

**Item 1 – Cover Page**

# **Austerra Wealth Management LLC**

## **Form ADV Part 2 Brochure**

This Brochure provides information about the qualifications and business practices of Austerra Wealth Management LLC. If you have any questions about the contents of this Brochure, please contact us at 214-810-0250. 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 Austerra Wealth Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Austerra Wealth Management LLC is 161964.

Austerra Wealth Management LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

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Dallas, Texas 75206

Phone: 214-810-0250

Brochure date: December 2024

## **Item 2 – Material Changes**

Material changes from the firm's last annual amendment in March of 2024

Form ADV Item 4, Item 10, and Item 14 – Additional information regarding Austerra Stable Growth Fund, LP and Austerra Stable Income Fund, LP, the firm's affiliations, solicitors, and conflicts of interests. Please refer to these sections for further detail.

Currently, our Brochure may be requested by contacting Mark Holland, Managing Member, President, and Chief Compliance Officer at 214-810-0250 or [mark@austerra.com](mailto:mark@austerra.com). Additional information about Austerra Wealth Management LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4 - Advisory Business**

Austerra Wealth Management LLC (“Austerra,” “the Firm,” “Our” or “We”) is located in Dallas, Texas and was founded in 2012 by Mark Holland.

Austerra provides discretionary advisory services to the Austerra Stable Growth Fund, LP, Austerra Stable Income Fund, LP, and to separately managed accounts.

### **Ownership and Management**

Austerra is owned by Mark Holland, President and Chief Compliance Officer. Austerra is the Investment Adviser to Austerra Stable Growth Fund, LP and Austerra Stable Income Fund, LP.

We feel that putting the client's best interests first is our primary concern. Before doing any investing or advising, we get to know our clients' needs, goals, objectives, and issues and then implement and maintain a plan tailored to these objectives.

### **Investment Management Services**

Austerra renders discretionary investment management services by investing in securities that the Firm believes are suitable for each client based on their investment objectives, risk tolerance and other individual client needs and circumstances. There is not a limit to the types of investments offered.

Investment Management Services are tailored to a client's specific needs and goals through a dialogue concerning their assets, liabilities, income, expenses, goals, and objectives. A long-term investment plan is established, then reconfirmed or adjusted at least annually. Clients may impose restrictions on investing in certain securities or types/classes of securities.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

As of December 31, 2023, Austerra had \$201,876,272 in discretionary assets under management.

### **Austerra Stable Growth Fund, LP**

Austerra Stable Growth Fund, LP (the “ASGF Fund”), is a Texas limited partnership and has been formed for the purpose of making investments in a variety of opportunities, as determined by the General Partner. Austerra Wealth Management LLC (the “General Partner”), a Texas limited liability company, will serve as general partner of the ASGF Fund.

#### **Austerra Stable Income Fund, LP**

Austerra Stable Income Fund, LP (the “ASIF Fund”), is a Texas limited partnership and has been formed for the purpose of acquiring real estate loans (the “Loans”) secured by interests in real property. Austerra Stable Income Management LLC, a Texas limited liability company, will serve as general partner of the ASIF Fund (the “General Partner”).

Please refer to Item 10 for other Financial Industry Activities and Affiliations and disclosure of the firms’ conflicts of interest related to same.

### **Item 5 - Fees and Compensation**

The client pays Austerra for its investment management services based upon the client's assets under management. Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by four (4). Accounts opened in mid-quarter will be assessed at a pro-rated management fee. Fees are payable quarterly in advance and such fees may be deducted from client's account(s) quarterly within thirty (30) days following the end of the previous quarter for which said fees will be incurred.

#### **Investment Management Fees**

The advisory fees payable to the Firm are a percentage of assets under management. The fee schedule for this service is as follows:

Fee schedule:

<u>Assets</u>	<u>Rate</u>
Up to \$1M	1.95%
\$1M – \$2.5M	1.50%
\$2.5 - \$5M	1.25%
Over \$5M	1.00%

Fees are calculated on an incremental basis and are subject to change with 30 days written notice.

