



**ITEM 1 – COVER PAGE**

**ADV PART 2A – FIRM BROCHURE**

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**FEBRUARY 26, 2024**

This brochure provides information about the qualifications and business practices of Tran Capital Management (“TCM”), a Registered Investment Adviser. If you have any questions about the contents of this brochure, please contact us at 415-461-3800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

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



## **ITEM 2 – MATERIAL CHANGES**

This brochure provides information about the policies and business practices of Tran Capital Management, L.P. TCM provides a summary of material changes to its brochures within 120 days of our fiscal year end. TCM may provide further disclosures about material changes as necessary. Additionally, TCM will deliver or offer to deliver information about our qualifications and business practices to clients on at least an annual basis. TCM will provide ongoing disclosure about material changes as necessary.

This brochure may be requested by contacting Eric Winterhalter, President, and Managing Partner, at 415-461-3800 or [clientservices@trancapital.com](mailto:clientservices@trancapital.com). Our brochure is also available for download on our website [www.trancapital.com](http://www.trancapital.com).



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## **ITEM 4 – ADVISORY BUSINESS**

Founded in 1974, Lateef Investment Management, L.P., was the predecessor firm of Tran Capital Management. The company was transformed following a management buyout in 2017 led by Quoc Tran, Chief Investment Officer, Eric Winterhalter, President. Tran Capital Management, L.P. (“TCM”), provides professional portfolio management to individuals for taxable and retirement accounts, and to corporate and union pension plans, charitable foundations, and academic endowments through separately managed accounts (collectively, the “clients”).

Tran Capital General Partner, LLC. (TGP) is the General Partner of Tran Capital Management, L.P. TGP’s ownership percentage is 1.00%. TGP is responsible for the day-to-day management of TCM. The Limited Partners and their ownership percentages of TCM are:

- Tran Capital Management, LLC\*            50.5%
- Tran Capital MGL, LLC\*\*                48.5%
- Tran Capital General Partner, LLC        1%

\*Tran Capital Management, LLC is owned by Mr. Quoc Tran (32.4%), Mr. Eric Winterhalter (13.6%), and Mr. Michael Im (5%).

\*\*Tran Capital MGL is owned by MG Financial, LLC (94%) and McCarthy Partners, LLC (6%). Both entities are managed by McCarthy Partners Management, LLC.

## **TYPES OF INVESTMENTS**

TCM offers discretionary investment management and investment advisory services for domestic equity. TCM utilizes securities that include, but are not limited to, common stock, preferred stock, options contracts, corporate bonds, municipal bonds and U.S. government bonds. TCM may offer investment advice on the following types of investments:

- Equity securities (exchange listed, over-the-counter and foreign issues)
- Corporate debt securities
- Municipal securities
- Mutual fund shares
- U.S. government securities
- Options contracts on securities

In limited circumstances, where clients are deemed able and are willing to accept greater risk in pursuit of potential higher total return, TCM may also use some leveraging and hedging techniques (e.g., covered calls and puts).



## **INVESTMENT STRATEGIES**

TCM invests and manages client's portfolios in accordance with an investment strategy selected by the client. The selected strategy is then based on a model portfolio of securities that TCM believes best represent their strategy in accordance with the client's overall investment objectives and any client-imposed restrictions.

The current investment strategies offered by TCM are as follows:

- Multi-Cap Growth
- Multi-Cap Balanced
- Partners Strategy
- Sustainable Growth

Clients may impose restrictions on investing in certain securities. Some of TCM's clients have restrictions as to which securities may be purchased. Clients may have also placed restrictions on the percentage of assets under management that may be held in the security of any one company.

## **WRAP FEE PROGRAMS**

TCM provides portfolio management services to clients in certain wrap fee programs. The wrap fee accounts are managed in accordance with the applicable investment strategy selected by the client and are managed in a similar fashion as the non-wrap fee accounts in the same strategy. TCM receives a portion of the wrap fee for the portfolio management services provided.

