

## FORM ADV PART 2A: Disclosure Brochure



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This brochure provides information about the qualifications and business practices of Lowe, Brockenbrough & Company, Inc. dba Brockenbrough (“Brockenbrough”). If you have any questions about the contents of this brochure, please contact us at 804-288-0404. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Lowe, Brockenbrough & Company, Inc. is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Additionally, Brockenbrough’s Chief Compliance Officer, David A. Lyons, remains available to address any questions that a client or prospective client may have regarding the ADV and any conflicts of interest stated herein.**

## **Item 2 – Material Changes**

The last annual update to the Form ADV Part 2A was filed on March 30, 2023. Since the last annual filing, Brockenbrough has made the following changes to the Form ADV Part 2A:

Item 4 – Updated to reflect assets under management as of December 31, 2023. Added language around how Brockenbrough bills on certain assets.

Item 5 – Added language on treatment of margin accounts.

Item 10 – Added language regarding a conflict of interest.

If you would like another copy of this Brochure, you can either download it from the SEC website as indicated above or contact our Chief Compliance Officer, David Lyons at 804-288-0404 or [compliance@brockenbroughinc.com](mailto:compliance@brockenbroughinc.com).

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Throughout this brochure, “Brockenbrough”, “the Firm”, “Advisor”, “we”, “our”, or “us” refers to Lowe, Brockenbrough & Company, whereas “you”, “your” or “Client” refers to the client or prospective client.

## Item 4 – Advisory Business

Brockenbrough was founded in 1970. Brockenbrough is primarily owned by Austin Brockenbrough III and related family trusts.

As of December 31, 2023, our assets under management are approximately \$3.8 billion for which we provide investment advisory services.

Brockenbrough provides discretionary and non-discretionary investment management services. In limited circumstances and at the request of the client, Brockenbrough will provide various planning services. Brockenbrough provides advice to clients that maintain separately managed accounts, to an affiliated registered investment company (Jamestown Equity Fund) and to affiliated privately offered pooled investment vehicles (“Private Funds”). Clients’ accounts are managed based on stated client investment objectives. The investment objectives of the Private Funds are set forth in their respective organizational and offering documents. Brockenbrough invests clients’ portfolios in, but not limited to, individual equity and fixed income securities, separately managed accounts, mutual funds, exchange traded funds, or limited partnerships.

Brockenbrough’s investment management services include:

- Private Wealth Management Services
- Institutional Management Services
- Proprietary Investment Strategies

**Client Obligations.** In performing its services, Brockenbrough shall not be required to verify any information received from the Client or from the Client’s other professionals and is expressly authorized to rely thereon. Moreover, each Client is advised that it remains their responsibility to promptly notify Brockenbrough if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising Brockenbrough’s previous recommendations and/or services.

**Affiliated Private Funds.** As discussed below, Brockenbrough is affiliated with several private funds (the “Private Funds”). Brockenbrough may recommend that clients, for whom one or more of these funds is suitable, consider an allocation to the Private Funds. Brockenbrough may earn an incentive allocation from investments in these Private Funds. The terms and conditions for participation in the affiliated funds, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund’s offering documents. Brockenbrough’s clients are under absolutely no obligation to consider or make an investment in a Private Fund.

**Conflict Of Interest.** Because Brockenbrough and/or its affiliates can earn compensation (management fees and incentive allocations) from the Private Funds that may exceed what Brockenbrough would earn under its standard asset-based fee schedule referenced in Item 5 below, the recommendation that a client invest in a Private Fund presents a conflict of interest. No client is under any obligation to become a Private Fund investor.

**Unaffiliated Private Investment Funds.** Brockenbrough may also provide investment advice regarding unaffiliated private investment funds. Brockenbrough may recommend that certain clients, for whom it is suitable, consider an investment in unaffiliated private investment funds. Brockenbrough’s role relative to the private investment funds shall be

limited to its initial and ongoing due diligence and investment monitoring services. If a client becomes a private fund investor, the assets invested in the fund(s) shall be included as part of “assets under management” for purposes of Brockenbrough calculating its investment advisory fee. Brockenbrough’s clients are under absolutely no obligation to consider or make an investment in a private investment fund.

**Private Investment Risks.** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments, private investment funds do not provide daily liquidity or daily pricing. Each prospective client will be required to complete a subscription agreement, pursuant to which the client shall represent that they are an Accredited Investor Qualified Client and/or Qualified Person and is suitable for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

**Uncontrollable Event Risk.** There is a risk that events beyond our control can cause investment markets, the securities that you may invest in, and your account to lose value or experience unexpected volatility. Terrorist attacks, war, and pandemics are just a few examples of these events, whether actual or anticipated that affects investor attitudes toward the market in general and result in system-wide fluctuations in security prices.

**Valuation.** In the event that Brockenbrough references private investment funds owned by the client on any supplemental account reports prepared by Brockenbrough, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund manager and may be estimated or reported with a lag. If no subsequent valuation post-purchase is provided by the fund’s manager, then the valuation shall reflect the initial purchase amount. If the valuation reflects the initial purchase or value as of a previous date, it is possible that the current value(s) (to the extent ascertainable) could be significantly more or less-than what is shown in the report. The client’s advisory fee shall be based upon the value reflected in the client’s Brockenbrough statement.

**Retirement Rollovers-Potential for Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If Brockenbrough recommends that a client roll over their retirement assets into an account to be managed by Brockenbrough, such a recommendation creates a conflict of interest if Brockenbrough will earn new (or increase its current) compensation as a result of the rollover. When acting in such capacity, Brockenbrough serves as a fiduciary under the Employee Retirement Income Security Act (“ERISA”), or the Internal Revenue Code, or both.

**Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Brockenbrough will generally remain available to provide limited financial planning consulting services as part of its investment management engagement. Unless Brockenbrough is specifically engaged to provide more extensive financial planning services (per the terms and conditions of a separate executed Addendum

to this Agreement), the consulting services (to the extent requested) are generally limited to issue spotting and referrals (if requested) to corresponding unaffiliated professionals (i.e., attorney, CPA, insurance agent, etc.) for further review and potential implementation services. At all times, Brockenbrough shall rely on the documentation and/or information provided by the client, shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. If any such documentation or information is inaccurate or incomplete, the corresponding results or recommendations could be inaccurate or incomplete.

Brockenbrough does not serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, Brockenbrough does not prepare legal documents or tax returns, nor does it offer or sell insurance products. As indicated above, to the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purposes (i.e., attorneys, accountants, insurance, etc.). The client is not under any obligation to engage any such professional(s). The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Brockenbrough and/or its representatives. If the client engages any professional (i.e., attorney, accountant, insurance agent, etc.), recommended or otherwise, and a dispute arises thereafter relative to such engagement, the engaged professional shall remain exclusively responsible for resolving any such dispute with the client. At all times, the engaged licensed professional[s] (i.e., attorney, accountant, insurance agent, etc.), and not Brockenbrough, shall be responsible for the quality and competency of the services provided.

**Wrap/Managed Account Programs.** In the event that Brockenbrough is engaged to provide investment advisory services as part of an unaffiliated wrap-fee program, Brockenbrough will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. In the event that Brockenbrough is engaged to provide investment advisory services as part of an unaffiliated managed account program, Brockenbrough will likewise be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts.

**Trade away/Prime Broker Fees.** Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "trade away" and/or prime broker fee charged by the account custodian.

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Brockenbrough) would be profitable or equal any specific performance level(s).

**No Legal or Accounting Services.** Neither Brockenbrough, nor any of its representatives, serves as an attorney or accountant, and no portion of Brockenbrough's services should be construed as same.