If requested, Financial Planning fees are agreed to and charged in accordance with the Financial Planning Agreement.

#### **Austerra Stable Growth Fund, LP and Austerra Stable Income Fund, LP Fees**

Money invested in the Funds is not subject to the investment management fee schedule above.

**Austerra Stable Growth Fund, LP (“ASGF”) - Management Fee**

The ASGF Fund will pay the General Partner a management fee of one percent (1.00%) per year, at a rate of one-twelfth of one percent of the assets of the Fund, payable on the first day of each month based on such balance on such day (after taking into account any contributions). If a new or existing Limited Partner makes a contribution to the ASGF Fund on any day other than the beginning of a month, then the General Partner shall be entitled to a management fee with respect to such contribution at the end of the following month. The management fee will be assessed on each Limited Partner and delivered from the Capital Account of such Limited Partner. The management fee will be paid in addition to the incentive fee paid to the General Partner described below and is in addition to the distributions made by the Fund to the General Partner with respect to its ownership interest in the ASGF Fund. The General Partner will have the right to waive or alter the management fee with respect to Limited Partners that are affiliated with the General Partner.

**Austerra Stable Growth Fund, LP (“ASGF”) - Performance Allocation**

At the end of each month, twenty percent (20%) of the aggregate Net Gain achieved by the ASGF Fund for that month may be paid to the General Partner through a performance allocation under the terms of the Partnership Agreement (the “Performance Allocation”). The Performance Allocation will only be payable if the Net Asset Value is above its “High Water Mark,” meaning that the increase in a Limited Partner’s capital account exceeds any net capital depreciation in the capital account (reduced pro rata for any withdrawals) accumulated in prior months. The General Partner will receive the Performance Allocation with regard to unrealized appreciation as well as realized gains in the Limited Partners’ capital accounts. The Performance Allocation will be paid on any capital withdrawn from a Limited Partner’s Capital Account on a date other than as of the last day of a month, as of the date of withdrawal. To the extent that a Limited Partner is not eligible to be charged a Performance Allocation under any applicable law, the General Partner will enter into a separate compensation arrangement with that Limited Partner. The General Partner will have the right to waive or alter the Performance Allocation with respect to Limited Partners that are affiliated with the General Partner.

**Austerra Stable Income Fund, LP (“ASIF”) – Management Fee**

The ASIF Fund will pay the General Partner a management fee of one percent (1.00%) per year, at a rate of one-twelfth of one percent of the assets of the Fund, payable on the first day of each month based on such balance on such day (after taking into account any contributions). If a new or existing Limited Partner makes a contribution to the ASIF Fund on any day other than the beginning of a month, then the General Partner shall be entitled to a management fee with respect to such contribution at the beginning of the following month. The management fee will be assessed on each Limited Partner and delivered from the Capital Account of such Limited Partner. The management fee will be paid in addition to the incentive fee paid to the General Partner described below and is in addition to the distributions made by the Fund to the General Partner with respect to its ownership interest in the ASIF Fund. The General Partner will have the right to waive or alter the management fee with respect to Limited Partners that are affiliated with the General Partner.

**Austerra Stable Income Fund, LP (“ASIF”) – Performance Allocation**

At the end of each calendar month, twenty percent (20%) of the aggregate Net Gain achieved by the ASIF Fund for that month will be paid to the General Partner (the “Performance Allocation”). The Performance Allocation will only be payable if the Net Asset Value is above its “High Water Mark,” meaning that the increase in a Limited Partner’s capital account exceeds any net capital depreciation in the capital account (reduced pro rata for any withdrawals) accumulated in prior months. The General Partner will receive the

Performance Allocation with regard to unrealized appreciation as well as realized gains in the Limited Partners' capital accounts. The Performance Allocation will be paid on any capital withdrawn from a Limited Partner's Capital Account on a date other than as of the last day of a calendar month, as of the effective date of withdrawal. The General Partner, in its discretion, may waive or alter the Performance Allocation with respect to Limited Partners that are affiliated with the General Partner.