## **ASSETS UNDER MANAGEMENT**

As of December 31, 2023, the total assets under management amounted to \$898,766,461 on a discretionary basis and \$45,735,557 in assets on a non-discretionary basis, for model-based platforms such as Unified Managed Accounts (UMA).

## **ITEM 5 – FEES AND COMPENSATION**

TCM charges a tiered, percentage-based fee, calculated on the market value of the assets in the client's account. Fees are paid in multiple ways; fees are payable quarterly in arrears and some are paid in advance. Alternative frequency of payment and/or methods of calculation may be available, where appropriate or upon a client's request. The quarterly fee is calculated by multiplying the fair market value of cash and securities in the portfolio as of the close of the quarter by the applicable quarterly percentage.

Accounts that open or close during the quarter will receive a prorated bill for the partial quarter. For those clients that pay fees in advance, clients will receive a prorated refund of any unearned prepaid fees upon termination. Client may terminate the investment advisory agreement at any time upon written notice thereof to TCM. TCM may terminate the investment advisory agreement at any time upon thirty (30) day's prior written notice thereof to the client.

TCM's management fees are ordinarily calculated by TCM and are calculated on TCM's valuation of the assets in the client's portfolio. In certain instances, TCM and the client may agree that the fees should be calculated



based upon the custodian's valuation of the assets in the client's portfolio. In addition, when TCM manages multiple accounts for a particular client, or for a related group of clients, fee calculations may be based on the total assets under management or a relationship fee discount may be available.

TCM obtains authorization from its clients to deduct management fees directly from the client's account. However, clients may direct TCM to bill for fees incurred. Where TCM has authorization to deduct the fees from the account, TCM delivers an original invoice to the broker/custodian for payment and delivers a copy of the invoice to the client.

In addition to TCM's management fees, clients may incur brokerage, custodial and other transaction costs. Please refer to Item 12 – Brokerage Practices for additional details.

## **FEE SCHEDULES – DUAL CONTRACT, SEPARATELY MANAGED ACCOUNTS**

The following describes TCM's standard fee schedules for separately managed accounts by platform and product. Fees may be negotiable where special circumstances exist and arrangements with any particular client may vary. Certain accounts of persons affiliated with TCM may be managed without fees or at a reduced fee. In some cases, fees charged by TCM may be greater than fees charged by other investment advisers for similar services, in other cases, our fees may be lower.

### **MULTI-CAP GROWTH**

1.00% on the first \$10mm, plus  
0.50% on assets over \$10mm  
Minimum Account Size \$1,000,000\*

### **MULTI-CAP BALANCED**

1.00% on the first \$10mm, plus  
0.50% on assets over \$10mm  
Minimum Account Size \$1,000,000\*

### **PARTNERS STRATEGY**

1.00% on the first \$10mm, plus  
0.50% on assets over \$10mm  
Minimum Account Size \$1,000,000\*

### **SUSTAINABLE GROWTH**

1.00% on the first \$10mm, plus  
0.50% on assets over \$10mm  
Minimum Account Size \$1,000,000\*

*\* TCM reserves the right to waive the minimum account size requirement.*



## **FEE SCHEDULES – WRAP PROGRAMS, SEPARATELY MANAGED ACCOUNTS**

Wrap program sponsors typically offer comprehensive brokerage, custodial and advisory services for a single “wrap fee” based on a percentage of assets under management. The program sponsor then pays TCM a portion of the wrap fee in connection with the advisory services it provides. In wrap fee accounts, TCM is chosen by the client to act as an investment adviser through a selection process administered by the wrap program sponsor. The client information compiled through the selection process enables TCM to provide individualized investment services, which it maintains through ongoing contact with the wrap sponsor. TCM is available for direct telephone calls with wrap clients at their request, and periodically, at the discretion of the wrap sponsor. The wrap sponsor’s services generally include, in addition to assistance with the selection of one or more investment advisers, execution of portfolio transactions (free of commissions), custodial services, including trade confirmation and periodic reporting, continuing evaluation of investment performance, and consultation on investment objectives and suitability.