**Acknowledgement of Fiduciary Status.** In conformity with the requirements of the Department of Labor's Fiduciary Rule, to the extent that a client is: (1) a participant or beneficiary of a Retirement Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code (the "Code"), with authority to direct the investment of assets in his or her Plan account or to take a distribution; (2) the beneficial owner of an Individual Retirement Account ("IRA") acting on behalf of the IRA; or, (3) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Code, then we represent that we and our investment adviser representatives are fiduciaries under ERISA or the Code, or both, with respect to any investment advice provided by us or our investment adviser representatives or with respect to any investment recommendations regarding a Retirement Plan subject to ERISA or participant or beneficiary account.

**Conflicts Relating to Relationships with Clients.** Brockenbrough has clients that could be perceived to have the ability to influence our conduct due to the amount of assets they control or their public reputations. In addition, certain of these clients may have owners, employees, board members or trustees (collectively, "client board members") that separately could be perceived to influence our conduct for these same reasons. As a matter of policy and practice, we do not consider these clients, client board members or investment principals when formulating our investment decisions. Further, we do not collaborate with any of these client board members in any of our investment processes, except that we may consider their thoughts and opinions with respect to the client that they serve.

**Accrued Interest/Dividends.** The market value reflected on periodic account statements issued by the account custodian may differ from the value used by Brockenbrough for its advisory fee billing process. Brockenbrough includes the accrued value of certain month or quarter-end interest and/or dividend payments when calculating client advisory fees, which amounts may not yet be reflected on the custodian statement as having been received by the account.

**Cash Positions.** Brockenbrough treats cash as an asset class. As such, unless determined to the contrary by Brockenbrough, all cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating Brockenbrough's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Brockenbrough may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Brockenbrough's advisory fee could exceed the interest paid by the client's money market fund.

**Margin Accounts.** Brockenbrough does not recommend the use of margin for investment purposes. A margin account is a brokerage account that allows investors to borrow money to buy securities and/or for other non-investment borrowing purposes. The broker/custodian charges the investor interest for the right to borrow money and uses the securities as collateral. By using borrowed funds, the customer is employing leverage that will magnify both account gains and losses. Should a client determine to use margin, Brockenbrough will include the entire market value of the margined assets when computing its advisory fee. Accordingly, Brockenbrough's fee shall be based upon a higher margined account value, resulting in Brockenbrough earning a

correspondingly higher advisory fee. As a result, the potential of conflict of interest arises since Brockenbrough may have an economic disincentive to recommend that the client terminate the use of margin.

The use of margin can cause significant adverse financial consequences in the event of a market correction.

Brockenbrough's Chief Compliance Officer, David Lyons, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.

**Other Assets.** A client may hold securities that were purchased at the request of the client or acquired prior to the client's engagement of Brockenbrough. Generally, with potential exceptions, Brockenbrough does not/would not recommend nor follow such securities and absent mitigating tax consequences or client direction to the contrary, would prefer to liquidate such securities.

If/when liquidated, it should not be assumed that the replacement securities purchased by Brockenbrough will outperform the liquidated positions. To the contrary, different types of investments involve varying degrees of risk, and there can be no assurance that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Brockenbrough) will be profitable or equal any specific performance level(s). In addition, there may be other securities and/or accounts owned by the client or which Brockenbrough does not maintain custodian access and/or trading authority; and, hold other securities and/or own accounts for which Brockenbrough does not maintain custodian access and/or trading authority.

**Corresponding Services/Fees:** When agreed to by Brockenbrough, Brockenbrough shall:

- (1) remain available to discuss these securities/accounts on an ongoing basis at the request of the client;
- (2) monitor these securities/accounts on a regular basis, including, where applicable, rebalancing with client consent;
- (3) shall generally consider these securities as part of the client's overall asset allocation; and,
- (4) report on such securities/accounts as part of regular reports that may be provided by Brockenbrough; and,
- (5) include the market value of all such securities for purposes of calculating advisory fee.

Brockenbrough's Chief Compliance Officer, David Lyons, remains available to address any questions regarding the above.

## **Item 5 – Fees and Compensation**

Compensation is comprised of fees based on a percentage of assets under management, and/or performance-based fees. Advisory fees are stated in the client's investment advisory agreement or Investment Management Agreement ("Agreement") and in the organizational and offering documents of the Private Funds. Brockenbrough generally charges fees quarterly in advance based on the account value at the end of the prior quarter as reported by Brockenbrough with no offset for any margin or debit balances. Any amendments to client fee arrangements will be stated in a fee disclosure addendum to the contract and approved by the client. Most clients



authorize Brockenbrough to deduct fees automatically from their custody accounts, but clients may request that Brockenbrough send quarterly invoices to be paid directly.

Third-party pricing vendors provide market values for exchanged traded securities. Certain investment valuations may be based on estimated values and may be subject to subsequent adjustment. Valuations for bonds are as of most recent month-end. Valuations for those private funds investing primarily in non-public, private securities, for reporting and billing purposes, will generally be on a one-quarter lag.

The stated fee rates are:

**Private Wealth Management**

0.90% on the first \$3 million  
0.75% on next \$5 million  
0.50% on next \$17 million  
0.40% on next \$25 million  
0.30% on next \$25 million  
0.20% thereafter

**Institutional Management**

0.65% on first \$10 million  
0.50% on next \$40 million  
0.35% on next \$50 million  
0.25% on next \$50 million  
0.15% thereafter

**Proprietary Equity Only Investment Strategy**

0.90% on the first \$3 million  
0.75% on next \$5 million  
0.50% on next \$17 million  
0.40% on next \$25 million  
0.30% on next \$25 million  
0.20% thereafter

**Proprietary Fixed Income Only Investment Strategy**

0.50% on first \$10 million  
0.375% on next \$15 million  
0.25% thereafter

For each service offering above, the total fee charged is based on the scope and complexity of our engagement with each client. Under special circumstances and at Brockenbrough's sole discretion, fees are negotiated at rates that are both above and below stated fee schedules. clients' fees are determined on a case-by-case basis. Often, a tiered schedule is not applied, but is considered when establishing a client's fee rate. Under special circumstances, fees and minimums are negotiated at rates that may be different from the stated fee schedule.

On occasion, Brockenbrough may charge a fixed rate for negotiated reporting requirements or establish minimum fees. Brockenbrough charges pre-arranged fees for non-investment services that are determined based on the scope and time requirements specific to each client.

The Agreement may be terminated by either the client or Brockenbrough with no less than thirty (30) days' written notice of termination to the other. Upon termination, any fees owed to Brockenbrough shall be paid by the client on a prorated basis as of the effective date of

termination, and any fees paid by the client which have not been earned shall be refunded to the client on a prorated basis as of the effective date of termination. There are no termination charges levied by Brockenbrough; however, there may be termination or transfer charges incurred at the client's custodian.

The fees for Brockenbrough are only representative of investment advisory fees and do not include fees associated with the custody and trading of the portfolio. Brockenbrough is an independent investment advisory firm and is not affiliated with any brokerage or trading organizations. As such, Brockenbrough does not have the charter or capabilities to custody or execute the trades of portfolio securities and derive no fee income from either of these functions.

In the event a client elects to terminate their relationship with Brockenbrough, any assets invested in Brockenbrough's Private Funds will be redeemed in accordance with the Private Funds' offering documents. Management fees will continue to be assessed for those investments until redemptions (where able) have been completed.

Our stated fee schedule represents compensation for Brockenbrough's role in asset allocation, manager selection, performance monitoring, and consolidated reporting. The fees apply to all assets under management and are in addition to management fees charged by third party investment managers to whom Brockenbrough may direct the client's assets. In addition to investment advisory fees, Brockenbrough's Private Funds, as well as many third-party managers, may charge incentive fees when certain performance criteria are met. Brockenbrough receives no compensation or referral fees from any third-party investment manager.

There is no redundancy of fees in instances in which affiliated Funds are utilized in a client's portfolio.

