

# **Joseph Advisory Services, LLC**

## **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 26, 2024**

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Joseph Advisory Services, LLC and Audaz Capital GP I, LLC (collectively the “Advisor”). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at (915) 820-8082.

The Advisor is a registered investment advisor with the U.S. Securities and Exchange Commission. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about the Advisor to assist you in determining whether to retain the Advisor.

Additional information about the Advisor and its Advisory Persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD#’s 324475, 330859.

**Joseph Advisory Services, LLC  
Audaz Capital GP I, LLC  
601 N. Mesa St. 19th Floor  
El Paso, TX 79901  
Phone: (915) 820-8082**

## Item 2 – Material Changes

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The Advisor believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. The Advisor encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

### Material Changes

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients:

- The Advisor has filed an umbrella registration with Audaz Capital GP I, LLC filing as a relying advisor.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD#'s 324475, 330859. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at (915) 820-8082.

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## **Item 4 – Advisory Services**

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### **A. Firm Information**

Joseph Advisory Services, LLC (“JAS”) is a registered investment advisor with the U.S. Securities and Exchange Commission. JAS is organized as a Limited Liability Company (“LLC”) under the laws of the Texas. JAS was founded 2007. JAS became a registered investment advisor in 2023 and is owned and operated by Ebetuel Pallares (Founder and Chief Executive Officer).

JAS has filed an umbrella registration, which also consists of Audaz Capital GP I, LLC (“Audaz Capital”). Audaz Capital is organized as a limited liability company under the laws of the State of Delaware. Audaz Capital is also owned by Ebetuel Pallares (Founder and Chief Executive Officer).

The Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by JAS and Audaz Capital (collectively “the Advisor”).

### **B. Advisory Services Offered**

The Advisor provides portfolio management services to pooled investment vehicles (each a “Fund” and collectively the “Funds”), in which an affiliate under common ownership and control may serve as the general partner (“General Partner”). The Funds typically make investments in venture capital and growth equity investments, principally (“Portfolio Companies”). These services are detailed in the offering documents for each Fund, which include as applicable, operating agreements, private placement memorandum and/or term sheets, subscription agreements, separate disclosure documents, and all amendments thereto (“Offering Documents”).

The Advisor manages each Fund based on the investment objectives, policies and guidelines as set forth in the respective Offering Documents and not in accordance with the individual needs or objectives of any particular investor therein (herein “Investors”). Each prospective Investor interested in investing in a Fund is required to complete a subscription agreement in which the prospective Investor attests as to whether or not they meet the qualifications to invest in the Fund and further acknowledges and accepts the various risk factors associated with such an investment.

In general, Investors in the Funds are not permitted to impose restrictions or limitations. However, the Advisor may enter into side letter agreements with one or more Investors that may alter, modify, or change the terms of interest held by Investors. Certain types of side letters create a conflict of interest among the Advisor and Investors, and/or between Investors themselves.

For more detailed information on investment objectives, policies, and guidelines, please refer to the respective Fund’s Offering Documents.

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

The Advisor does not manage or place Client assets into a wrap fee program. Portfolio management services are provided directly by the Advisor.

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

Effective December 31, 2023, the Advisor has approximately \$134,367,000 in assets under management, all of which is on a discretionary basis. Clients may request more current information at any time by contacting the Advisor.

## **Item 5 – Fees and Compensation**

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The management fee payable to the Advisor is either a fixed fee or an annual fee of up to 200 basis points of the total aggregate capital commitments in place as of the last day of the preceding calendar year (or, with respect to calendar year 2020, as of January 1, 2020). Management fees shall accrue quarterly on the first day of each January, April, July and October, and be paid out of distributable income and gain of the Funds (prorated for any partial semi-quarterly period for which it applies), or from separate capital contributions called.

The Funds shall pay for all reasonable expenses including, without limitation, the organizational expenses of the Funds; ongoing administrative expenses; legal, custodial and accounting expenses; expenses associated with the preparation of the Company's financial statements, tax returns and Schedule K-1s; third-party, out-of-pocket legal, financial, and technical due diligence expenses incurred in connection with any proposed Investment (whether or not consummated); third-party, out-of-pocket legal and financial costs and expenses incurred in connection with the disposition of any investments; fees and expenses of custodians, consultants, economists, outside counsel and accountants; the cost of insurance; any taxes, fees or other governmental charges levied against the Company; expenses relating to any governmental inquiry or public relations undertaking; and the costs and expenses of any litigation involving the Funds and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of the Funds.