To the extent that a Limited Partner is not eligible to be charged a Performance Allocation under any applicable law, the General Partner will enter into a separate compensation arrangement with that Limited Partner.

### **Minimum Account Size**

Investment Management: Austerra generally requires a \$1,000,000 minimum for the management of accounts but reserves the right to make exceptions on a case-by-case basis. Fees are non-negotiable, except for employees, family, and strategic business relationships. In addition, we reserve the right to refuse to accept proposed management responsibilities or to resign from the management of any individual account.

Austerra Stable Growth Fund, LP: The minimum subscription is \$1,000,000.00, which initially constitutes one Investor Unit, although the General Partner reserves the right to offer less than a full Investor Unit, in its sole discretion, on a case-by-case basis.

Austerra Stable Income Fund, LP ("ASIF"): The minimum subscription is \$100,000.00, although the General Partner reserves the right to make exceptions, on a case-by-case basis.

We maintain a Limited Power of Attorney for all discretionary accounts for directing and or effecting investments on behalf of the managed account and for the direct payment of our fees.

To the extent mutual funds are selected, the annual investment management fee set forth above does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds, including Rule 12b-1 fees and expenses. In addition to the annual investment management fee, each mutual fund in which your assets are invested will incur separate investment advisory fees and other expenses for which you will bear a proportionate share.

### **Financial Planning Fees**

The fee for financial planning services depends on the type of plan provided and the complexity of the situation. An estimate will be given after the initial consultation. A Retainer in the amount of \$4,500 is charged to cover the initial consultations, data gathering, and data input. The retainer is payable upon execution of the Financial Planning Agreement.

In addition, a monthly Planning Fee ranging between \$500 and \$2,000, payable quarterly, is charged for the plan development, ongoing analysis, and implementation, with a minimum commitment of one year.

Financial Plans typically range between \$10,500 and \$28,500.

Hourly consulting is available for a fee in the range of \$300.00 - \$500.00 per hour. Retainers vary based on the scope of the project. The client is presented with a final bill following the consultation.

## **Termination**

**Investment Management** - The relationship may be terminated by either party upon 30 days written notice. In the event of termination, the advisory fee due to the Advisor for the termination period shall be prorated. And any fees already paid over the prorated amount due shall be refunded.

**Financial Planning** - This agreement may be terminated within five business days after the effective date of this contract. To effect termination, you must notify the Advisor in writing. Due to the one-year commitment, if this agreement is terminated within the first year, the balance of the first year's planning fees are deemed to be accelerated and due upon termination.

**Austerra Stable Growth Fund, LP and Austerra Stable Income Fund, LP**- The General Partner will have the right to terminate the interest of any Limited Partner in the Fund in whole or in part as of any date for any or no reason upon at least 10 days prior written notice to the Limited Partner, generally in accordance with the same payment terms that apply to a voluntary withdrawal. All compulsory withdrawals will be made from a Limited Partner's Capital Accounts on a first in, first out basis, or as otherwise determined by the General Partner.

A Limited Partner withdrawing less than ninety percent (90%) of any Capital Account will generally be paid the amount to be withdrawn within thirty (30) days after the withdrawal date. A Limited Partner withdrawing ninety percent (90%) or more of a Capital Account will generally be paid an amount equal to ninety percent (90%) of the amount to be withdrawn within thirty (30) days after the withdrawal date, with the balance being paid without interest no later than thirty (30) days after the completion of the audit of the Fund's books and filing of the tax returns for the year of the withdrawal.