**Other Expenses:** Clients may incur certain fees imposed by custodians, brokers, third party investment managers and other third parties. These fees may include, but are not limited to, management fees, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the Brockenbrough advisory fee. Other than certain benefits from custodians, (see Item 12-Brokerage Practices), Brockenbrough will not receive any portion of these commissions, fees, and costs. There are no start-up or termination fees charged by Brockenbrough. Investors in our affiliated Private Funds bear the fees and expenses charged to the Funds. These expenses are described in detail within the organizational and offering documents of the Private Funds.

**Jamestown Funds:** Brockenbrough has been engaged by the Board of Trustees of the Williamsburg Investment Trust ("WIT Funds") as the investment advisor for the Jamestown Equity Fund. Under the investment advisor agreements, Brockenbrough is entitled to compensation based on the WIT Fund's daily average net assets of the Jamestown Equity Fund at the rate of 0.65%. Brockenbrough may waive a portion of the management fee in an effort to reduce overall fund expenses. Brockenbrough's primary responsibility is to the best interest of the client. Prior to investing the client assets in the Jamestown Equity Fund, Brockenbrough considers the client's objectives. Brockenbrough does not accept an asset-based fee from advisory clients on any client assets held in this WIT Fund.

**Bespoke Capital Strategies, LP:** Bespoke Capital Strategies, LP is a Delaware series limited partnership with seven (7) distinct series in which a limited partner can invest. Six of the seven

series are components in a mini-master feeder structure, wherein the tax-exempt series serves as a feeder fund to the master taxable series. These are open-end structures that can accept capital monthly.

Brockenbrough has been appointed to act as the exclusive, overall investment advisor to provide discretionary investment advisory services for all seven (7) series within Bespoke Capital Strategies, LP: Taxable Global Equity, Tax-Exempt Global Equity, Taxable Hedged Equity, Tax-Exempt Hedged Equity, Taxable Absolute Strategies, Tax-Exempt Absolute Strategies, and Tax-Exempt Fixed Income Strategies. An advisory agreement has been executed on behalf of each series. The initial term of each advisory agreement is a period of three years, unless sooner terminated. Thereafter, the agreement will automatically renew for successive three-year terms, unless sooner terminated or written notice of non-renewal is received not less than thirty (30) days prior to the end of the current term. Each advisory agreement may be terminated at any time, without payment of any penalty, in each case provided with not less than ninety (90) days' prior written notice to the other party.

As compensation for its services as investment advisor, each series will pay to Brockenbrough a quarterly management fee equal to 0.125% (0.50% annually) of the net asset value. Such management fee is calculated as of the first day of each fiscal quarter. Brockenbrough, as the investment advisor, may, in its sole discretion, may vary, defer, or waive, by rebate or otherwise, all or part of the management fee in accordance with applicable law.

Bespoke CS-GP, LLC, the general partner of Bespoke Capital Strategies, LP, is entitled to receive an incentive allocation at the end of each calendar year based on the investment performance of each Limited Partner ("LP") interest associated with a particular Series as set forth below. Investment performance is calculated based on the change in net asset value after adjusting for additional contributions, redemptions, or distributions.

**Global Equity Series:** The incentive allocation with respect to an LP interest associated with the Global Equity Series will be five percent (5%) of the amount by which the investment performance of the LP interest outperforms the MSCI All Country World Index (Net, USD) for each measurement year. This incentive allocation will not have a customary "high water mark" limitation; however, no incentive allocation will be made for a given measurement year if the LP interest has not outperformed this index since original issuance of the LP interest.

**Hedged Equity Series:** The incentive allocation with respect to an LP interest associated with the Hedged Equity Series will be five percent (5%) of the amount by which the performance of such Series outperforms a five percent (5%) absolute return for the measurement year, subject to a customary "high water mark" limitation.

**Absolute Strategies Series:** The incentive allocation with respect to an LP interest associated with the Absolute Strategies Series will be five percent (5%) of the amount by which the performance of such Series outperforms a five percent (5%) absolute return for the measurement year, subject to a customary "high water mark" limitation.

**Fixed Income Strategies Series:** The incentive allocation with respect to an LP interest associated with the Fixed Income Strategies Series will be five percent (5%) of the amount by which such series outperforms the Barclays U.S. Aggregate Bond Index for each measurement year. This incentive allocation will not have a customary "high water mark" limitation; however, no incentive allocation will be made for a given measurement year if the LP interest has not outperformed this index since the original issuance of the LP interest.

The incentive allocation with respect to LP interests may differ from the foregoing, and the General Partner reserves the right not to receive an incentive allocation with respect to a particular Series. All fees are described in more detail within each series' organizational and offering documents.

**Bespoke Private Strategies, LP:**

Bespoke Private Strategies, LP is a Delaware series limited partnership with twenty-four (24) distinct series to which a limited partner can commit capital. These are closed-end structures organized by vintage year that accept, or have accepted, capital commitments for a designated period, before closing to new investors. Each of the twenty-four aforementioned series are considered feeder funds and are aggregated into one or more master series through which all investments are made. Including all feeder funds and master funds, the Bespoke Private Strategies, LP has forty-one (41) distinct series.

Brockenbrough has been appointed to act as the exclusive investment advisor to provide discretionary investment advisory services for each series (listed below) within Bespoke Private Strategies, LP.

- Series Master 2014
- Series Taxable 2014
- Series Tax-Exempt 2014
- Series Master 2015
- Real Estate Series Master 2015
- Series Taxable 2015
- Series Tax-Exempt 2015
- Series Master 2016
- Real Estate Series Master 2016
- Series Taxable 2016
- Series Tax-Exempt 2016
- Series Master 2017
- Series Taxable 2017
- Series Tax-Exempt 2017
- Series Master 2018
- Series Taxable 2018
- Series Tax-Exempt 2018
- Series Master 2019
- Real Estate Series Master 2019
- Series Taxable 2019

- Series Tax-Exempt 2019
- Series Master 2020
- Real Asset Series Master 2020
- Series Taxable 2020
- Series Tax-Exempt 2020
- Series Master 2021
- Series Taxable 2021
- Series Tax-Exempt 2021
- Series Master 2022
- Real Asset Series Master 2022
- Series Taxable 2022
- Series Tax-Exempt 2022
- Series Master 2023
- Series Taxable 2023
- Series Tax-Exempt 2023
- Series Master QP 2023
- Series Taxable QP 2023
- Series Tax-Exempt QP 2023
- Taxable Credit Opportunities Series
- Tax-Exempt Credit Opportunities Series
- Credit Opportunities Series Master

An advisory agreement has been executed on behalf of each feeder series. The term of each advisory agreement extends until the dissolution of that Series, unless sooner terminated. Each advisory agreement may be terminated at any time, without payment of any penalty, in each case provided with not less than ninety (90) days' prior written notice to the other party.

As compensation for its services as investment advisor, each series will pay to Brockenbrough a quarterly management fee equal to 0.125% (0.50% annually) of committed capital. Such management fee is calculated as of the first day of each fiscal quarter. Fees will step down annually by 10% of the immediately preceding year's fees once sixty-five percent (65%) of capital has been called. In instances in which a Limited Partner is an investment advisory client of Brockenbrough for whom overall portfolio advice is provided, the 0.125% quarterly (0.50% annually) management fee is applied to the Limited Partner's net asset value rather than committed capital. Brockenbrough, as the investment advisor may, in its sole discretion, vary, defer, or waive, by rebate or otherwise, all or part of the management fee in accordance with applicable law.

Bespoke PS-GP, LLC, the general partner of Bespoke Private Strategies, LP, is entitled to receive an incentive allocation once certain performance standards have been achieved. All fees are

calculated at the series level and are described in more detail within the funds' organizational and offering documents.

