

Placid Sound Capital Management, LLC Asset Management Services Brochure

1. Cover Page

This brochure provides information about the qualifications and business practices of Placid Sound Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at nikhil@placidsound.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as a Registered Investment Advisor does not imply a certain level of skill or training.

Additional information about Placid Sound Capital Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

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2. Material Changes

Nikhil Jaisinghani's experience has been updated in Section 4. Placid Sound Capital Management's process of constructing options portfolios has been updated in Section 4 ("Services" subsection) and Section 8 (first numbered list) to remove a previous explanation that portfolios were reconstructed once a month. Placid Sound Capital Management now continuously constructs the portfolio as options expire.

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4. Advisory Business

About Placid Sound

Placid Sound Capital Management, LLC (herein referred to as "Placid Sound") provides investment advisory services for institutional investors (herein referred to as "Clients"), creating diversified portfolios through selling put options.

Placid Sound was incorporated in November 2022 and is solely owned by Nikhil Jaisinghani. Placid Sound's investment strategy was developed in 2021 and mock trading began in a paper trading account in the fall of 2021. Nikhil Jaisinghani has 10 years of quantitative investing experience, 14 years technical and quantitative experience developing tools and software to solve large problems, and 16 years of business building experience. Mr. Jaisinghani is the point of contact for all Clients and regulators.

As of December 2023, Placid Sound Capital Management's total assets under management are \$0 million.

Services

Placid Sound's primary focus is to manage assets on behalf of institutional clients, including pension funds and non-taxable entities. The specific bundled services Placid Sound provides to its Clients include 1) Fund analysis and selection, 2) the purchasing and selling of securities, 3) and portfolio performance oversight. Together, these bundled services are referred to as Placid Sound's asset management services. Placid Sound does not provide these or any other services to a wrap fee program. These bundles services do not constitute a wrap fee program because transaction costs are charged to the Client separately by the Client's custodian.

Placid Sound executes an option strategy tailored to pension funds and non-taxable entities. Placid Sound analyzes put options prices and their implications and then carefully selects put options for inclusion in Client portfolios based on a conservative risk-return analysis. Elements of Placid Sound's approach include:

1. Selling put options with less than 6 weeks to maturity;
2. Regular construction of a portfolio of put options, replacing expiring options with new options;
3. Selecting put options by considering a number of measurable characteristics, including weight in the current portfolio, marginal risk the addition of each asset poses to the portfolio, and option mispricing; and
4. Limitations on the notional exposure of the portfolio. Notional exposure is the product of the number of options times the option strike price, summed for all put options in the portfolio. The notional exposure represents the amount of money that can be lost by the portfolio.

Clients are permitted to impose investment restrictions. If such restrictions are imposed, Placid Sound's service will be tailored to meet the client's specific restrictions and a higher fee may be charged; otherwise, Placid Sound may provide the same advice and recommend the same investment portfolio to other clients who do not impose investment restrictions. Though Placid Sound may provide the same advice and recommendations to multiple Clients, Clients' assets will not be pooled. Each Client will hold their assets in a separately managed account with their selected third-party custodian.

Clients provide Placid Sound with discretionary trading authority over Client assets. This allows Placid Sound to buy and sell securities on behalf of the Client through the Client's custodian account but does not permit Placid Sound to transfer money in or out of the account for any purpose.

5. Fees and Compensation

Fees

For its asset management business, Placid Sound charges a minimum of 100 basis points and a maximum of 200 basis points annually on assets under management (herein referred to as the "Annual Percentage Fee"). Within this fee spectrum, Placid Sound may charge lower fees to its earlier Clients and to clients for which Placid Sound manages more assets and higher fees to Clients with trade restrictions or tailored services. Actual fees are negotiable and will be formalized with each Client in a written Client agreement.

