

**Form ADV Part 2A: Client Brochure**

**ECM U.S. Inc.**

**34 Elm Street  
Cohasset, MA 02025**

**(781) 383-6600**

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**This brochure provides information about the qualifications and business practices of ECM U.S. Inc. (“ECM”). If you have any questions about the contents of this brochure, please contact us at [peisch@ecm-us.com](mailto:peisch@ecm-us.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

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

**Registration with the SEC does not imply that ECM has a certain level of skill or training.**

**Item 2: Material Changes**

ECM filed its last update to this Brochure on March 22, 2018. In conjunction with this annual update, ECM has made the following material changes to the Brochure:

- Updates were made throughout the Brochure to reflect the addition of two advisory clients, and
- Item 4 was updated to reflect Regulatory Assets Under Management as of December 31, 2018.

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

ECM was founded in 2015 by Chris Peisch, an investment professional who has been active in the German private equity market since 1990. ECM is organized as a Massachusetts corporation, managed by Mr. Peisch.

ECM is a wholly-owned subsidiary of, and provides advisory services to ECM Equity Capital Management GmbH (“German Adviser”), which is principally owned by and controlled by Axel Eichmeyer. Mr. Peisch also owns a non-controlling interest in the German Adviser.

The German Adviser indirectly provides management and advisory services to GEP III Verwaltung GmbH, German Equity Partners IV GmbH & Co. KG, and German Equity Partners V GmbH & Co. KG (together, the “Funds”). Through a sub-advisory relationship with the German Adviser, ECM also provides advisory services to the Funds. Investors in the Funds include, but are not limited to, global investment funds, corporate entities, family offices, high net-worth individuals and financial institutions. The advisory services provided by ECM include advising and investigating potential investments, advising on the merits, risks, structure and financing of the acquisition and disposition of investments, and monitoring investments. ECM will provide investment management advice in accordance with the particular investment objectives, restrictions, applicable law, and guidelines set forth in each Fund’s constituent documents and offering memoranda (“Governing Documents”).

ECM does not currently participate in any wrap fee programs, and does not anticipate doing so in the future. Currently, ECM only offers its advisory services to the German Adviser and the Funds and neither enters into nor offers investment management or advisory services to individuals or institutions that may be investors within the Funds.

As of December 31, 2018, ECM advises approximately \$552,303,554 in client assets on a non-discretionary basis. ECM does not manage any assets on a discretionary basis, and the firm does not generally acquire any securities, public or private.

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

ECM receives reimbursement for relative costs incurred in connection with providing advisory services determined on an annual basis. In addition, ECM receives a profit charge equivalent to its relative costs, plus 6%. The payments are calculated quarterly in advance and generally paid to ECM on the first day of each calendar quarter.

#### **Item 6. Performance-Based Fees**

Founder GEP IV GmbH & Co. KG (“GP IV”), a related entity of ECM and limited partner to German Equity Partners IV GmbH & Co. KG, receives profit allocations from German Equity Partners IV GmbH & Co. KG as specified in the constituent documents of German Equity Partners IV GmbH & Co. KG. Founder GEP V GmbH & Co. KG (“GP V”), a related entity of ECM and limited partner to German Equity Partners V GmbH & Co. KG, receives profit allocations from German Equity Partners V GmbH & Co. KG as specified in the constituent documents of German Equity Partners V GmbH & Co. KG. A related party of ECM receives profit allocations from each of GP IV and GP V (together the “German GP Entities”). GEP III Verwaltung GmbH may pay a performance-based fee (related to an earn-out entitlement) to ECM Equity Capital Administration GmbH, a related entity of ECM; such performance-based fee would in turn be paid to the former limited partners of Founder GEP III GmbH & Co. KG.

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

ECM provides advisory services to the German Adviser, an entity that provides management and advice to its clients. ECM provides advisory services to the Funds through a sub-advisory relationship with the German Adviser.

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

ECM employs methods of analysis and investment strategies that are consistent with the Funds' Governing Documents. ECM's strategy focuses primarily on the Funds' acquisitions of mid-market companies in German-speaking Europe with solid fundamentals such as strong market positions and distinctive competence in key areas. As a general matter, the core focus sectors are: (i) engineering, industrial and manufacturing; (ii) food; (iii) chemicals; (iv) services; and (v) healthcare.

An investment in a private equity fund involves a significant degree of risk, including a significant risk of financial loss. Any investor or potential investor in a Fund should be capable of evaluating the merits and risk of an investment therein and bearing the risk of loss of the entire investment. Client Governing Documents will set forth in detail the risk factors with respect to that particular client, including, for example: (i) vulnerability to changes in markets and technology and dependence on the skills and commitment of a small management team; (ii) fluctuations in the market prices of securities; (iii) restrictions on resale and transfers of partnership interests; (iv) requirements for lengthy investment periods; (v) lack of liquidity or access to secondary markets; (vi) no guarantee that suitable investments will be or can be acquired; (vii) no assurance that certain individuals will continue to be employed by or function on behalf of the Fund; (viii) changes in legal, tax and regulatory regimes or practices; (ix) variances in disclosure, accounting, auditing and reporting standards; (x) lack of previous performance records for new funds; (xi) default by a substantial number of investors or by one or more investors who have made substantial capital commitments; (xii) poor early performance for new funds; (xiii) increase in competition for appropriate investment opportunities; (xiv) poor performance of an investment in a portfolio with limited investments; (xv) poor performance of undiversified investments; (xvi) general partners' sole and absolute discretion in structuring, negotiating, purchasing, financing and eventually divesting investments; and (xvii) adverse impact from sovereign or political risks, such as wars, riots, strikes, blockades and acts of terrorism. The foregoing is not an exhaustive list of risks.