Distributions of net cash proceeds from a Bespoke Private Strategies, LP series will generally be distributed in the following amounts and order of priority:

- 8% Priority Return: First, 100% to the limited partners pro rata in accordance with their funded capital commitments until they have received a 8% per annum (compounded annually) cumulative return on their capital contributions, calculated from the date each such capital contribution was funded to the date of distribution.
- Return of Capital: Second, 100% to the limited partners pro rata in accordance with their funded capital commitments until all their capital contributions have been returned.

General Partner Catch-Up Provision: Third, 100% to the General Partner until the cumulative amount distributed to the General Partner is equal to 5% of the amounts distributed to the limited partners as priority return and the general partner under this catch-up provision.

- 95/5 Split: Fourth, 95% to the limited partners pro rata in accordance with their funded capital commitments and 5% to the General Partner, until the cumulative amount distributed to each limited partner is equal to 2.5x its capital contributions.
- Second General Partner Catch-Up Provision: Fifth, 100% to the General Partner until the cumulative amount distributed to the General Partner is equal to 10% of the aggregate amounts distributed to the limited partners.
- 90/10 Split: Thereafter, 90% to the limited partners pro rata in accordance with their funded capital commitments, and 10% to the General Partner.

**Referral Arrangements:** Brockenbrough has entered into an agreement with Charles Schwab & Company, Inc. (Schwab) to participate in the Schwab Advisor Network, a client referral service. Brockenbrough pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Brockenbrough is a percentage of the fees the client owes to Brockenbrough or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. See section 14 for further information on the referral program.

Brockenbrough does not accept compensation, including sales charges or service fees, from any person or entity for the sale of securities or other investment products.

**Fee Dispersion.** Brockenbrough, in its discretion, may charge a lesser or higher investment advisory fee, charge a flat fee, waive applicable minimum asset or minimum fee levels, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.).

As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

Brockenbrough's Chief Compliance Officer, David Lyons, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

As disclosed in Item 5 above, Brockenbrough may receive performance-based compensation from the Private Funds. Brockenbrough acknowledges a conflict of interest exists because Brockenbrough may receive higher fees from those clients to whom we recommend an investment in the Private Funds. Furthermore, a conflict of interest exists as the performance-based compensation may create an incentive for Brockenbrough to make investments that are riskier or more speculative than would be the case in the absence of performance-based compensation. We mitigate these conflicts of interest in two ways: (a) our training and continuing education of Brockenbrough investment team members, and (b) Brockenbrough affiliates and principals are invested in the Private Funds; thus, aligning our interests with those of our clients.

## **Item 7 – Types of Clients**

Brockenbrough primarily provides customized investment management services to high-net-worth individuals, trusts, foundations, endowments, investment companies, and other legal entities such as pooled investment vehicles for which an affiliate serves as the general partner.

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

### Private Wealth Management Services

Brockenbrough's wealth management practice strives to guide our clients with a full spectrum of financial solutions to create the future desire. We aim to be our clients' first and most trusted advisor; by their side through life's big moments and tough decisions. We serve as trusted stewards of our clients' legacies and futures, helping them to pursue their passions, carry out their missions, and positively impact their communities. Our relationships are personal engagements for which there are no one-size-fits-all solutions. We provide custom solutions that can blend traditional and nontraditional asset classes to meet their unique strategic goals. Our unique approach transcends traditional investing and focuses on the intersection of one's financial resources and significant life decisions. We are complex problem-solvers. We take the time to listen our clients and work together to understand their unique investment objectives, their concerns, their life's passions and aspirations - and then build a custom portfolio to meet their specific needs. Our advisory approach to wealth planning considers all aspects of each client's personal, financial, and professional life. In a world where investing is too often associated with quick returns, it's our dedication to active and faithful stewardship that distinguishes us.

Brockenbrough develops and affirms a comprehensive strategy for each client based on our understanding of asset allocation, asset location, return goals and risk parameters. Critical to this process is coordination with the client's trust & estate, tax, insurance, and other professionals to seek an optimal outcome for the client. We actively listen and ask questions to ascertain how clients view the purpose of their wealth, as well as to identify specific areas of concern. This knowledge helps us to define boundaries of risk tolerance and appropriate sources of portfolio return.

We use a robust suite of financial tools and planning models to gather and analyze a client's personal assets, liabilities, retirement plans, corporate assets, present and future cash flow needs, and tax considerations. Our goal is to optimize the client's distinct objectives for wealth

accumulation, wealth management, or wealth transfer and distribution. A customized wealth management strategy is implemented for each client. Portfolios are built and managed to achieve strong risk-adjusted returns over time and diversified to protect and compound capital. We may utilize either internal and/or external investment strategies to achieve the client's stated goals.

Brockenbrough helps clients understand and navigate key personal, family, and business-related issues beyond portfolio management. Brockenbrough may provide access to account aggregation services, which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets that are managed by Brockenbrough (the "Excluded Assets"). The client and/or his/her/its other advisors that maintain trading authority, and not Brockenbrough, shall be exclusively responsible for the investment performance of the Excluded Assets. Brockenbrough does not provide investment management, monitoring, or implementation services for the Excluded Assets.

Clients work directly with our portfolio managers, who have first-hand experience implementing sophisticated wealth management strategies and techniques. We believe that serving as the primary contact for each relationship best positions our portfolio managers to implement an appropriate investment strategy. Low turnover among our associates affords clients continuity of investment process and service, allowing us to build meaningful, collaborative, and long-lasting relationships across generations. Continual review and assessment of investment strategies and wealth management techniques is vital to helping our clients meet their goals our clients' goals. Consistent, transparent, and purposeful communication with clients strengthens our relationship and keeps us abreast of their financial and estate goals.

#### Institutional Management Services

Brockenbrough has managed capital for foundations, endowments, and other institutions for over 50 years. Serving in a fiduciary capacity, we create customized portfolios that span traditional and alternative asset classes and strategies.

Brockenbrough's Institutional Outsourced Chief Investment Officer Services constructs diversified portfolios of traditional and non-traditional strategies managed exclusively by third party managers. Our firm operates in a fully discretionary and fiduciary capacity to provide asset allocation, manager selection and risk management tailored to meet each client's unique investment objectives and risk tolerances. The OCIO investment team constructs portfolios designed to reflect each client's unique investment objectives, risk tolerance, spending needs, and liquidity requirements. These portfolios are managed in a disciplined manner to protect capital in challenging markets and participate in stronger market environments. We strive to structure portfolios that are sufficiently diversified to incorporate uncorrelated sources of return, creating a portfolio that should meet or exceed long-term investment objectives. Our portfolios generally maintain an allocation to Long Only Equity, Private Investments, Hedged Equity, Absolute Strategies, Fixed Income, and Cash, and we are opportunistic within all investment structures, styles, and geographies. Strategic asset allocation is constructed with a long-term time horizon in mind and is intended to withstand the volatility inherent in a full market cycle. While used infrequently, the investment team may employ tactical allocations. Additionally, we conduct extensive modeling that may identify when mispricing opportunities are significant relative to historical valuations or when recessionary indicators are triggered.

We are keenly focused on measuring and managing market, investment and liquidity risks using quantitative tools and qualitative judgment at the manager and portfolio levels. Continual review



and assessment of investment strategies and portfolio management techniques is vital to meeting our clients' goals.

Our service model extends beyond portfolio management, however. We provide customized, comprehensive reporting on our portfolio and, where appropriate, we can provide aggregate reporting to include assets managed outside of our investment mandate. Our clients have direct access to the professionals making the investment decisions on behalf of the portfolio. We believe that serving as the primary contact for each relationship best positions us to implement the most appropriate investment strategy. Furthermore, we endeavor to relieve our clients' committees and internal staffs of the sometimes-burdensome operational and accounting tasks associated with managing an investment portfolio. In this regard, we view ourselves as an extension of our clients' internal team.