For more detailed information on the fees and compensation received by the Advisor and its affiliates, please refer to the respective Fund's Offering Documents.

The Advisor and its affiliates do not buy or sell securities, other than the recommendation of interests in the Funds, and does not receive any compensation for securities transactions in any client account, other than the management fees noted above and performance-based fees noted below.

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

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The Advisor and/or the General Partner may be entitled to receive performance-based compensation in the form of Carried Interest. The fact that the Advisor or the General Partner receive performance-based compensation creates a conflict of interest in that it creates an incentive for the Advisor or the General Partner to make investments on behalf of the Funds that are riskier or more speculative than would otherwise be the case in the absence of such performance-based compensation arrangements. To mitigate the conflicts, the performance-based fees are structured so that certain performance hurdles must be met in order to receive the fee. In addition, the Offering Documents contain disclosures regarding the amount of fees and how they are calculated. Importantly, as part of the Advisor's fiduciary duty, the Advisor must act in the best interest of the Funds.

Regarding side-by-side management, the Advisor and its affiliates receives different types of fees, such as asset-based and performance-based fees. Managing Clients that are charged different types of fees creates conflicts of interest between the Advisor and its Clients, in addition to the ones listed above. For example, charging performance-based fees could incentivize the Advisor to allocate more favorable investments to those Clients being charged a performance-based fee. The Advisor has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple types of Clients, including Clients with multiple fee arrangements, and the allocation of investment opportunities.

## **Item 7 – Types of Clients**

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The Advisor offers portfolio management services to pooled investment vehicles. The Funds are not registered under the Investment Company Act of 1940 (the "Company Act"), as amended, in reliance on the exemptions provided in Sections 3(c)(1) and 3(c)(7) thereunder, as applicable. Additionally, the interests, shares or units (as applicable) are not registered under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") pursuant to an exemption from registration under Regulation D of the Securities Act.

Generally, the Investors in the Funds meet the definition of "accredited investor" as defined in the Securities Act and "qualified client" as defined in the Advisers Act and includes individuals, entities, trusts, estates, other corporations or business entities, or family offices. In addition, owners, principals and other related persons of the Advisor can and have invested in one or more of the Funds.

The various requirements for investing in a Fund, including the minimum investment size, are set forth in each Fund's Offering Documents. The Advisor has the ability, in its sole discretion, to permit commitments below the minimum amounts set forth in the Offering Documents.

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

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### **A. Methods of Analysis**

The following summarizes the methods of analysis and investment strategies used by Joseph Advisory in formulating investment advice.

**Funds of Funds:** The Funds of Funds will focus on investments in venture capital funds that are of a certain size and focused on early-stage/seed, and pre-seed investments (“microcap VC funds”).

Several criteria that define microcap and early-stage VC funds may include a GP/LP structure, proven ability to develop proprietary deal flow, established investment process, the ability to lead financing transactions, and institutional grade operations including reporting, tax, and audit. microcap VC funds tend to focus on leading and participating in the first round of financing for early-stage companies.

**Direct Funds:** The Direct Funds will generally focus on investments in private companies, which may be Portfolio Companies of the Portfolio Funds, raising capital from distinctive microcap VC funds. the Advisor believes a subset of such companies will raise additional financing rounds, and through the Advisor’s relationships with the general partners of VC funds, there may be opportunities for Direct Funds to invest in such financings. The investment team will draw on its experience and networks when deliberating on private companies any Direct Fund is considering.

**Direct Portfolio Companies:** the Advisor will also evaluate direct investments in private, technology-enabled businesses. In such cases, the Advisor will undertake active diligence, including monthly monitoring of financial progress, technical milestones, managerial developments, and in some cases, governance oversight as a board member or board observer. The intent is to maximize the financial outcome of the portfolio company and exercise fiduciary responsibilities.

There can be no assurance that the Advisor will achieve its investment objectives or that the investment strategies employed by the Advisor and the Clients will be successful. Investing in securities involves a risk of loss Investors should be prepared to bear.

### **B. Risk of Loss**

Prospective Investors should be aware that an investment in a Fund involves a high degree of risk and, therefore, should be undertaken only by Investors capable of evaluating and bearing the risks it represents. There can be no assurance that the Advisor’s investment objectives will be achieved, or that a Investor will receive a return of its capital, and therefore, a Investor should only invest in a Fund if such Investor is able to withstand a total loss of their investment. The following considerations, among others, should be carefully evaluated before making an investment in a Fund.