## **Fee Payment Options**

As indicated in our investment management agreement, there are two options you may select to pay for our services:

- **Direct debiting (preferred):** at the inception of the relationship and each quarter thereafter, we will notify your custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee, its calculation is based on the assets on which the fee is based. They will "deduct" the fee from your Account(s) or, if you have more than one account, from the account you have designated to pay our advisory fees.
  - Each month, you will receive a statement directly from your custodian showing all transactions, positions, and credits / debits into or from your account; the statements after the quarter end will reflect these transactions, including the advisory fee paid by you to Austerra.
- **Pay-by-check:** At the inception of the Account and each quarter thereafter, we issue you an invoice for our services and you pay us by check or wire transfer within 15 days of the date of the invoice.

## **Additional Fees and Expenses**

Investment management fees payable to us do not include all the fees you will pay when we purchase or sell securities for your Account(s). The following list of fees and expenses may be incurred and are payable by you directly to third parties, whether a security is being purchased, sold, or held in your Account(s) under our management. Fees charged are by the broker dealer / custodian.



We do not receive, directly or indirectly, any of these fees that may be charged to you. They are paid to your broker, custodian or the mutual fund or other investment you hold. The fees include:

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial fees;
- Deferred sales charges (on MF or annuities);
- Odd-Lot differentials;
- Deferred sales charges (charged by MFs);
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Commissions or mark-ups / mark-downs on security transactions;
- Among others that may be incurred.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) for discretionary Investment Management clients.

Austerra Stable Growth Fund, LP and Austerra Stable Income Fund, LP charges an incentive fee of 20% as stated under Item 5- Fees and Compensation (page 2). Potential Limited Partners in the Fund must meet the qualifications of an “accredited investor,” as determined by the regulations promulgated under the Securities Act of 1933, as amended (the “Securities Act”).

## **Item 7 - Types of Clients**

We provide our services to a number of Clients:

- Individuals
- High net worth individuals
- Trusts and estates
- Pooled investment vehicles
- Businesses

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

### **Our Investment Strategies**

We offer several investment strategies to you and in doing so may invest in a wide range of securities and other financial instruments including:

- Equity securities
- Exchange-listed securities
- Over-the-counter securities
- Securities of foreign issuers (including ADRs, EDRs and GDRs)
- Restricted shares
- Options contracts
- Corporate debt
- Commercial paper
- Certificates of deposit
- United States government securities
- Municipal securities
- Interests in partnerships investing in real estate, oil and gas interests
- Swaps
- Forward contracts
- Options on futures contracts
- Cap options
- Floor options
- Structured notes
- Listed and over the counter derivatives
- Mortgage related and other asset backed securities
- Bank loans
- Collateralized debt obligations
- Collateralized mortgage obligations
- Foreign currency forward agreements
- Repurchase and reverse repurchase agreements
- Private placements

As financial markets and products evolve, we may invest in other instruments or securities, whether currently existing or developed in the future, when consistent with client guidelines, objectives, and policies.

### **Security Analysis**

Our security analysis methods include: charting, fundamental analysis, technical analysis, and quantitative analysis and qualitative analysis methods, including cyclical analysis.

### **Sources of Information**

In conducting security analysis, we utilize a broad spectrum of information, including financial publications, third-party research materials, annual reports, prospectuses, regulatory filings, company press releases, and rating services.

### **Investment Strategies**

We employ a range of investment strategies to implement the advice we give to clients. We first define the investment objective through conversations detailing the client's portfolio size, risk tolerance, return objectives, and time horizon.

These strategies may include: long-term purchases, short-term purchases, trading, short sales, margin transactions, option strategies including writing covered options, uncovered options and spreading strategies, and taking advantage of price differentials between two or more securities (arbitrage).