For those institutional clients seeking broad asset allocation, but for whom liquidity is paramount or they are prohibited from investing in partnership structures, Brockenbrough's Institutional Management Services team leverages the investment strategies offered through its Private Wealth Investment Services platform to build diversified portfolios using publicly-traded traditional and alternative strategies. These strategies may be managed internally or by third party investment managers. Our investment team uses a robust suite of financial tools and models to gather and analyze an institution's investment objectives, risk tolerance, and liquidity needs. This analysis helps us to establish a detailed investment policy statement, which in turn is used to construct a portfolio specifically designed for each client. Portfolios are designed to produce a strong risk-adjusted return over a full market cycle. Our team manages portfolios in a disciplined manner to reflect each client's unique circumstances. Depending on the agreed-upon investment strategy, a portfolio may be allocated to individual securities, separately managed accounts, mutual funds and/or exchange-traded funds. Where appropriate, limited partnership vehicles may also be included.

For those clients seeking a single strategy, the firm may be engaged to manage a proprietary equity or fixed income portfolio. Propriety strategies include Earnings Driven Strategy, Equity Income Strategy, Enhanced Index Strategy, Taxable Fixed Income Strategy, and Tax-Exempt Bond Strategy.

#### Proprietary Investment Strategies

For those clients seeking a single strategy, the firm may be engaged to manage a proprietary equity or fixed income portfolio. Propriety strategies include Earnings Driven Strategy, Equity Income Strategy, Enhanced Index, Taxable Fixed Income Strategy, and Tax-Exempt Bond Strategy.

#### Separately Managed Equity Strategies

Brockenbrough believes that stocks of larger, well-capitalized companies producing sustainable, above-average earnings growth when purchased at reasonable valuations, should produce superior returns for our clients. In an effort to realize such returns, Brockenbrough employs a process that combines an experienced team of investment professionals with proven quantitative research and fundamental disciplines.

Our firm offers the following separately managed equity strategies; Earnings Driven and Equity Income. The investment strategies are described below.

#### Earnings Driven Strategy

The Brockenbrough Earnings Driven strategy incorporates a multi-factor screening process and the systematic implementation of buy and sell disciplines to construct diversified equity portfolios. These portfolios emphasize higher quality, large-cap securities, which offer above average earnings growth with reasonable valuations.

These investment strategies are designed to deliver consistently strong risk-adjusted performance in a more efficient segment of the market. We strive to generate positive excess returns across market cycles without undue volatility of absolute or relative return.

Beginning with the domestic large cap universe and a selection of suitable ADRs, each security is screened and assigned a ranking based upon earnings and valuation characteristics. We use a proprietary ranking and a third-party ranking. Once rankings have been established, the portfolio is constructed by generally purchasing those securities with the highest rankings in the defined universe. Stocks are regularly reviewed and assigned updated rankings. Generally, stocks are sold when their ranking falls into the bottom of the rankings. While the rankings drive the decision process, the Earnings Driven strategy investment team incorporates qualitative research and judgment when executing portfolio strategy. Brockenbrough attempts to reduce volatility through diversification of sectors and securities with the highest rankings. The portfolio is typically diversified across 40-50 holdings, resulting in an average position size of approximately 1% to 3%.

Clients may also access the Earnings Driven strategy through the Jamestown Equity Fund. The cost structure and tax consequences associated with a mutual fund differ from a separately managed portfolio management and should be considered before investing in the fund.

#### Equity Income Strategy

The implementation of our Equity Income process begins with a universe of approximately 1,500 members. This universe is screened to identify larger capitalization, higher quality stocks that currently pay a dividend. The resulting sub-universe of approximately 350 companies is then screened for dividend persistence, quality, and valuation.

The strategy's dividend analysis favors stocks that have paid a dividend in each of the last 3 years, have had no dividend cuts during that period, and have exhibited dividend growth of 5% annually. The company's reported cash flow is compared to its indicated annual dividend. Valuation screens rank a stock in each sector according to its current yield relative to its 10-year maximum yield.

Stocks that rank highest, based on these measures, comprise a list of attractive buy candidates. Holdings that rank poorly on any of the same measures or exhibit deteriorating fundamentals are candidates for sale.

Buy candidates, as well as existing portfolio holdings, are subject to fundamental analysis. This research effort may include both direct company contact, as well as outside analytical research. The analysis focuses on earnings and cash flow indicators, balance sheet composition, the competitive environment for the industry, and the macroeconomic themes affecting the sector.

#### Enhanced Index Strategy

A broadly diversified domestic or global indexing strategy enhanced by tactical tilts between growth stocks, S&P 500, and value stocks with the objective to outperform broad equity markets over a full market cycle. The process mirrors a regime indicator model provided by a third party. The third-party model is a sophisticated multi-factor model that relies principally but not solely on valuation spreads and bond yields. The basis for the repetitive nature of the cycle of growth to neutral to value is a combination of the underlying economic cycle and the tendency of markets to

overreact. While every cycle is different and presents its unique challenges, this basic framework commonly applies and the changes to weightings and security types used in the different regimes are calibrated, based upon prior performance experience, to mitigate wide performance deviations from the broad market indices. The strategy employs index ETFs and funds not individual stocks.

### Separately Managed Fixed Income Strategies

#### Taxable Fixed Income Strategy

Brockenbrough's taxable fixed income strategy seeks to provide current income by investing in a portfolio of investment grade bonds (rated in the four highest rating categories by any of the nationally recognized rating agencies, or unrated securities determined by Brockenbrough to be of comparable quality). The strategy seeks to generate total returns consistent with moderate levels of credit risk and interest rate risk. An allocation to fixed income may dampen volatility of a balanced portfolio. Portfolios are tailored to meet a client's income goals, liquidity needs, and risk tolerance. Our fixed income style incorporates interest rate anticipation and sector rotation, and it is typically characterized by low turnover in order to reduce transaction costs that can diminish returns.

#### Duration

Duration refers to the weighted average maturity of the present value of the expected cash flows of a portfolio; it is used to measure the price sensitivity of a portfolio to changes in interest rates. Portfolio duration will be determined through our interest rate management process. This process is based on analysis of current economic indicators, inflation trends, monetary policy, consumer activity, as well as technical factors.

#### Yield Curve Analysis

The yield curve refers to the interest rate spread between short maturities and long maturities. We believe historical yield curve relationships are important in determining not only relative value along the curve, but also in predicting the most probable shape the curve will take.

#### Sector Rotation

The major investment grade sectors are U.S. Treasuries, Government Agencies, corporate bonds and mortgage-backed securities. When our analysis indicates that a sector has become undervalued, we will overweight this sector.

#### Security Analysis

Thorough and ongoing attention to the credit worthiness of issuers is essential. We employ a number of resources to monitor credit profiles, with emphasis on avoiding deteriorating credit trends.

Portfolios are well diversified and typically comprised of 25 to 35 issues. Exposure to a single corporate issuer should not exceed 5% of the fixed income portfolio (for accounts large enough to obtain diversification). Average maturity between 2 and 6 years is typical for intermediate bond strategies.

In addition to separately managed bonds, we may invest in open-end mutual funds and exchange-traded funds in the taxable fixed income asset class.

#### Tax-Exempt Fixed Income Strategy

Brockenbrough's tax-exempt fixed income strategy seeks to earn current income exempt from federal income tax and to preserve capital by investing in a portfolio of high-quality, intermediate maturity municipal debt securities. The strategy secondarily seeks income exempt from state income taxes for investors who are residents of states that levy income tax. The strategy seeks to

generate total return consistent with moderate levels of credit risk, interest rate risk and maturity risk. An allocation to tax-exempt fixed income may dampen volatility of a balanced portfolio. Portfolios are tailored to meet income goals, liquidity needs, and risk tolerance. Our tax-exempt fixed income style takes a conservative approach to interest rate risk management and sector selection. Our portfolios typically have low portfolio turnover in order to reduce transaction costs that can diminish returns.