**General Risks** – Pooled investment vehicles are normally an investment in securities, companies or sectors that are not publicly traded. These investments are normally very illiquid and can be volatile; therefore, they are not ideal for investors with frequent or unknown cash needs. There is normally no public market for alternative investments. If investors need to sell their shares they will do so mostly at a substantial discount. Further, depending on the terms of the investment, the investor may not be able to transfer or sell his/her shares. The risk of investing in alternative investments is the majority or complete loss of invested funds depending on the underlying assets. In addition, investors may not see any return on investment for some time depending on the type of investment; these investments should be seen as a long-term investment subject to high risk of loss.

**Underlying Investments** – Pooled investment vehicles are subject to risks incident to the ownership of the underlying investments, including: changes in general economic or local conditions; changes in investment preferences that reduce the attractiveness of a pooled investment vehicle’s underlying investments to investors; increases in maintenance, insurance and other operating costs; changes in tax laws and rates; and changes in the laws and regulations applicable to any one or more underlying investments.

**Economic Conditions** – A significant market downturn could cause significant uncertainty in the valuation of, or in the stability of the value of, certain pooled investment vehicle’s possible investments, and the fair values of such

601 N. Mesa St. 19th Floor  
El Paso, TX 79901  
Phone: (915) 820-8082

investments as reflected in a pooled investment vehicle's results of operations may not reflect the prices that a pooled investment vehicle would obtain if such investments were sold. As a result, there can be no assurance that a pooled investment vehicle will be able to make investments that will generate the returns that are being targeted. Pooled investment vehicles may also be required to hold illiquid investments for several years before any disposition can be affected. Prospective investors are urged to take a potential downturn into account in deciding whether to make an investment in a pooled investment vehicle.

**Lack of Liquidity of Investments** – Pooled investment vehicles are generally highly illiquid. Given the nature of these investments, pooled investment vehicles may be unable to realize its investment objectives by sale or other disposition at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy for its investments. In some cases, pooled investment vehicles may be prohibited by contract from selling investments for a period of time, or there may be contractual rights or obligations that may otherwise significantly affect price and/or liquidity. In addition, it is expected that investments will not be sold until a number of years after they are made. The types of investments held by pooled investment vehicles may be such that they require a substantial length of time to liquidate. In the event a loan repayment or other funding obligation arises at a time in which a pooled investment vehicle does not have sufficient cash assets to cover such payment, a pooled investment vehicle may have to liquidate certain investments at less than their expected returns to satisfy the obligations thereby, resulting in lower realized proceeds to a pooled investment vehicle than might otherwise be the case.

**Concentration Risk** – Because pooled investment vehicles can concentrate its investments in few investments, the overall adverse impact on a pooled investment vehicle of adverse movements in the value of a single investment (including as a result of market conditions, such as an economic downturn) will be considerably greater than if a pooled investment vehicle were not permitted to concentrate its investments to such an extent. In addition, pooled investment vehicles may make investments in some transactions with the intent of refinancing or selling a portion thereof, and in such cases, there will be the risk that a pooled investment vehicle will be unable to complete the refinancing or sale, which could lead to increased risk because of a pooled investment vehicle having an unintended long-term investment and reduced diversification.

The above is only a brief summary of some of the important risks that a Investor may encounter. Before deciding to invest in a Fund that the Advisor manages, prospective Investors should carefully consider all of the risk factors and other information in the applicable Offering Documents.

## **Item 9 – Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving the Advisor or its owner.** The Advisor values the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor or Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 324475.

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

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### Audaz Capital I GP, LLC

Ebetuel (Beto) Pallares serves as the managing member to Audaz Capital, an affiliated entity with the Advisor through common control and ownership which also serves as the General Partner and manager to certain Funds. Investors in Funds are subject to management fees from the General Partner and manager. Additionally, Investors are charged a carried interest which is paid to the General Partner and manager. Carried interest allocations are typically deducted from investment proceeds that would otherwise be distributable to the investors in the Fund. The manner of calculation and application of the management fee and the carried interest allocations are disclosed in the offering documents for the Fund. Due to the affiliation between the General Partner and the Advisor and the receipt of management fees and carried interest, Mr. Pallares has a financial incentive to recommend investments in the Fund. The Advisor is fiduciary and is committed to being active in the Fund's best interest. Additionally, there is no requirement for the Advisor to recommend the Fund to Clients, nor are Clients obligated to invest into Funds.