### **Frequency Trading**

Strategies involving frequent trading of securities can affect investment performance. In general, Austerra is not considered a high frequency trader.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. All investments include inherent risks of loss of principal and are affected by many factors which may be out of our control and could not be reasonably foreseen. As investment markets can fluctuate substantially, we will do our best to make security selections that, in line with the investment objective which you set, will fulfill your objective over the long term. We cannot guarantee any level of performance over any time horizon, nor can we ensure that you will not experience a loss of your assets either in whole or in part.

Prospective Limited Partners should know that an investment in the Fund involves a significant amount of risk, which could include the possible loss of the entire investment. Prospective Limited Partners should carefully consider the risk factors discussed in the Private Placement Memorandum.

### **Item 9 - Disciplinary Information**

We do not have any legal, financial, or other “disciplinary” item(s) to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client / Adviser relationship with us. This statement applies to our Firm, and every employee.

### **Item 10 - Other Financial Industry Activities and Affiliations**

#### **Austerra Stable Growth Fund, LP**

Austerra Stable Growth Fund, LP (“ASGF”) was organized as a Texas limited partnership on June 6, 2012. The term of the ASGF Fund is perpetual, unless terminated in accordance with the Partnership Agreement. The Fund will operate as a private investment company under the Investment Company Act of 1940, as amended (the “1940 Act”), exempt from registration pursuant to the provisions of the 1940 Act.

The ASGF Fund’s principal investment objective is to generate a positive return each year, regardless of market conditions. In an effort to achieve its principal investment objective, the ASGF Fund intends to hold a variety of relatively uncorrelated investments that in the best judgment of the General Partner have limited downside risks and possess the characteristics necessary to meet the ASGF Fund’s return objectives. Ideal investments for the ASGF Fund would provide both cash flow to the ASGF Fund during the holding period as well as the opportunity to realize a capital gain upon liquidation. The General Partner will not be limited in the types of investments it can make on behalf of the ASGF Fund.

#### **Austerra Stable Income Fund, LP**

Austerra Stable Income Fund, LP (“ASIF”) was organized as a Texas limited partnership on December 6, 2017. The Fund was formed for the purpose of acquiring real estate loans (the “Loans”) secured by interests in real property. The term of the Fund is perpetual, unless terminated in accordance with the Partnership Agreement. The Fund will operate in a manner that is exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”).

The ASIF Fund's primary purpose will be to acquire Loans secured by interests in real property. These interests may include residential properties (including residential properties acquired by non-occupants), multi-family and commercial properties, among others. Additionally, the ASIF Fund may invest directly in a variety of real estate assets in the discretion of the General Partner. To the extent permitted by the rules under the 1940 Act, the ASIF Fund may also invest a percentage of its money in investments outside of real estate.

### **Other Business Activities**

Mark Holland is Manager and Vice President of Holland Family Investment Company, LLC, Manager and Vice President of HFIC-2 LLC, and Trustee for Holland Family 2021 Trust, dated December 14, 2021. These family investment holding companies hold positions in ASGF and/or ASIF.

Mark Holland is an owner of High Performance Management Group, LLC which serves as the Manager for BallCorps, LLC. BallCorps, LLC is the owner of the Rocket City Trash Pandas, Double-A Minor League Baseball affiliate of the Los Angeles Angels. ASGF made loans to BallCorps Holdings LLC, which holds a position in BallCorps LLC. High Performance Management Group, LLC receives management fees and has a carried interest for the management of BallCorps LLC. In addition, Mark Holland is an Owner and Managing Member of BallCorps, LLC.