Placid Sound's management fee will be payable at the end of each quarter; invoices will be sent out the first week of January, April, July, and October for the preceding 3 months. Fees will be calculated using the following formula:

$$\text{Quarterly Fee} = (\text{Average AUM over quarter}) \times (\text{Annual Percentage Fee}) / 4$$

If the advisory services are not provided for the full quarter, the fee will be prorated, multiplying the above calculation by the number of business days service was provided divided by the number of business days in the quarter.

Clients may choose to authorize their brokerage to calculate and pay the invoice to Placid Sound or Clients may choose to pay the invoice themselves upon receipt of the invoice. Placid Sound will not deduct fees from Client accounts.

Placid Sound does not charge transaction fees; the bundled services offered by Placid Sound are provided based on the single fee calculated as a percentage

of assets under management. If the Client imposes trading restrictions, Placid Sound may charge a higher fee for the enhanced service.

Client accounts may be subject to other fees from the Client's custodian / broker-dealer. As Placid Sound places multiple trades each month, the Client's broker-dealer will charge commissions on each trade. In some instances, Placid Sound may short the underlying security as an in-the-money option approaches maturity; in this case, the Client's brokerage may charge the Client a short fee.

Placid Sound does not require clients to pay fees in advance. If a Client prefers prepayment of fees and the advisory agreement is terminated before the end of the billing period, Placid Sound will calculate the due fees based on a prorated basis and refund the Client any excess fees paid (the prorated calculation method is described earlier in this section).

Neither Placid Sound nor its owners nor its employees accept compensation for the sale of securities or other investment products. Placid Sound does not charge fees on a per-transaction basis.

Lower fees for comparable services may be available from other sources. Placid Sound's bundled services may cost the Client more or less than purchasing each service separately from another service provider. The relative cost of Placid Sound's service versus procuring the same services separately will depend on the respective service providers' fees and the amount of assets under management. The bundled services provided by Placid Sound, as specified in Section 4 above, do not constitute a wrap fee because transaction costs are charged to the Client separately by the Client's chosen broker-dealer.

6. Performance Based Fees and Side By Side Management

Placid Sound, its owners, and its employees do not charge performance-based fees.

7. Types of Clients

Placid Sound's business model is to provide investment advisory services to pension funds and non-taxable institutional investors such as endowments, and foundations. Placid Sound's minimum Client investment is \$5 million.

8. Methods of Analysis, Investment Strategies and Risk of Loss

Placid Sound executes an option strategy tailored to pension funds and non-taxable entities. Placid Sound analyzes put option prices and their implications and then carefully selects put options for inclusion in Client portfolios based on a conservative risk-return analysis. Elements of Placid Sound's approach include:

1. Selling put options with less than 6 weeks to maturity;
2. Regular construction of a portfolio of put options each month, replacing expiring options with new options;
3. Selecting put options by considering a number of measurable characteristics, including weight in the current portfolio, marginal risk the addition of each asset poses to the portfolio, and option mispricing; and
4. Limitations on the notional exposure of the portfolio. Notional exposure is the product of the number of options times the option strike price, summed for all put options in the portfolio. The notional exposure represents the amount of money that can be lost by the portfolio.

Placid Sound diversifies Client investments by developing and managing a portfolio of options. Placid Sound seeks to minimize risk by:

1. Diversifying options across multiple asset classes
2. Identifying options which, based on Placid Sound's algorithm, are mispriced
3. Selling out of the money puts which will only lose money if the underlying security goes down by more than the difference between the underlying security's spot price and the option's strike price.
4. Daily tracking of performance to identify developing risks

Despite Placid Sound's risk-mitigation steps, the Client should be aware that investing in securities involves risk of loss that Clients should be prepared to bear. Placid Sound's strategy involves selling out-of-the-money put options on ETFs and stocks. Selling puts has limited potential upside but large potential downside. Even with a diversified set of puts, it is still possible for investors to lose significant sums. Investors should not invest beyond the sum which they can afford to lose. The material risks of Placid Sound's approach are:

1. Options are leveraged instruments. If traded without internal controls, options trading can lead to large losses with small or even no movements in the underlying securities' prices. More information on options can be

found in the document “Characteristics and Risks of Standardized Options” published by the Options Clearing Corporation¹.