We may also invest in open-end mutual funds and exchange-traded funds in the tax-exempt fixed income asset class.

#### Risk Associated with Investing in Securities

Investing in securities involves risk of loss that clients should be prepared to bear.

- Interest-rate Risk - Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk - The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events. Stocks and other equity securities are subject to inherent market risks and fluctuations in value due to earnings and other developments affecting a particular company or industry, stock market trends and general economic conditions, investor perceptions, interest rate changes and other factors. Stocks tend to move in cycles and may experience periods of turbulence and instability.
- Inflation Risk - When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk - This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- Diversification Risk - Investments that are concentrated in one or few industries or sectors may involve more risk than more diversified investments, including the potential for greater volatility. The portfolio may not achieve the degree of capital appreciation that a portfolio investing solely in equity securities might achieve and may be subject to greater volatility than a portfolio investing solely in fixed income securities.
- Financial Risk - Excessive borrowing to finance a business' operations increases a risk to profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in default, bankruptcy and/or a declining market value.
- Liquidity Risk - When consistent with a client's investment objectives, guidelines, restrictions and risk tolerances, Brockenbrough may invest portions of client portfolios in illiquid securities, subject to applicable investment standards. Investing in an illiquid (difficult to trade) security may restrict Brockenbrough's ability to dispose of investments

in a timely fashion or at an advantageous price, which may limit the ability to take full advantage of market opportunities. Accounts may hold securities that are partnerships. Some partnerships are relatively liquid and may be either exchange-listed or traded over the counter. However, most partnership securities are often illiquid and are subject to significantly less regulation than public investments.

- Mutual Fund Share Class Investment: Brockenbrough makes efforts to provide the client with the most appropriate share class made available which often will be the share class with the lowest expense ratio but may also be based on, but not limited to, other factors such as tax considerations, and transaction costs. The clients' choice of broker /dealer or custodian may limit Brockenbrough's access to the available mutual fund share class thus negatively affecting the client's assets. Fund expenses and available share classes may change over time. Therefore, we cannot assure that the client will always be in the most appropriate share class. Brockenbrough will periodically compare and evaluate the share classes of the fund available to the client and determine whether a share class exchange is appropriate.
- Fixed Income Risks - Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.
  - Call risk - The chance that during periods of falling interest rates, the issuer of a bond will repay—or call—securities with higher coupons, or interest rates, before their maturity dates. If Brockenbrough were forced to reinvest the unanticipated proceeds from an early call at lower interest rates, a client's portfolio would experience a decline in income and lose the opportunity for additional price appreciation associated with falling interest rates. Some corporate bonds and municipal debt issues have sinking fund provisions, which require the issuer to periodically retire a predetermined number of bonds, which act like call provisions. Some corporate bonds have a "make-whole" call provision, which allows the issuer to redeem the outstanding bonds prior to maturity at a price determined by a formula described in the prospectus.
  - Credit risk - The chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Generally, lower rated bonds carry more credit risk. Certain events can affect an issuer's financial situation and ability to make timely payments to bondholders, including economic, political, legal or regulatory changes and natural disasters. Event risk is unpredictable and can significantly affect the price of the bond.
  - Mortgage-Backed Security (MBS) Risk - Changes in interest rates have an additional impact on MBS because they affect mortgage prepayment rates. The prepayment rate for a mortgage pool affects the average life and yield. Prepayments often speed up as interest rates decline because mortgage holders are able to refinance at lower rates. Rising interest rates tend to slow loan prepayments. Principal may be returned to bondholders sooner than expected if mortgage holders prepay their loans. Bondholders then may have to reinvest the returned principal at a lower interest rate.

- Portfolio Concentration Risk - Municipal bond portfolios may be concentrated in a single state in order to generate income free from state income taxes; however, this increases the risk of poor performance due to economic or political circumstance unique to that one state.
- Investment Style Risk – Equity securities with a growth bias may appreciate in a cyclical nature and at various times be out of favor or underperform other investment styles. In addition, a more conservative quality-oriented bond strategy may underperform a portfolio of lesser quality at times.
- Large Company Risk - Larger capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes, and may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.
- Management Risk – Brockenbrough’s method of security selection or asset allocation may not be successful, and the portfolio may underperform the stock market as a whole. Some portfolio securities may not appreciate in value, as expected.
- Other risks - Option strategies and limited partnerships are very specific per client and pose additional risks that are discussed in detail with any clients where Brockenbrough is considering the use of these investment vehicles.
- Portfolio Activity - Brockenbrough reviews accounts periodically and as necessary to determine if any changes are appropriate based upon various factors, which may include, but are not limited to investment performance, security fundamentals, client account additions/withdrawals, and changes in the client’s investment objectives. Brockenbrough may determine that changes to a client’s portfolio are unnecessary. Clients are subject to the fees described in Item 5 above, even during periods of account inactivity.
- Fund Liquidity Constraints - In certain instances, Brockenbrough will recommend investment companies (both private and registered) that provide for liquidity on an interval-basis, such as quarterly. If a client determines a need for a distribution of assets held in the investment or if Brockenbrough determines that the investment is no longer appropriate, the liquidation may be subject to the investment’s specific distribution schedule or potentially longer. The eventual price received upon liquidation might be more or less than the value on the date of the redemption request. Clients may direct Brockenbrough, in writing, not to purchase these types of funds for their account.
- Risks Associated with Investments in Privately Offered Pooled Investment Vehicles (“Private Funds”)
  - No Assurance of Performance return. The past or projected performance of any investment is not indicative of the future results of such investment. Likewise, there can be no assurance that any projected returns of the Private Funds will be achieved or that results achieved will be comparable to past performance of any of Brockenbrough’s prior investments. There can be no assurance that investment opportunities that have been available in the past will be available to the Private Funds. The investment performance will depend in part upon general economic conditions and the condition of financial markets and various industries, which are beyond the control of Brockenbrough. Private Funds involve a high degree of risk

and investments or commitments should be made only by investors who are willing and able to bear such risks, including a complete loss of such investment.

- Potential Portfolio Concentration. Diversification is not guaranteed. The Private Funds may only include a small number of large investments. While such concentration could enhance total returns to the limited partners, returns may be significantly impacted if a single investment were to sustain a material loss much more so than if the Private Fund had invested in a less concentrated portfolio. The concentration and/or lack of diversification may increase the financial vulnerability to a limited partner in the event of a longer than expected economic downturn. Bespoke Private Strategies, LP is intended to be a vehicle through which an investor can create a diversified portfolio of private investments. An investment in a single vintage year is not intended to achieve that diversification; rather investors are encouraged to allocate their desired private investment commitment over multiple vintage years to achieve the appropriate diversified private investment portfolio.
- Allocation of Opportunities and Resources. Brockenbrough currently serves as the investment manager to several Private Funds, as well as other investment advisory accounts. Brockenbrough may engage in similar or differing investment strategies for clients and is not required to devote substantially all its time to any one client. Investment allocation decisions are treated with the utmost seriousness. Brockenbrough will attempt to provide an equitable allocation of each investment opportunity that is within each client's investment guidelines. For several reasons (e.g., available cash at the time an investment opportunity arises, investment manager preferences, minimum investment requirements or liquidity restrictions), clients may receive an allocation of an investment that is larger or smaller than a strict *pro rata* allocation. Brockenbrough has established an allocation policy to address capacity constraints among investment opportunities in private funds and other limited partnership investments intended for Brockenbrough proprietary funds and other clients. In general, Brockenbrough maintains that an allocation to private investments is best obtained through the Bespoke Private Strategies, LP.
- Failure to Make Capital Contributions. Should an investor fail to pay installments of its Commitment to the Private Funds when due, and the contributions made by non-defaulting investors are inadequate to cover the defaulted capital contribution, the Private Funds may be unable to pay its obligations when due. As a result, the Private Funds may be subjected to significant penalties that could have a materially adverse effect on the returns to investors (including non-defaulting investors). If an investor defaults, it may be subject to various penalties as provided in the respective offering documents.
- Asset Valuations. In determining the net asset value of the Private Funds, Brockenbrough intends to substantially rely on the values reported by the underlying managers of each Private Fund subject to the review and approval of the respective general partner. Brockenbrough acknowledges a potential conflict of interest in valuation since these values may affect compensation, however each underlying investment of the Private Fund and each Private Fund is audited on an annual basis in accordance with U.S. generally accepted accounting principles ("GAAP") or International Financial Reporting Standards ("IFRS").