Mark Holland is a member of MTN Realty Holdings, LLC. MTN Realty Holdings is the manager of Ridgeway Suites, LLC in Ridgway, Colorado and Gunnison Suites, LLC in Gunnison, Colorado. ASGF holds an equity position in Ridgway Suites, LLC and Gunnison Suites, LLC. ASIF holds a debt position in Ridgeway Suites, LLC. Mark Holland is an owner of Modern Custom Homes, LLC. Modern Custom Homes, LLC has an equity interest in 2022 Texas Development Partners, LLC. In order to work out of defaulted loans issued to unrelated parties by ASGF and ASIF, after unsuccessful attempts to sell the land in the open market, 2022 Texas Development Partners purchased property (Burnet Yellow Ribbon Trail and Treasure Hills Home Series) from the Austerra Funds. The purchase sale agreement called for a price, with monthly escalators, that put the Austerra Funds in the same position as if the loans were still current. As a result, the Austerra Funds are made whole, and the equity risk was substantially shifted to 2022 Texas Development Partners. Mark Holland is a Co-Manager of 2022 Texas Development Partners, LLC, an entity affiliated with Burnet Sunday Drive LLC, Burnet Yellow Ribbon Trail LLC, and Treasure Hills Home Series LLC, in which ASIF holds debt positions. Mark Holland has a carried interest in MTN Realty Holdings, LLC and Modern Custom Homes, LLC.

### **Additional Disclosure, Conflicts of Interest and Risks**

These activities create a conflict of interest for the firm which might incline the firm to render advice, which results in compensation for Mark Holland, either directly or indirectly. In addition, ASGF and ASIF may enter into securities transactions with entities that are affiliated with the owner of the General Partner. Mark Holland is ultimately responsible for the day-to-day activities of Austerra Wealth Management, ASGF, ASIF and the business activities listed above. This dependence on Mark Holland creates a key-man risk and a conflict of interest.

These risks and conflicts are mitigated by utilizing third party providers for many operational functions, proper documentation, and reporting. Third party providers include attorneys, independent fund administrators, auditors, compliance consultants, real estate developers, loan originators, loan servicers, tax accountants, insurance consultants, IT consultants, and banking relationships. In addition, other methods of management and operations include utilizing independent third-party fund administration, annual financial audits, market-based interest rates, investment monitoring, disclosure to clients, regular financial reporting, a written succession plan, and life insurance.

## **Item 11 - Code of Ethics**

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Austerra must acknowledge the terms of the Code of Ethics annually, or as amended.

We anticipate that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Austerra has management authority to effect and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Austerra, its affiliates and/or clients, directly or indirectly, have a position of interest. Our employees and persons are required to follow our Code of Ethics.

### **Participation in Client Transactions**

Subject to satisfying this policy and applicable laws, officers, directors, and employees of Austerra and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Austerra's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Austerra's clients.

### **Personal Trading**

The Code of Ethics permits employees to invest in the same securities as clients, resulting in a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Austerra and its clients.

A variety of methods will be used, and diligence will be maintained to insure that any trades made in an employee account does not receive preferential treatment over trades made in client accounts.

### **Prohibition on Use of Insider Information**

We have also adopted policies and procedures to prevent the misuse of "insider" information (material, non-public information). Any prospective client or client may request a complete copy of our Code of Ethics, free of charge, by contacting us at the address, telephone, or email on the cover page of this Form ADV Part 2.

## **Item 12 - Brokerage Practices**

### **Allocation of Investment Opportunities and Orders**

We have adopted the following policies and procedures related to the fair allocation of investment opportunities. These policies are designed to help ensure that each client receives fair and equitable treatment in the investment process:

- Investment ideas, research, and analyst recommendations are equally disseminated among all appropriate investment professionals responsible for selecting investments.
- IPOs are only allocated to accounts when the issuer meets the investment objectives of participating accounts as well as a review process for allocations.
- Secondary offerings are allocated using our standard methodologies taking into account situations in which securities are allocated by the issuer based on a client's existing holdings.
- Conflicting investment opportunities between short selling and long investing are properly addressed.
- Accounts in which our employees or affiliates have a beneficial interest, or in which Austerra has a conflict of interest, do not receive preferential treatment.