An investment in the Funds is subject to many of the normal risks associated with investing in private equity. Additional risk factors are listed in the Funds' Governing Documents. Investors and prospective investors should consult with their own legal, tax and financial advisers before deciding whether to invest.

## **Item 9. Disciplinary Information**

ECM and its principal have no legal or disciplinary events to disclose with respect to this item.

## **Item 10. Other Financial Industry Activities and Affiliates**

Neither ECM nor any of its management persons are registered, or have an application pending to register, as (i) a broker-dealer or registered representative of a broker-dealer or (ii) a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Chris Peisch, the President of ECM, will be a member of the Investment Committee (“IC”) of Founder GEP IV GmbH & Co. KG and Founder GEP V GmbH & Co. KG, both wholly owned by the German Adviser.

With respect to certain German GP Entities, the IC needs to consent to a decision to make an investment or divestment. With respect to other German GP Entities, the IC determines whether to make an investment or divestment.

ECM does not recommend or select other investment advisers for the Funds.

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

The firm has adopted a Code of Ethics (“Code”) as part of its Compliance Manual (“Manual”) pursuant to Rule 204A-1 under the Advisers Act, which imposes ethical standards and duties on Chris Peisch and other persons that may become subject to the firm’s control and supervision (collectively referred to as “Covered Persons”). The Manual, in combination with the Code, works to ensure that ECM employees honor their fiduciary duties to the firm and its clients, including a general duty to act at all times in their best interest and avoid actual and apparent conflicts of interest.

The Code, and the Manual more generally, sets forth certain minimum standards of conduct for all Covered Persons. Each Covered Person is expected to conduct ECM’s business in full compliance with both the letter and the spirit of the law and the Manual. Any Covered Person who fails to comply with the firm’s procedures is subject to immediate disciplinary action by the firm. The firm provides each Covered Person with a copy of the Manual and any updates or supplements, and annually thereafter requires Covered Persons to complete a compliance certification and sign a statement attesting to his or her continued compliance.

The Code includes policies and procedures concerning “inside information” that are designed to prevent the misuse of material, non-public information. Accordingly, the firm forbids any Covered Person from trading, either personally or on behalf of others (including clients), on material non-public information or communicating material non-public information to others in violation of the law. The firm’s policy applies to every Covered Person and extends to activities within and outside their duties at the firm. To ensure compliance with these policies, the firm maintains a list of companies (the “Restricted List”) in which transactions in such companies’ securities are prohibited due to possession of material, non-public information about the particular company.

The Code also addresses conflicts that may arise from personal securities trading by any Covered Persons. Covered Persons are required to check the Restricted List prior to executing any personal securities transactions in “Employee Related Accounts,” as defined in the Code. If the issuer’s name appears on the Restricted List, the Covered Person is prohibited from executing the trade.

The firm’s Chief Compliance Officer, Chris Peisch, has overall responsibility for implementing and monitoring the firm’s overall compliance program, including ensuring the effectiveness of the policies and procedures contained in the Manual.

The firm provides copies of the section of the Manual containing the Code of Ethics to the Funds and, upon request, to the Funds’ investors and other prospective investors.

ECM does not engage in principal or cross trades at this time.

**Item 12. Brokerage Practices**

ECM does not purchase or sell publicly traded securities. As described above, the firm does not acquire any securities, public or private. ECM only effects transactions in securities through privately negotiated purchases and sales and does not utilize the services of a broker-dealer to effect such transactions. Accordingly, the firm does not pay commissions to effect securities transactions and does not engage in soft dollar arrangements. ECM does not have any financial arrangements with broker-dealers and does not have discretionary authority with respect to any choice of broker-dealer.

**Item 13. Review of Accounts**

At the request of the German Adviser, ECM will participate in the preparation of quarterly statements for the Funds. However, ECM does not have responsibility for preparing those statements.

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

ECM does not receive any economic benefits from non-clients for providing investment advice or other advisory services to the Funds.

The firm does not compensate any persons for client referrals.

**Item 15. Custody**

ECM does not have custody of client assets for purposes of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). The German Adviser, a related person of ECM, has custody of private funds’ assets sub-advised by ECM. ECM US is operationally independent from the German Adviser. Thus, ECM will not be deemed to have custody by virtue of the German Adviser having custody of private funds’ assets.

**Item 16. Investment Discretion**

ECM does not have discretionary authority to determine whether a Fund will purchase or sell an investment, and instead only makes recommendations regarding the type, amount and price of such investments.

**Item 17. Voting Client Securities**

ECM does not vote proxies on behalf of its clients.

**Item 18. Financial Information**

ECM has no financial commitment that will impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.