- Incentive Allocation. The existence of the Incentive Allocation within the Private Funds creates a conflict of interest for Brockenbrough to recommend or approve more speculative investments on behalf of the Private Funds than would be the case in the absence of this arrangement. Such speculative investments would expose the Private Funds to greater risk of loss than if Brockenbrough refrained from making such speculative investments.
- Long-Term Commitment Required. The strategy of the Bespoke Private Strategies, LP is long term in nature and, as a result, it is not anticipated that regular or frequent cash distributions will be made to Limited Partners. Given the lack of a market for the LP interests and the substantial restrictions on transfer and withdrawal of LP interests, an investment is suitable only for investors who have no need for liquidity. Moreover, there are significant risks associated with private investments that, by their nature, are speculative and primarily illiquid. Even if the investments prove successful, they are unlikely to produce a realized return to the limited partners for a period of years. Therefore, an investment requires a long-term commitment, and Limited Partners must be prepared to hold their LP interests and bear the risk of their investment for the duration of the Private Fund.
- Allocation Among Series. Potential conflicts of interest arise when Brockenbrough undertakes a Series Exchange on behalf of the Client. Brockenbrough has a financial incentive to conduct a Series Exchange, which resets the initial lock-up period associated with a Limited Partner's interest thus creating a conflict of interest. Brockenbrough would be entitled to collect advisory fees and may receive incentive allocations with respect to the Client's investment during the new lock-up. Brockenbrough believes that its obligation to adhere to a Client's Investment Policy Statement as well as Brockenbrough's conflict of Interest Policy and Code of assist in adequately identifying and resolving these and other conflicts associated with Series Exchanges. Brockenbrough obtains an executed addendum to the Investment Management Agreement from the client granting Brockenbrough the authority to allocate among Series acknowledging these conflicts.
- Side Letter Agreements. The Bespoke CS-GP, LLC or Bespoke PS-GP, LLC (collectively, the "General Partners") has and may in the future enter into written agreements ("Side Letters") with one or more limited partners of Bespoke Capital Strategies, LP or Bespoke Private Strategies, LP (collectively, the "Funds"). These Side Letters entitle a limited partner to make an investment on terms other than those described in its governing documents. Any such terms may be more favorable than those offered to other limited partners. Other limited partners will have no recourse against the Funds, the General Partners or any of its affiliates in the event that certain limited partners receive additional or different rights or terms as a result of such Side Letters. Side Letters may be disclosed at the General Partners' discretion if specifically requested.

Additional information and explanations of specific risks are in the Private Funds organizational and offering documents.

## **Item 9 – Disciplinary Information**

Brockenbrough and/or its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.



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

Through its role as advisor to the Jamestown Equity Fund, Brockenbrough is affiliated with the Williamsburg Investment Trust. Brockenbrough receives a management fee from this arrangement that is detailed in Item 5. Where suitable for the client's investment objectives, Brockenbrough may invest client assets in the Jamestown Equity Fund. Clients may opt out of investment in the Jamestown Equity Fund. Employees, officers, and directors of Brockenbrough may be shareholders of this fund either individually or through the firm's 401(k) Profit Sharing Plan.

The members of the Bespoke CS-GP, LLC and the Bespoke PS-GP, LLC are comprised of Brockenbrough principals, Brockenbrough affiliates, and the Bespoke GP Cash Member, LLC (a single-member LLC owned by Brockenbrough). Bespoke CS-GP, LLC has engaged Brockenbrough as the investment advisor to the following series of Bespoke Capital Strategies, LP: Series Taxable Global Equity, Series Tax-Exempt Global Equity, Series Taxable Hedged Equity, Series Tax-Exempt Hedged Equity, Series Taxable Absolute Strategies, Series Tax-Exempt Absolute Strategies and Series Tax-Exempt Fixed Income Strategies. Bespoke PS-GP, LLC has engaged Brockenbrough as the investment advisor to the following series of Bespoke Private Strategies, LP: Series Taxable 2014, Series Tax-Exempt 2014, Series Taxable 2015, Series Tax-Exempt 2015, Series Taxable 2016, Series Tax-Exempt 2016, Series Taxable 2017, Series Tax-Exempt 2017, Series Taxable 2018, Series Tax-Exempt 2018, Series Taxable 2019, Series Tax-Exempt 2019, Series Taxable 2020, Series Tax-Exempt 2020, Series Taxable 2021, Series Tax-Exempt 2021, Series Taxable 2022, Series Tax-Exempt 2022, Series Taxable QP 2023, Series Tax-Exempt QP 2023, Taxable Credit Opportunities Series and Tax-Exempt Credit Opportunities Series.

Brockenbrough receives a management fee from its role as investment advisor in these arrangements that are detailed in Item 5. Clients may be invested in these funds where the investment is suitable for the client's investment objectives.

### **Please Note-Conflicts of Interest:**

- Walter Robertson is a licensed insurance agent. This presents a conflict of interest, as the receipt of commissions provides him with an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. Brockenbrough seeks to mitigate this conflict of interest by disclosing it to clients. In addition, in the event that Mr. Robertson receives compensation from the sale of insurance products to a client of Brockenbrough, his compensation paid by Brockenbrough is reduced by the amount of compensation they receive from the sale of insurance products. Brockenbrough acknowledges a conflict of interest exists where Brockenbrough may have reduced compensation expenses in the event Mr. Robertson receives compensation from the sale of insurance products to a client of Brockenbrough. No client is under any obligation to purchase any insurance products from Mr. Robertson. Clients are reminded that they may purchase insurance products recommended by Mr. Robertson through other, non-affiliated insurance agents.
- Walter Robertson provides business consulting services and capital raising advice. Mr. Robertson does not provide these services to clients of Brockenbrough, and therefore Brockenbrough does not view these activities as a material conflict of interest. However, these activities do take away from time that Mr. Robertson

spends providing services to Brockenbrough and its clients. Therefore, Brockenbrough seeks to mitigate this conflict of interest by disclosing it to clients.

- **Accounting Firm.** A member of the Brockenbrough Executive Committee continues to have a controlling interest in Bryan Brothers, Inc., a multi-family, family office that provides bookkeeping and tax accounting services to high-net-worth individuals, trusts and other legal entities. The principals and employees of Bryan Brothers, Inc. are not involved in Brockenbrough management or operations, do not provide investment-related advice to Firm clients, do not have access to the Firm's computer systems, and do not have access to client records, except for a limited number of mutual clients. There is or has been no revenue sharing or referral compensation arrangements between the Firm and Bryan Brothers. However, Brockenbrough may recommend Bryan Brothers, Inc., to advisory clients in need of accounting services. In turn, Bryan Brothers, Inc. may recommend Brockenbrough to accounting clients in need of investment advisory services. There are no referral fee arrangements between Brockenbrough and Bryan Brothers, Inc. for these recommendations. However, given the minority ownership in Bryan Brothers, Inc., the recommendation that a Brockenbrough client utilize the services of Bryan Brothers, Inc. presents a conflict of interest.
- Brockenbrough's Private Funds make investments in funds managed or advised by Private Investment Sponsors. Certain Private Investment Sponsors (or a principal, employee, or affiliate of such Private Investment Sponsors) have in the past and may in the future make investments in Brockenbrough's Private Funds. Such relationships create conflicts of interest for the Private Investment Sponsors and Brockenbrough, as the Investment Manager of its affiliated Private Funds. Pursuant to the terms of the Private Funds' partnership agreements, the General Partners shall endeavor to conduct the affairs of the Private Funds in the best interest of such Private Fund.