When TCM serves as a wrap investment sub-adviser, it contracts with the wrap program sponsor for its services rather than the clients of the wrap sponsor. The wrap sponsor serves as a master investment adviser and is responsible for much of the client record-keeping and reporting. The management fees payable to TCM are generally lower than those paid to TCM as a dual contract separate account manager, reflecting that some of the services it would otherwise provide are provided instead by the program sponsor.

Each client should evaluate whether a given wrap program is suitable for their needs. The client should consider the level of the single fee being charged under the wrap program relative to the package of services being provided including the amount of portfolio activity in the account as well as the value of custodial and portfolio monitoring services. The single fee may be higher or lower than the total cost of all services the client is receiving were they to pay for each service separately.

The following describes TCM’s standard fee schedules for WRAP platforms by product. Fees and minimums may be negotiable where special circumstances exist and arrangements with any particular client may vary.

### **MULTI-CAP GROWTH EQUITY**

0.50% on all assets

Minimum Account Size: \$1,000,000

## **FEE SCHEDULES – MUTUAL FUNDS**

TCM provides investment management services as an adviser to the “Cromwell Tran Sustainable Focus Fund – Total Funds Solutions” (Cromwell Tran Sustainable Focus Fund) and the “Cromwell Sustainable Balanced Fund”, portfolios registered under the Investment Company Act of 1940. TCM charges the Cromwell Tran Sustainable Focus Fund and the Cromwell Sustainable Balanced Fund a management fee based on assets under management. Please refer to the prospectus and other promotional material for a description of the fees and expenses related to the Funds.



## **FEE SCHEDULES – UNIFIED MANAGED ACCOUNTS (UMA)**

TCM provides investment management services, as a sub-adviser, to investment advisers that seek advice and recommendations through the development of model portfolios. These model portfolios are used by the investment adviser to manage their client accounts. TCM does not enter into a direct relationship with the clients of the investment advisory firms that offer its models and provides no administrative account-specific performance reporting services to those end clients. The fees paid to TCM under the UMA agreements are generally lower than the traditional management fees charged by TCM. TCM currently participates in the following UMA programs:

1. First Republic – Investment Management Model Portfolio Services
2. Natixis – UMA platform currently utilized at UBS, JP Morgan
3. Oppenheimer – Investment Management for Model Portfolio Services
4. Merrill Lynch – Investment Management for Model Portfolio Services
5. PNC Bank – Investment Management for Model Portfolio Services

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

This item is not applicable.

## **ITEM 7 – TYPES OF CLIENTS**

TCM offers investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, academic endowments, corporations, a registered investment company and other business entities through separately managed accounts. TCM provides investment management services as an adviser to the Cromwell Tran Sustainable Focus Fund, a registered investment company.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

TCM's primary method of analysis is fundamental analysis. Sources of information used by TCM include financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate ratings series, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases.

TCM relies heavily on our own intensive fundamental research, and we feel our due diligence process offers a better understanding and deeper conviction in the company's competitive advantage and risks.

The portfolios are subject to the principal risks summarized below. These risks could adversely affect the portfolio's market value, yield and total return. It is possible to lose money by investing in the portfolio.

Below is a summary of principal risks:

- **Management Risk:** As with any managed portfolio, TCM may not be successful in selecting the best-performing securities or investment techniques, and the portfolio's performance may lag behind





that of similar portfolios. The Adviser may also miss out on an investment opportunity because the assets necessary to take advantage of the opportunity are tied up in less advantageous investments.

- **Market Risk:** The risk that the market value of a security may fluctuate, sometimes rapidly and unpredictably. The prices of securities change in response to many factors including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity. Midcap companies may be more vulnerable than large-cap companies to adverse business or economic developments. Securities of such companies may be less liquid and more volatile than securities of large-cap companies and therefore may involve greater risk.