2. Despite the fact that Placid Sound has developed internal controls and integrated risk-mitigating steps into its strategy, such controls and steps are not guaranteed to eliminate the possibility of large losses.
3. The diversification of the portfolios will incorporate assets which may perform contrary to any benchmark. Thus, the portfolio may underperform any selected benchmark on any given month.
4. The process of constructing a portfolio which matures in February (for example) will begin before the January portfolio matures. This means that for a period of time, Clients will be invested in a portfolio of ultra-short maturity options while also being invested in a growing (but not complete) portfolio of approximately 1 month maturity options. Such overlap may result in risk of larger losses in the case of extreme market movements.
5. Placid Sound relies on historical data to identify mispriced options. Future trends may deviate from historical trends, resulting in inefficient portfolio construction.

The options through which Placid Sound invests are publicly traded and have publicly traded stocks and ETFs as their underlying securities. Options prices, as is the case with the prices of the underlying securities upon which options depend, are unpredictable as are the performances of the underlying securities. There can never be certainty on how an option will perform or that an option will not lose money. Clients must understand that there is an inherent risk to investment which Placid Sound cannot eliminate and does not claim to eliminate. Clients must be prepared to bear the risk of loss.

9. Disciplinary Information

Placid Sound has no disciplinary events to report.

10. Other Financial Industry Activities and Affiliations

Placid Sound, its owners, and its employees are not registered and have no intention of registering as broker dealers, futures commission merchants, commodity pool operators, commodity trading advisors, or as associated persons of such entities.

¹ The document can be downloaded at <https://www.theocc.com/Company-Information/Documents-and-Archives/Options-Disclosure-Document>

Placid Sound does not select managers or advisors on behalf of Clients and therefore has no relationships with fund managers that could pose a conflict of interest to Clients.

Until the registration of Placid Sound with the SEC, Mr. Jaisinghani, Placid Sound's sole owner, was an investment advisor representative of Amplify Endowment Management, LLC. Services provided to Amplify Endowment Management, LLC as an individual will continue through Placid Sound, specifically software development, daily internal report generation, monthly client report preparation, analysis as requested, and compliance. Such activities and fees will be detailed in a separate ADV brochure specific to Placid Sound's services provided to Amplify Endowment Management, LLC. Clients should be aware that the provision of such services by Placid Sound will require Mr. Jaisinghani's time which will reduce the amount of time available to provide investment advisory services to Clients. There are no other material business relationships which pose a risk to Clients or a conflict of interest for Placid Sound.

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

Placid Sound maintains a code of ethics for the firm and all employees. The code of ethics will be shared with Clients upon request.

Placid Sound and its employees all comply with applicable Federal securities laws. Currently, Placid Sound has only one employee and access person – Nikhil Jaisinghani. Mr. Jaisinghani

If at any time over the course of the year Placid Sound adds additional access persons, Placid Sound will require such persons to report, and for Mr. Jaisinghani to review, their personal securities transactions and holdings annually. Any such persons must obtain approval from Mr. Jaisinghani prior to acquiring beneficial ownership in any security in an initial public offering or in a limited offering. Further, any violations of the code of ethics must be promptly reported to Mr. Jaisinghani. All employees will be provided with a copy of the firm's code of ethics.

Mr. Jaisinghani executes the same strategy Placid Sound executes for Clients in his own personal accounts. The process is modified to hold more index options which tend to be larger, leading to less diversification; however the thrust of the investment strategy remains the same. On one hand, this demonstrates Mr. Jaisinghani's commitment to the investment strategy; however, as with any transaction, if a market participant is aware of pending transactions, such

information could be used for personal benefit by completing a similar transaction prior to the pending transaction. To remove such opportunities, Mr. Jaisinghani will submit trades in his personal accounts only after trades are submitted to Client accounts. In case Mr. Jaisinghani intends to submit trades in his personal account at the same or similar time as Placid Sound intends to submit trades for Clients, trades will be submitted in Client accounts first. The intention of this is to provide Clients with the best prices and not allow transactions on behalf of Clients to create price changes that benefit Mr. Jaisinghani's holdings.

