean variance optimization. We then overlay practical, common sense implementation considerations to build portfolios. The potential risk with this portfolio construction methodology is actual capital market returns, risk and correlations may vary from the assumptions used to build the optimization model and construct the portfolio.
- **Fundamental Analysis.** We attempt to measure the intrinsic value of asset classes and securities by looking at economic and financial factors (including the overall economy and industry conditions) to determine if the asset class or security is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). We also review the relative valuation of asset classes to each other. This presents a potential risk, as the price of a security can move up or down regardless of the economic and financial factors considered in evaluating the asset class or security.
- **Chart & Return Analysis:** In this type of analysis, we review market performance (absolute and relative) and charts of market and security activity in an attempt to identify when the market is moving up or down and evaluate the strength of market trends. We also use these comparisons to give perspective to the magnitude of short term versus long term moves in the markets. The potential risk is that security price may not be useful in anticipating future price movements.
- **Cyclical Analysis.** In this type of analysis, we measure the movements of an asset class against the overall global capital markets in an attempt to anticipate the price movement of



that asset class. The risk in cyclical analysis is the correlation (i.e. the relative price movement) between asset classes can change over time, making the cyclical analysis less useful in forecasting future price movements.

- **Mutual Fund and/or Exchange Traded Fund (“ETF”) Analysis:** Analysis of the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. The underlying assets in a mutual fund or ETF are also reviewed in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the Client’s portfolio. The funds or ETFs are monitored in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as our firm does not control the underlying investments in a fund or ETF, managers of different funds held by the Client may purchase the same security, increasing the risk to the Client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the Client’s portfolio.

## **Investment Strategies & Asset Classes**

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We use the following strategies in managing accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- **Exchange Traded Funds (“ETFs”):** An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. The vast majority of ETFs are designed to track an index, so their performance is close to that of an index mutual fund, but they are not exact duplicates. A tracking error, or the difference between the returns of a fund and the returns of the index, can arise due to differences in composition, management fees, expenses, and handling of dividends. ETFs benefit from continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like with individual stocks - such as limit orders, good-until-canceled orders, stop loss orders etc. They can also be sold short. Traditional mutual funds are bought and redeemed based on their net asset values (“NAV”) at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the underlying NAV but are independent of it. However, arbitrageurs will ensure that ETF prices are kept very close to the NAV of the underlying securities. Although an investor can buy as few as one share of an ETF, most buy in board lots. Anything bought in less than a board lot will increase the cost to the investor. Anyone can buy any ETF no matter where in the world it trades. This provides a benefit over mutual funds, which generally can only be bought in the country in which they are registered.

One of the main features of ETFs are their low annual fees, especially when compared to traditional mutual funds. The passive nature of index investing, reduced marketing, and distribution and accounting expenses all contribute to the lower fees. However, individual investors must pay a brokerage commission to purchase and sell ETF shares; for those investors who trade frequently, this can significantly increase the cost of investing in ETFs. That said, with the advent of low-cost brokerage fees, small or frequent purchases of ETFs are becoming more cost efficient.

- **Equity Securities:** Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic and other conditions. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. There may be little trading in the secondary market for particular equity securities, which may adversely affect our firm's ability to value accurately or dispose of such equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities. Investing in smaller companies may pose additional risks as it is often more difficult to value or dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.
- **Fixed Income:** Fixed income is a type of investing or budgeting style for which real return rates or periodic income is received at regular intervals and at reasonably predictable levels. Fixed-income investors are typically retired individuals who rely on their investments to provide a regular, stable income stream. This demographic tends to invest heavily in fixed-income investments because of the reliable returns they offer. Fixed-income investors who live on set amounts of periodically paid income face the risk of inflation eroding their spending power.