- **Non-Diversification Risk:** The risk that since the portfolio is non-diversified and may invest a larger portion of its assets in the securities of a single issuer than a more diversified portfolio, this investment could fluctuate in value more than an investment in a more diversified portfolio.

- **Sector Risk:** The portfolio may focus its investments from time to time in one or more economic sectors. To the extent that it does so, developments affecting companies in that sector or sectors will likely have a magnified effect on the portfolio and total returns and may subject the portfolio to greater risk of loss. Accordingly, the portfolio could be considerably more volatile than a broad-based market index or other portfolios that are diversified across a greater number of securities and sectors.

- **Value Investing Risk:** A value-oriented investment approach is subject to the risk that a security believed to be undervalued does not appreciate in value as anticipated.

## **ITEM 9 – DISCIPLINARY INFORMATION**

TCM does not have any disciplinary information to disclose.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Certain employees are registered representatives of Foreside Funds Distributors, LLC (“Foreside”), a registered broker dealer. Foreside is the distributor of the Cromwell Tran Sustainable Focus Fund.

TCM entered into a transaction with entities managed by McCarthy Partners Management, LLC, a Registered Investment Advisor.

## **ITEM 11 – CODE OF ETHICS**

TCM has adopted a Code of Ethics expressing the firm’s commitment to ethical conduct. The Code of Ethics is designed to mitigate conflicts of interest and the potential appearance of impropriety in an employee’s personal action. TCM permits its employees to engage in personal securities transactions, and to purchase and sell securities that may be held by or may be suitable for investment by client accounts. Personal securities transactions may raise potential conflicts of interest with the interests of TCM clients. In order to ensure compliance with the policy, each TCM employee is required to instruct each broker-dealer with whom he or she maintains an account to send directly to TCM’s Compliance Department a duplicate copy of all transaction confirmations generated by that broker-dealer for that employee’s account. TCM restricts the



purchase and sale by its personnel for their own accounts, securities that have been or are being considered for purchase for client accounts. For across the board trades, personnel are not to engage in a transaction in the same security while an order for a client's account is pending or within a certain period of time before (two days) and after (same day) execution of the transaction in that security on behalf of the client. However, personnel ARE permitted to engage in transactions in the same security if the client activity is the result of a client cash flow or direction (client directed). TCM may, from time to time, buy or sell securities for its own investment account.

TCM will provide a copy of the Code of Ethics to any client or prospective client upon request. To request a copy of TCM's Code of Ethics, please send a written request to:

Tran Capital Management, L.P.  
Attention: Compliance Department  
1000 4<sup>th</sup> Street, Suite 800  
San Rafael, CA 94901

Email requests may be sent to [clientservices@trancapital.com](mailto:clientservices@trancapital.com).

## **ITEM 12 – BROKERAGE PRACTICES**

Where TCM has discretion to select the executing broker, TCM aims to select those brokers or dealers which will provide the best services at reasonable commission rates. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services, which will help TCM in providing investment management services to clients. TCM may, therefore, recommend the use of (or use) a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful for the account for which the particular transaction was effected. It is TCM's policy to seek the best execution available in light of the overall quality of brokerage and research services provided to it or its clients. Best execution involves reasonably seeking the most favorable terms for a transaction under the circumstances.

The allocation of brokerage commissions will vary from year to year, depending on TCM's evaluations of all applicable considerations. In no case will TCM make binding commitments as to the level of brokerage commission it will allocate to a broker.

TCM participates in a number of managed account (aka WRAP) programs that direct accounts to TCM. TCM has a fiduciary obligation to determine whether the wrap-fee arrangements are suitable for clients. TCM has delegated this suitability responsibility to the wrap-fee program sponsors and relies on the sponsors to determine if the program and its fees are suitable for clients. On an annual basis, TCM requests that applicable program sponsors confirm in writing that the sponsor has accepted the delegated responsibility and is adequately performing this function.