12. Brokerage Practices

Placid Sound does not recommend broker-dealers for Client transactions. Placid Sound is willing to apply to be an authorized advisor on any broker-dealer's platform as long as options trading is possible and Placid Sound has an efficient means of submitting trades.

Placid Sound will execute trades through the broker-dealer of the Client's choosing. Not all broker-dealers charge the same fee or can execute an order to buy or sell securities at the same price. Depending on the Client's selection of broker-dealers, the Client may pay more in commissions or may receive less favorable prices when buying or selling securities. Placid Sound does not aggregate resources from various Client accounts for the purchase or sale of securities.

Placid Sound does not receive soft-dollar benefits from broker-dealers. Placid Sound does not receive referrals from broker-dealers. Placid Sound has not received and does not receive products or services with or as a result of commissions paid by Clients.

As Placid Sound's clients may use different broker-dealers, Placid Sound does not aggregate the purchase or sale of securities for multiple Clients. Clients should be aware that this will result in trades being submitted at different times for different Clients, and that this may result in different execution prices. Further, some broker-dealers may charge lower commissions on aggregated orders than would be charged on multiple accounts with orders placed separately; therefore, Clients may be charged higher commissions as the result of orders being placed separately in each Client account.

13. Review of Accounts

Placid Sound reviews Clients' investment performance and performs portfolio-level diversification and exposure calculations on a daily basis. Placid Sound will generate written Client-specific financial reports no less frequently than quarterly. Clients will be provided with monthly reports generated by their broker-dealer.

14. Client Referrals and Other Compensation

Placid Sound does not provide compensation for Client referrals and does not receive economic benefit from entities other than its Clients.

15. Custody

Placid Sound does not have custody of Client funds. Client funds will be held in a brokerage account in the Client's name. However, Placid Sound will have the authority to buy and sell securities from the brokerage account. The Client may pay Placid Sound's management fee directly or may authorize its broker-dealer to pay Placid Sound's management fee, but Placid Sound will not be authorized to deduct its fee from Client accounts. The means of payment is at the Client's sole discretion.

The Client will receive account statements from their chosen custodian; Placid Sound may also be able to access such statements and forward them to the Client. The Client should review those statements. Placid Sound will also deliver customized quarterly reports to Clients. Placid Sound strongly suggests that Clients compare all reports and statements from Placid Sound to the statements from their custodian.

16. Investment Discretion

Placid Sound accepts discretionary authority over Client accounts. This discretionary authority is provided to Placid sound through the written Client agreement fully executed by the Client and Placid Sound. Placid Sound will use this authority to buy and sell securities on behalf of the Client as described in Section 4 of this document. Placid Sound will comply with all brokerage-specific requirements to institute such a structure. The Client may impose limitations on Placid Sound's authority. Placid Sound does not offer non-discretionary services.

17. Voting Client Securities

Placid Sound invests through options and will only own shares in stocks or ETFs in the case that an option expires in the money and shares are assigned to the Client (or Placid Sound may preemptively sell the shares the day of maturity to limit exposure to market swings). In case of assignment, Placid Sound will clear such positions on the next business day. If such shares, held for a matter of hours, have voting rights, Placid Sound will not accept authority to vote on behalf of the Client and Clients will receive their proxies and solicitations from their custodian. Clients should not contact Placid Sound for advice on shareholder voting as Placid Sound does not market itself as being informed on the specific business matters of the companies whose options Placid Sound sells.

18. Financial Information

Placid Sound does not require nor solicit prepayment of fees. Placid Sound does not take custody of Client funds and there are no financial conditions to disclose which would impair Placid Sound's ability to meet contractual requirements to Clients. Placid Sound has not been the subject of a bankruptcy petition in the last ten years.