Some examples of fixed-income investments include treasuries, money market instruments, corporate bonds, asset-backed securities, municipal bonds and international bonds. The primary risk associated with fixed-income investments is the borrower defaulting on his payment. Other considerations include exchange rate risk for international bonds and interest rate risk for longer-dated securities. The most common type of fixed-income security is a bond. Bonds are issued by federal governments, local municipalities and major corporations. Fixed-income securities are recommended for investors seeking a diverse portfolio; however, the percentage of the portfolio dedicated to fixed income depends on your own personal investment style. There is also an opportunity to diversify the fixed-income component of a portfolio. Riskier fixed-income products, such as junk bonds and longer-dated products, should comprise a lower percentage of your overall portfolio.

- **Long-Term Purchases.** We purchase securities with the intent of holding them for a relatively long time (at least a year). The majority of our investment decisions are long term in nature. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term security movement that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value.
- **Mutual Funds:** A mutual fund is a company that pools money from many investors and invests the money in a variety of differing security types based the objectives of the fund. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value ("NAV") plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades. With an individual stock, investors can obtain real-time (or

close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which is calculated daily after market close.

The benefits of investing through mutual funds include: (a) Mutual funds are professionally managed by an investment adviser who researches, selects, and monitors the performance of the securities purchased by the fund; (b) Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as “Don't put all your eggs in one basket.” Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.; (c) Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.; and (d) At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

- **Short-Term Purchases.** While we typically don't focus on short term purchases, we may purchase securities with the idea of selling them within a relatively short time (typically a year or less). We may do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. The material risk is that our analysis is incorrect, and the security may not react as expected, creating a short-term loss. It can often be more difficult to predict price movements in the short term, as frequently non-fundamental factors such as supply and demand imbalances can significantly influence short term price movements. Over short-term periods irrational pricing behavior can drive security prices; whereas over the long-term securities tend to gravitate to a price that is more reflective of underlying fundamentals.

## **Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While markets may increase and the clients' account(s) could enjoy a gain, it is also possible that markets may decrease and the clients' account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the markets, are appropriately diversified in investments, and ask us any questions that they may have.

**Capital Risk:** Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100% of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

**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.

**Economic Risk:** The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic 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 you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

**ETF & Mutual Fund Risk:** When investing in an ETF or mutual fund, you will bear additional expenses based on your 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. Clients will also incur brokerage costs when purchasing ETFs.

**Financial Risk:** Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

**Fixed Income Securities Risk:** Typically, the values of fixed-income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed-income securities is interest rate risk, which is the risk that their value will generally decline as prevailing interest rates rise, which may cause your account value to likewise decrease, and vice versa. How specific fixed income securities may react to changes in interest rates will depend on the specific characteristics of each security. Fixed-income securities are also subject to credit risk, prepayment risk, valuation risk, and liquidity risk. Credit risk is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of a bond to decline.

**Foreign Exposure Risk:** Our firm may have exposure to foreign markets, including emerging markets, which can be more volatile than the U.S. markets. As a result, returns and net asset value may be affected to a large degree by fluctuations in currency exchange rates or political or economic conditions in a particular country. Any investments in emerging market countries may involve risks greater than, or in addition to, the risks of investing in more developed countries.

**Growth Securities Risk:** Securities of companies perceived to be "growth" companies may be more volatile than other stocks and may involve special risks. The price of a "growth" security may be impacted if the company does not realize its anticipated potential or if there is a shift in the market to favor other types of securities.

**Inflation Risk:** Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources

and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

**Interest Rate Risk:** Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

**Legal/Regulatory Risk:** Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

**Liquidity Risk:** Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

**Market Risk:** The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security's price due to company specific events (e.g. earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g. such as a "bear" market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

## Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

## Item 10: Other Financial Industry Activities & Affiliations

Our firm has no other financial industry activities and affiliations to disclose.

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

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>2</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day unless included in a block trade.

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<sup>2</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

## Item 12: Brokerage Practices

### Selecting a Brokerage Firm

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Our firm does not maintain custody of client assets. Client assets must be maintained by a qualified custodian. Our firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Experience as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

For our Direct Investment Management service, our firm has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides our firm with "institutional platform services." Our firm is independently operated and owned and is not affiliated with Fidelity. The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us 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 generally does not charge its advisor clients separately for custody services but is compensated by account holders through transaction commissions and other transaction-related or asset-based fees for securities trades that are 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 exchange traded funds and no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Fidelity is providing our firm with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

Our firm has an arrangement with Fidelity which provides our firm with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record

keeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients but that may benefit our firm.