Our allocation procedures differ for each of our equity strategies. When orders are generated, the decision on which accounts should participate, and in what amount, is based on the type of security or other asset, the present or desired structure of the various portfolios and the nature of the account's goals. Other factors include risk tolerance, tax status, permitted investment techniques and, for fixed-income accounts, the size of the account and settlement and other practical considerations. As a result, we may have different price limits for buying or selling a security in different accounts. Portfolio information systems, portfolio reports and quality control reports permit us to consider these factors as appropriate.

### **Broker Analysis**

We periodically review our transaction costs in light of current market circumstances, available published statistical analysis as well as other relevant information.

### **Principal vs. Agency Transactions**

We do not participate in principal or agency transactions.

### **Research Services/Soft Dollars**

We do not participate in soft dollar arrangements.

### **Cross Transactions**

We do not engage in buying or selling securities from one managed account to another (typically referred to as a "cross trade"). Trades made for our client accounts will be executed through the open market.

### **Directed Brokerage**

We may place all or a portion of the transactions with a broker with whom the client has a special advisory or consulting relationship. Such transactions are placed with a broker who may have provided manager selection services, performance measurement services, asset allocation services, or a variety of other consulting or monitoring assistance, all with the specific knowledge and full approval of the client.

We do not maintain agreements with referring brokers regarding our internal allocation of brokerage transactions. However, all or a sizable portion of a particular clients' brokerage transaction business may be directed to a particular broker if the client has directed, agreed or stipulated us to do so. Commissions are not intended to compensate brokers for client referrals.

With regard to client directed brokerage, we are required to disclose that we may be unable to negotiate commissions, block or batch client orders or otherwise achieve the benefits described above, including best execution, if you limit our brokerage discretion. Directed brokerage commission rates may be higher than the rates we might pay for transactions in non-directed accounts. Also, clients that restrict our brokerage discretion may be disadvantaged in obtaining allocations of new issues of securities that we purchase or recommend for purchase in other clients' accounts. It is our policy that such accounts not participate in allocations of new issues of securities obtained through brokers and dealers other than those designated by the client. As a general rule, we encourage each client to compare the possible costs or disadvantages of directed brokerage against the value of the custodial or other services provided by the broker to the client in exchange for the directed broker designation.

The commission amount and per share commission rate will differ between our clients with directed brokerage relationships due to the dollar value and the size (number of shares) of the trade for each account, and the total relationship between the client and their broker. Because each client may differ in portfolio size, investment objective, equity exposure and the extent of the relationship with their broker, we do not negotiate commission discounts on the block transaction itself

### **Other Fees in Connection with Trading**

In our efforts to achieve best execution of portfolio transactions, we may trade securities for client accounts by utilizing electronic marketplaces or trading platforms. Some of these electronic systems may impose additional service fees or commissions. We may pay these fees directly to the provider of the service or these fees may be included in the execution price of a security. Our intention is that we will only use such systems and incur such fees if we believe that doing so helps us to achieve the best execution of the applicable transaction, taking into account all relevant factors under the circumstances. For example, we will consider the speed of the transaction, the price of the security, our ability to block the transaction and other factors discussed in this Brokerage Practices section in connection with trading of stocks and bonds.

### **Accounts with Different Investment Objectives**

It is possible that we or our affiliates may manage accounts of clients whose investment objectives are substantially different from one another. As a result, it is possible that it would be appropriate for us to sell a security "short" from one account while holding it "long" in another account. This may occur if we manage an account that involves significant short-term trading or pursues unique options strategies. In general, however, our positions with regard to any security will be net long. We seek to avoid a conflict of interest by attempting to limit such situations to, for example, an instance in which there is a readily available supply of the securities being purchased or sold and the transactions in a security do not affect its market price.

## **Item 13 - Review of Accounts**

Mark Holland, Managing Member, President, and Chief Compliance Officer will review our investment advisory accounts and managed portfolios frequently and at least quarterly. We do not have a limitation on the number of client accounts assigned to any particular account officer, nor is there a precise sequence or review schedule. All portfolios are reviewed continuously rather than periodically. Reports are furnished to all clients on a quarterly basis. Clients will generally receive monthly reports from the custodian detailing their individual assets and all activity in the client's account, unless the client requests a more frequent basis. Some less active accounts may only receive quarterly reports from the custodian.