#### Exagen, Inc. Board Member

In his separate capacity, Ebetuel (Beto) Pallares serves as a board member of Exagen, Inc. (NASDAQ: XGN) ("XGN") and is compensated for his position. Certain Funds own a portfolio of shares in XGN. As a result of Mr. Pallares' position as a board member, Mr. Pallares cannot make recommendations to the Funds to invest in XGN. To mitigate this conflict, the Advisor does not provide the Funds with investment advice or analysis with respect to XGN. Additionally, by virtue of his position as a board member and member of the Governance and Nominations Committee of XGN, may, from time to time, be in possession of material non-public information regarding XGN. The Advisor has implemented reasonably designed policies and procedures to avoid disclosure of any material non-public information regarding XGN, which may from time to time be in the possession of Mr. Pallares or other Supervised Persons of the Advisor.

#### Sandstone Diagnostics Inc.

Mr. Pallares, serves as the President and sole board member of Sandstone Diagnostics Inc. His role includes acting as the shareholder representative, managing the affairs of the corporation, monitoring commercialization royalties received from an asset purchase and distributing funds to shareholders. He is compensated by the entity for this activity and can access a performance fee from the largest shareholder. Mr. Pallares was instrumental in managing the exit of Sandstone Diagnostics Inc. to an acquiring entity on behalf of a group of investors. Notably, one of Mr. Pallares' most significant clients is the largest shareholder in Sandstone Diagnostics Inc. Mr. Pallares acted in the best interest of all investors when making his recommendation to exit.

#### FibeRio Technology Corporation

Mr. Pallares serves as the President and sole board member of FibeRio Technology Corporation. His role includes acting as the shareholder representative, managing the affairs of the corporation, monitoring commercialization royalties received from an asset purchase and distributing funds to shareholders. He is not compensated by the entity for this activity, but can access a performance fee from the largest shareholder. Mr. Pallares was instrumental in managing the exit of Sandstone Diagnostics Inc. to an acquiring entity on behalf of a group of investors. Notably, one of Mr. Pallares' most significant clients is the largest shareholder in Sandstone Diagnostics Inc. Mr. Pallares acted in the best interest of all investors when making his recommendation to exit.

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

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

The Advisor has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all persons associated with the Advisor ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to each Client. The Advisor and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of the Advisor's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at (915) 820-8082.

#### **B. Personal Trading with Material Interest**

The Advisor allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. The Advisor does not act as principal in any transactions. In addition, the Advisor does not act as the general partner to the Funds. As noted above, an affiliate of the Advisor may serve as the General Partner to the Funds and therefore may have a material financial interest in these securities.

#### **C. Personal Trading in Same Securities as Clients**

The Advisor allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more

advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by conducting a coordinated review of personal accounts and the accounts of the Clients. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

#### **D. Personal Trading at Same Time as Client**

While the Advisor allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. To mitigate any conflicts of interest, Supervised Persons must invest during the same time periods Fund opportunities are made available to Investors. **At no time will the Advisor, or any Supervised Person of the Advisor, transact in any security to the detriment of any Client.**

### **Item 12 – Brokerage Practices**

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#### **A. Recommendation of Custodian[s]**

The Advisor focuses on making investments in private securities, specifically private venture capital and growth equity companies. Accordingly, the Advisor does not ordinarily deal with any financial intermediary such as a broker dealer, and commissions are not ordinarily payable in connection with such investments. To the limited extent the Advisor transacts in public securities, it intends to select brokers based upon the broker's ability to provide the best execution for the Fund at a competitive rate.

The Advisor has complete discretion in selecting the broker that it uses for Fund transactions and the commission rates that the Funds pay such brokers. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker dealer's services. In selecting a broker for any transaction or series of transactions, the Advisor is authorized to consider several factors, including, for example:

- net price, clearance, settlement and reputation.
- financial strength and stability.
- efficiency of execution and error resolution.
- ability to arrange for sales and transfers of restricted and illiquid securities.
- willingness to execute related or unrelated difficult transactions in the future.
- special execution capabilities; and
- order of call.

The Advisor does not currently participate in any soft dollar arrangements. Any research services received from brokers and dealers are incidental to the Advisor's own research effort. To the best of the Advisor's knowledge, such services are generally made available to all institutional investors doing business with such broker dealers. The Advisor does not separately compensate such broker dealers for the research and does not believe that it "pays up" for such broker services.

#### **B. Aggregating and Allocating Trades**

As each of the Funds have different underlying investments, there is generally not an opportunity to aggregate orders among the Funds. To the extent that more than one investment opportunity is suitable for multiple Funds, the Advisor will seek to allocate the opportunity in a manner that is fair and equitable to all Investors in accordance with the Offering Documents of such Funds.