As part of the arrangement described above, Fidelity also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Fidelity to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Fidelity to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services may be used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed, we may have an incentive to continue to use or expand the use of Fidelity's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables us to obtain many no-load mutual funds and exchange traded funds ("ETFs") without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

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### **Soft Dollars**

Our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all our clients but not necessarily all at any one time.

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### **Client Brokerage Commissions**

Our firm does not receive brokerage for client referrals. Fidelity does not make client brokerage commissions generated by client transactions available for our firm's use. Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.



## **Directed Brokerage**

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Neither our firm nor any of our firm's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our firm routinely requests that clients direct us to execute through a specified broker-dealer. Our firm recommends the use of Fidelity. Each direct client will be required to establish their account(s) with Fidelity if not already done. Please note that not all advisers have this requirement.

## **Aggregation of Purchase or Sale**

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We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Peavine Capital's trade rotation policy for the sub-advisory licensing relationship through the third-party asset management platform utilizes an A to Z format. Each time a strategy change is made to a Peavine Capital model strategy, that change will be communicated or effected, in rotation order, to the sub-advisory licensing third party asset management platform and Peavine Capital's directly traded discretionary client accounts. Each time a new strategy change is made, the trading/communication rotation will be reversed. For example, for the first strategy change, the change will be communicated to the sub-advisory licensing firm, and then implemented in Peavine Capital's discretionary accounts. For the next strategy change, the order will be reversed.

## **Item 13: Review of Accounts or Financial Plans**

Direct Client Investment Management accounts are reviewed on a quarterly basis. The nature of these reviews is to learn whether clients' accounts are appropriately positioned based on market conditions, in line with investment objectives. Only our Portfolio Managers will conduct reviews. Our firm provides written reports on a quarterly basis. Verbal or written reports take place on at least an annual basis to our Direct Investment Management clients. We may review client suitability more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, if the client makes us aware of changing life events, requests by the client, etc.

The proprietary model strategies utilized by Sub-Advisory Investment Management clients are reviewed on at least a quarterly basis. These reviews will include due diligence on model holdings and adherence to each model's investment objectives. Major market or economic events may trigger the need to complete an off-cycle review.

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

### **Fidelity Brokerage Services, LLC**

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Except for the arrangements outlined in Item 12 of this brochure, we have no additional arrangements to disclose

## **Item 15: Custody**

Our firm does not have custody of client funds or securities. All clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards. As such, our firm has adopted the following safeguarding procedures in conjunction with our custodian, Fidelity:

- Fidelity's forms, used to establish a standing letter of authorization, include the name and account number on the receiving account and must be signed by the client.
- Fidelity's SLOA forms currently require client's signature.
- Fidelity performs verification on all SLOA forms and sends a transfer of notice to the client promptly following the transaction.
- Clients always have the ability to terminate (or amend) an SLOA in writing.
- Our firm has no authority, or ability, to amend the third party designated on a standing instruction.
- Our firm maintains records showing the third party is not a related party of our firm or located at our firm.
- Fidelity notifies the client in writing when a new standing instruction is set up. Clients also receive an annual mailing reconfirming the existence of the standing instruction.

## **Item 16: Investment Discretion**

Direct Investment Management and Sub-Advisory Investment Management clients with direct management agreements with our firm have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's acknowledgment.

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

We do not and will not accept the proxy authority to vote client securities. Direct Client Investment Management clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to the client

and ask the party who sent them to mail them directly to the client in the future. Direct Client Investment Management clients may call, write or email us to discuss questions they may have about proxy votes or other solicitations.

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

We are not required to provide financial information in this Brochure because our firm does not require the prepayment of more than \$1,200 in fees and six or more months in advance, does not take custody of client funds or securities, and does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Our firm has never been the subject of a bankruptcy proceeding.