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

Pursuant to the solicitation agreement between AWM and Greenside Financial, Ltd., Greenside Financial, Ltd. receives compensation from AWM ("Solicitation Fee") for prospective advisory clients referred to AWM, directly or indirectly, for advisory services offered by AWM. The Solicitation Fee is 50 percent of the investment management fees paid to AWM for the management of the clients' investment portfolio. In addition, associated persons may also be investors in ASGF, ASIF or clients of AWM. The payment of the Solicitation Fee to Greenside Financial, Ltd. by AWM creates a conflict of interest, as Greenside Financial, Ltd. and its associated persons have a financial incentive to make referrals to AWM. That conflict of interest is mitigated through disclosure of the relationship, and by the fact that the Solicitation Fee payable to Greenside Financial, Ltd. will be paid out of the ordinary investment management fees that AWM receives from the management of the client's portfolio. Greenside Financial Ltd.'s role is limited to that of a Solicitor. Austerra is responsible for determining the suitability of any recommended investments.

## **Item 15 - Custody**

We do not have custody of client assets for our Investment Management Clients. Therefore, each client must select a custodian and may be required to pay custodian fees. Also, clients will incur brokerage and other transaction costs in the course of our management of their accounts.

Austerra is deemed to have custody because of the related private investment companies disclosed in the section "Advisory Business," Austerra Stable Growth Fund, LP and Austerra Stable Income Fund, LP. This private investment company is audited annually, and the investors receive financials within 180 days of the fiscal year-end.

In addition, Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Austerra urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you.

## **Item 16 - Investment Discretion**

Austerra usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Austerra observes the investment policies, limitations, and restrictions of the clients for which it advises. For registered investment companies, Austerra's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to Austerra in writing.

### **Discretionary Management**



We have discretionary authority to make determinations regarding the securities that are to be bought and sold, as well as the quantities of such securities, for most clients. Such authority is provided in our contract with each client. In many cases, this discretion is subject to mutually agreed upon investment guidelines relative to the client's portfolio. We have model portfolio guidelines available for clients to adopt, in whole or in part, if they do not have their own. Client investment guidelines may or may not limit the scope of potential investments. As a result, clients can impose restrictions on investing in certain securities or types of securities.

### **Wrap Account Management**

We do not participate in the management of wrap account programs.

### **Item 17 - Voting Client Securities**

Austerra does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies or other solicitations directly from their custodian.

### **Item 18 - Financial Information**

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about Austerra's financial condition. Austerra has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

We do not require or solicit prepayment of more than \$1200 in fees per client and six months or more in advance, therefore have no material additional financial disclosures to make. Fees pertaining to Financial Planning are not charged six months or more in advance.

### **Business Continuity Plan**

We have a Business Continuity Plan that addresses how the Firm will respond to events that may disrupt its business. If the main telephone line is inactive, the emergency number is 214-334-6362. If the emergency line is down, please contact your custodian. We will resume operations as quickly as possible (preferably within twenty-four hours) depending on the severity of the business disruption. Our Business Continuity Plan covers data backup and recovery, mission critical systems financial and operational assessments, alternative communications, alternate business locations, regulatory reporting, and the assurance of prompt access to funds and securities for our customers. Additional details regarding the firm's Business Continuity Plan are available upon request.

### **Privacy Notice to Customers**

We do not disclose nonpublic personal information about our individual clients or former clients except as permitted by law. We restrict access to nonpublic personal information about you (that we may obtain from your account and your transactions) to those employees who need to know that information to provide products or services to you or to alert you to new, enhanced, or improved products or services we provide.

We maintain physical, electronic, and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information.