## **RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

TCM evaluates the amount and nature of research and research services provided by brokers and attempts to allocate a portion of the brokerage business of its clients on the basis of that evaluation. When TCM uses client brokerage commissions (or markups or markdowns) to obtain research or other products and services,



TCM benefits because it does not have to pay for the research, products or services. TCM may have an incentive to select a broker/dealer based on its interest in receiving research or other products and services.

Subject to the criteria of the safe harbor in Section 28(e) of the Securities and Exchange Act of 1934, TCM may pay a broker a brokerage commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage and research services provided by or through the broker. TCM believes it is important to the investment decision making process to have access to independent research. Research furnished by brokers may be used to service any or all of TCM's clients and may be used in connection with accounts other than those transacting with the broker providing the research.

Brokerage and research services provided by brokers may include, among other things, executing securities transactions, performing other incidental services (such as clearance, settlement and custody), and providing information regarding: the economy; industries; sectors of securities; individual companies; legal developments; pricing and performance analysis. Such research services are received primarily in the form of written reports; telephone contacts and personal meetings with analysts. In addition, research services may be provided in the form of access to conferences and meetings arranged with company management, industry spokespersons and economists.

TCM does not currently have any contractual commission recapture arrangements in place and does not currently use brokerage commissions to obtain products or services which do not qualify for the safe harbor in Section 28(e) of the Securities and Exchange Act of 1934 (i.e., products and services that do not aid in the investment decision-making or trade execution).

## **DIRECTED BROKERAGE**

TCM will accept direction from clients regarding the brokers to be used for their account. Clients may have existing arrangements permitting them to offset certain administration, accounting, custody or other fees in relation to the amount of brokerage transactions handled by a specific broker. At the same time, TCM may have arrangements to receive investment related research products or services provided by the broker/dealer, which are separate from the arrangement negotiated by the client. In following the client's direction to use a particular broker to execute either all or part of the brokerage transactions from their accounts, clients must be aware that they may adversely affect our ability to, among other things, obtain, investment related research and/or seek to achieve best execution.

In those cases where the client has selected and negotiated a fee arrangement with a particular broker/dealer and/or directs transactions to a particular broker/dealer, the client is hereby advised that TCM might be in a better position to (i) negotiate commission, (ii) achieve best execution and (iii) aggregate orders if brokerage was not selected/negotiated by the client. In the cases where the client has negotiated an "asset based" commission structure instead of a "transaction based" commission structure, the client is advised that the reasonableness of the asset-based fee is dependent on TCM's trading volume over the period and may result in a higher fee than would be paid under a "transaction based" structure.

## **TRADE AGGREGATION AND ALLOCATION**



In an effort to allocate investment opportunities to each account in a fair and equitable manner, TCM will aggregate or "bunch" together orders to purchase or sell securities for multiple accounts where TCM deems this to be appropriate and in the best interests of the accounts. TCM aggregates orders by the account's broker/custodian. All orders for accounts that are held at a broker/dealer are aggregated or bundled into blocks ("non-DVP Blocks") and all orders for accounts that are held at traditional custodians (one that does not provide execution services) are aggregated or bunched into a block ("DVP Block"). Delivery Verses Payment ("DVP") refers to accounts that TCM has discretion to trade where securities are purchased or sold.

The order in which the block trades are placed for execution is determined by a randomly sorted rotation list that is generated each day by Archer, our outsourced operations partner. At its discretion, in order to ensure an efficient order flow, TCM can separate blocks that are required to be traded with a specific broker, are de minimis in size and do not utilize electronic order routing, e.g. email and phone orders, into a separate rotation which would be executed concurrent with the main rotation. TCM reserves the right to make this distinction at its discretion so that there is minimal disruption to the concurrent blocks. TCM reviews the average trading volume of securities prior to and during execution, and based on this consideration as well as other factors, such as block size, can allow a block to fill in its entirety prior to releasing orders for the next block in the rotation when it is determined to be prudent and appropriate. For model delivery programs, each program is considered a block and models are sent as part of the rotation described above. In an effort to not disrupt order flow, orders for the same securities for more restricted or customized accounts may be placed outside of the trade rotation. Consequently, such accounts could receive executions that are less favorable than those obtained for other accounts. In the event that TCM has competing trades for the same security, resulting from client redemptions, contributions or new clients investing in the same strategy, TCM will determine a trading strategy for the competing trades to seek best execution for both sides.