### **Item 13 – Review of Accounts**

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The investments made by the Funds are generally private, illiquid, and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Advisor closely monitors companies in which the Funds invest, and Compliance periodically checks to confirm that each Fund is maintained in accordance with its stated objectives as outlined in the Offering Documents.

Investors in the Funds will receive statements no less than quarterly from the administrator. These statements are sent directly from the administrator to the investor. The Adviser may also provide Investors with periodic reports regarding the Fund's holdings, allocations, and performance.

Investors are encouraged to notify the Adviser if changes occur in their personal financial situation that might impact the appropriateness of investing in a Fund.

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

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### **A. Compensation Received by the Advisor**

The Advisor does not receive commissions or other compensation from product sponsors, broker-dealers or any unrelated third party. The Advisor may refer Investors to various unaffiliated, non-advisory professionals (e.g., attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Investors. Likewise, the Advisor may receive non-compensated referrals of prospective Investors from various third-parties.

### **B. Compensation for Client Referrals**

Certain Clients may be referred to the Advisor by either an affiliated or unaffiliated party (herein "Promoter") and receive, directly or indirectly, compensation for the Client referral. In such instances, the Advisor will compensate the Promoter a fee in accordance with Rule 206(4)-1 of the Advisers Act and any corresponding state securities requirements. Any such compensation shall be paid solely from the investment advisory fees earned by the Advisor, and shall not result in any additional charge to the Client.

## **Item 15 – Custody**

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Pursuant to Rule 206(4)-2 of the Advisers Act, the Advisor is deemed to have custody of the Funds because the Advisor serve as the investment adviser to the Funds. To ensure compliance with the Custody Rule, the Advisor will ensure that the Funds are subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB") and that the audited financial statements of each Fund will be prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP") and distributed to investors within 120 days of the end of each Fund's fiscal year (180 days in the case of fund of funds). Investors should carefully review the audited financial statements of the Funds and compare these statements to any account information provided by the Advisor.

## **Item 16 – Investment Discretion**

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The Advisor generally has discretion to make investment decisions on behalf of the Funds. Investment decisions shall be made in accordance with the investment objectives, policies and guidelines as set forth in the respective Offering Documents and not in accordance with the individual needs or objectives of any particular investor therein. The Advisor assumes this discretionary authority pursuant to the terms outlined in the Offering Documents.

In instances where the Advisor does not have discretion to make investment decisions on behalf of the Funds, the Advisor will seek prior approval from the respective Fund's board.

## **Item 17 – Voting Client Securities**

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Given the Advisor's focus in investing in private companies, it is anticipated that it will be extremely rare that the Advisor receives proxies with respect to securities held on behalf of the Funds. However, there are situations where Portfolio Companies could have proxy issues (e.g. a Portfolio Company needs approval to make changes to its board of directors or auditors, or if a Portfolio Company goes public and a Fund holds securities, etc.). In such situations, the Advisor or an affiliate would have authority to vote proxies on behalf of the Funds (if the Advisor does not otherwise have control over the Portfolio Company and exercise such authority through control of the Portfolio Company's board).

In evaluating how to vote a proxy, the Advisor will first determine whether there is a conflict of interest related to the proxy in question between the Advisor and the Advisory Client. This examination will include (but will not be limited

601 N. Mesa St. 19th Floor  
El Paso, TX 79901  
Phone: (915) 820-8082

to) an evaluation of whether the Advisor (or any affiliate of the Advisor) has any relationship with the Portfolio Company (or an affiliate of the Portfolio Company) to which the proxy relates, outside an investment in such Portfolio Company by a Fund managed by the Advisor. If a conflict is identified and deemed "material," the Advisor will generally seek to mitigate the conflict either by the Chief Compliance Officer appointing another individual who is not conflicted out to vote, or by appointing an independent third party to vote the proxy.

The Chief Compliance Officer will be responsible for maintaining the proxy voting books and records. Investors can obtain a copy of the Advisor's proxy voting policy and a record of votes cast by the Advisor on behalf of that Limited Partner by contacting the Advisor directly.

## **Item 18 – Financial Information**

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Neither the Advisor, nor its owner, have any adverse financial situations that would reasonably impair the ability of the Advisor to meet all obligations to its Clients. Neither the Advisor, nor any of its Advisory Persons, have been subject to a bankruptcy or financial compromise. The Advisor is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.