When a block order is filled in its entirety, each participating client account will participate at the average share price of the blocked order on the same business day. When a block order is only partially filled, the securities purchased or sold will be allocated on a pro-rata basis to each account participating in the bunched order based upon the initial amount requested for the account, subject to de minimis orders and the client's investment guidelines. The commission costs for each allocation in the "non-DVP Block" are determined based on the commission schedule negotiated by the client. The commission costs for each allocation in the "DVP Block" are shared pro-rata based on each client's participation in the block order.

TCM performs investment advisory services for many clients. The timing of an account's funding and/or the timing of a contribution or withdrawal will impact the timing and nature of action taken. Additionally, client-directed trades resulting from events such as cash flows or tax-loss harvesting may result in an account receiving less favorable execution and may result in comparatively lower returns than other accounts in the same strategy. As a result, variations in the positions and weights will naturally exist between client accounts. Over time, to the extent possible, TCM strives to allocate investment opportunities to each account on a fair and equitable basis. Notwithstanding the foregoing, TCM recognizes that in certain circumstances, strict compliance with these procedures may not be feasible and that unusual or extraordinary conditions may warrant deviation from the standard practices and procedures set forth herein. In such circumstances the Chief Compliance Officer, in consultation with outside counsel (if appropriate), shall determine the



appropriate action which, in their reasonable judgement, will serve the best interest of, and will be fair and equitable to all Clients.

### **ITEM 13 – REVIEW OF ACCOUNTS**

Accounts are reviewed on a regular basis by a member of the portfolio management team. Accounts are reviewed: (1) when a decision has been made regarding a security held in the account, such as the addition, liquidation or the switching of a position, (2) when prompted by client communication, (3) when notified of a contribution or withdrawal of assets, (4) at the discretion of Portfolio Management, Client Service or Trading.

Generally, reports are furnished to each client on a quarterly basis. Reports generally include a written Market Commentary, Portfolio Summary, Investment Performance, Assets in Portfolio, Transaction Schedule, and a Tax Report. More frequent reports may be provided upon request.

### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

TCM does not enter into agreements with or make commitments to broker/dealers under which TCM is obligated to compensate broker/dealers for client referrals. However, in some cases, TCM may recommend to a client a broker/dealer that has referred clients to TCM when TCM believes that said broker/dealer is capable of providing the best services to the client. TCM or the General Partner may engage solicitors and other third parties to market Private Funds. TCM may reimburse such persons for some expenses incurred in connection with those activities and will compensate them with a percentage of the assets raised, and/or advisory fees or profit allocations received by TCM or its affiliates with respect to investors referred by such persons.

In some cases, TCM will direct brokerage to certain brokers or dealers who have also referred clients to TCM. Under such circumstances, the client is not, in all instances, assured of the lowest commissions and/or broker/dealer compensation.

TCM participates in a number of Managed Account (aka WRAP) programs that direct accounts to TCM. TCM does not compensate the program sponsor for these accounts. The program sponsor charges a bundled fee (in some cases, representing research, execution and reporting services) of which a portion is paid to TCM for providing investment advisory services to the account. Client is hereby advised that the services provided for the bundled fee may be less costly if negotiated on an unbundled basis.

TCM currently participates in the following Managed Account programs:

1. Envestnet Asset Management – Envestnet
2. LPL – Manager Select
3. Wells Fargo – Masters

### **ITEM 15 – CUSTODY**

Clients receive monthly or quarterly account statements from their bank, broker/dealer or other qualified custodian, in addition to the account statements that they may receive from TCM. We urge clients to carefully



review both account statements and compare official custodial records to the account statements provided by TCM.

TCM statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

TCM generally has the client's authority to instruct a client's broker/dealer to deduct TCM advisory fees directly from the client's account.

### **ITEM 16 – INVESTMENT DISCRETION**

Generally, TCM's clients grant full discretionary authority over securities purchases and sales, subject to investment objectives and guidelines that are established by agreement between TCM and the client at the time the account is opened. Absent instructions to the contrary from the client, TCM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, amount of securities to be bought or sold, broker/dealer to be used and commission rates to be paid (for "DVP Blocks").

Where TCM has discretion to select the executing broker, TCM will aim to select those brokers or dealers which will provide the best services at reasonable commission rates. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services, which will help TCM in providing investment management services to clients. TCM may, therefore, recommend the use of (or use) a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful for the account for which the particular transaction was effected.

### **CLASS ACTION LAWSUITS**

TCM is not responsible for exercising client's rights to participate in the proceeds of class action lawsuits affecting securities they own or have owned. TCM will not notify clients regarding class action lawsuits and will not transmit proof of claim forms to clients except upon client request. Upon client request, TCM may assist with the processing of a class action claim on behalf of the client. However, TCM may refrain from processing the claim if it deems the claim to be de minimis relative to the time and effort involved to file the claim.

### **ITEM 17 – VOTING CLIENT SECURITIES**

TCM typically does not vote proxies as part of its discretionary authority to manage accounts unless the client has requested TCM to do so in writing. When voting proxies, TCM's primary objective is to make voting decisions solely in the best economic interests of its clients. TCM will act in a manner that it deems prudent and diligent and which is intended to enhance the economic value of the underlying securities held in its clients' accounts.

TCM has adopted written Proxy Policy Guidelines and Procedures (the "Proxy Guidelines") that are reasonably designed to ensure that TCM is voting in the best interest of its clients. The Proxy Guidelines



reflect TCM's general voting positions on specific corporate governance issues and corporate actions. Some issues may require a case-by-case analysis prior to voting and may result in a vote being cast that will deviate from the Proxy Guidelines. Upon receipt of a client's written request, TCM may also vote proxies for that client's account in a particular manner that may differ from the Proxy Guidelines. Deviation from the Proxy Guidelines will be documented and maintained in accordance with Rule 204-2 under the Investment Advisers Act of 1940.

In accordance with the Proxy Guidelines, TCM may review additional criteria associated with voting proxies and evaluate the expected benefit to its clients when making an overall determination on how or whether to vote the proxy. TCM may vote proxies individually for an account or aggregate and record votes across a group of accounts, strategy or product. In addition, TCM may refrain from voting a proxy on behalf of its clients' accounts due to de minimis holdings, impact on the portfolio, items related to foreign issuers, timing issues related to the opening/closing of accounts and contractual arrangements with clients and/or their authorized delegate.

To assist in the proxy voting process, TCM may retain an independent third-party services provider to assist in providing research, analysis and voting recommendations on corporate governance issues and corporate actions, as well as assist in the administrative process. TCM currently uses ISS as a third-party service provider for proxy voting.

TCM may have conflicts of interest that can affect how it votes its clients' proxies. For example, TCM may manage a pension plan whose management is sponsoring a proxy proposal. The Proxy Guidelines are designed to prevent material conflicts of interest from affecting the manner in which TCM votes its clients' proxies. In order to ensure that all material conflicts of interest are addressed appropriately while carrying out its obligation to vote proxies, TCM has designated a Managing Director who is not on the investment team to be responsible for addressing how TCM resolves such material conflicts of interest with its clients. Resolutions of all material conflicts of interest will be documented.

If you are a client of TCM and you would like to find out how your proxies have been voted or you would like a complete copy of TCM's current Proxy Guidelines, please send a written request to:

Tran Capital Management, L.P.  
Attention: Compliance Department  
1000 4<sup>th</sup> Street, Suite 800  
San Rafael, CA 94901

Email requests may be sent to [clientservices@trancapital.com](mailto:clientservices@trancapital.com).

## **ITEM 18 – FINANCIAL INFORMATION**

Not applicable.