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

Brockenbrough has adopted a Code of Ethics for all persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumormongering, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. The Code of Ethics requires all employees to place client interests first, to ensure all personal transactions are conducted consistent with the Code and all applicable securities laws, and to avoid any actual or potential conflicts of interest. The Code of Ethics restricts some activities and requires pre-clearance for others. All employee personal transactions (including Firm capital funds) are reported and reviewed by the Chief Compliance Officer. Clients may receive a copy of the Code of Ethics upon written notice to David Lyons, Brockenbrough, 1802 Bayberry Court, Suite 400, Richmond, Virginia 23226.

Employees may maintain managed advisory accounts with Brockenbrough. Such accounts may buy and sell the same securities at the same time as other clients' accounts. Each account included in the block order will participate at an average share price. Although a conflict of interest could

exist for allocating trades among clients, Brockenbrough has established procedures to ensure all accounts are treated fairly and no one account is favored over any other. Please refer to Item 12 for further discussion of our Code of Ethics. Under certain circumstances, Brockenbrough may require that managed advisory accounts for employees be traded at the end of the day after other client trades are completed to prevent any conflicts. Nonetheless, because the Code, in some circumstances, would permit employees to invest in the same securities as a client, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code to reasonably prevent conflicts of interest between Brockenbrough and its clients.

The Code of Ethics requires that employees report all personal security transactions on a timely basis, and that employees certify quarterly that they have complied with the requirements of the Code and that all reportable transactions have been reported.

Brockenbrough is the investment advisor for the Jamestown Equity Fund. In our capacity as an investment advisor for individual clients, we may direct client assets to this fund. In order to address a potential conflict of interest for managed portfolios, assets held in the Jamestown Equity Fund are excluded from the advisory clients' investment advisory fees. Clients invested in this fund may incur higher or lower management fee rates within the funds than their stated fee rate in their management agreement.

When Brockenbrough decides to purchase or sell the same securities for different clients' accounts at or about the same time, we may combine the clients' orders to allow us to negotiate better prices or lower commission rates and other transaction charges than we could get for one client's order alone. We will seek to allocate securities so purchased or sold, as well as the expenses incurred in the transaction, in the manner that we consider equitable and consistent with our fiduciary obligations to all clients. To the extent practicable, Brockenbrough will attempt to allocate investment opportunities among its various clients on a basis that is fair and equitable to all clients over time. Brockenbrough investments for one client may differ from that of another account. Transactions in a specific security may not be accomplished for all clients' accounts at the same time or at the same price.

Brockenbrough manages accounts subject to client objectives, guidelines, and product mandates. Certain mandates are more aggressively and actively traded than others. Additionally, the investment horizon for individual investors varies. As a result, an individual client may not participate in certain security transactions. A particular security may be bought or sold for some clients but not for other clients. Also, a particular security may be bought for some clients when other clients are selling. Partially filled orders will be allocated on a pro-rata basis.

Brockenbrough generally does not engage in cross transactions for client accounts. Certain situations may arise where across transactions between client accounts is beneficial to both clients. Cross transactions involve the process of executing a transaction in which the securities are transferred from one client's account to another, using a broker/dealer solely to facilitate the transfer without incurring the usual commission costs or market risks. Brockenbrough is taking the position that given the inherent conflict of interest between accounts, we will not generally engage in cross transactions. Any cross transactions are to be approved by compliance. Such trades will be executed for both parties between the buy and sell offers (utilizing available market quotes) and applying only a transactional cost to both parties to cover the costs of the trade to the executing broker.

Brockenbrough is the investment adviser of a number of affiliated Private Funds, described in Item 7.B of Form ADV I and Item 10 of Form ADV Part IIA. These Private Funds accept

investments from Brockenbrough clients, non-clients, and team members. In our capacity as an investment advisor, we may direct client assets to this partnership. In certain circumstances, a client may incur higher fees than those stated in their investment management agreement. Clients are made aware of this possibility prior to subscribing to the Private Fund. Principals of Brockenbrough serve on the investment committees of several institutions and may, from time to time, recommend investments in the same funds engaged by our Private Funds.

Brockenbrough has an investment management agreement with a limited liability company (LLC) which is unaffiliated with the Brockenbrough Private Funds or their respective general partners. As a requirement of this arrangement, Brockenbrough is the managing member of the LLC. Brockenbrough has less than 1% ownership in the LLC. The LLC is closed to additional investors. Brockenbrough has not and does not solicit the LLC or on behalf of the LLC. The LLC may invest in the same securities as other Brockenbrough clients.

## **Item 12 – Brokerage Practices**

### The Selection of Trading Counterparties

Clients are free to choose any broker/dealer or custodian for their assets. The custodian should be a “qualified custodian”. Such a custodian maintains the underlying records for the assets in their account. Brockenbrough seeks to obtain best execution for accounts in which Brockenbrough has been given the discretion to select brokers. Brockenbrough considers many factors in selecting brokers including, but not limited to:

- (a) The value of research products, services, and reports (includes the extent of coverage, type of communications, subjective appraisal of quality and accuracy).
- (b) Execution of orders (speed, execution price -- "good" price in terms of daily trading patterns, commission and reporting services).
- (c) Financial condition of the brokerage firm and its ability to provide liquidity.
- (d) Overall business integrity and reputation of the brokerage firm.
- (e) Well-organized and efficient "back office" operations that minimizes reporting errors.
- (f) Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.).

### Benefits Received Through Client Accounts at Charles Schwab & Company

Brockenbrough often recommends that clients establish brokerage accounts with Schwab Advisor Services, a division of Charles Schwab & Company, Inc. (Schwab), an independent and unaffiliated registered broker/dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Brockenbrough is independently owned and operated and is not affiliated with Schwab. Although Brockenbrough may make this recommendation, it is the client's decision whether to custody assets with Schwab by entering into an account agreement directly with them. Brockenbrough does not open the account for the clients, although we may assist in doing so. Even though client accounts are maintained at Schwab, Brockenbrough can still use other brokers to execute trades in these accounts.

Schwab provides Brockenbrough with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to the advisor. The services are not contingent upon Brockenbrough committing to Schwab any specific amount of business (assets in custody or trading). Schwab also makes available various support services.

Some of these services help Brockenbrough manage or administer our clients' accounts, while others help manage and grow the advisory business. Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Brockenbrough has an incentive to recommend that clients maintain their account with Schwab, based on our interest in receiving Schwab's services that benefit Brockenbrough's business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of clients' transactions. Brockenbrough believes that Schwab offers competitive trading costs, back-office efficiency, financial integrity, stability and superior service, thus enabling Brockenbrough to better service its clients. Equity transactions for accounts where the assets are held at Schwab will usually be handled by Schwab. Trades executed away from Schwab (possibly fixed income securities) will be subject to an additional transaction fee applied by Schwab.

Schwab makes other products and services available that benefit Brockenbrough but that may not directly benefit our clients or their accounts. Some of these other products and services assist Brockenbrough in managing and administering clients' accounts. They include investment research, software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Brockenbrough's fees from its clients' accounts, and assist with back-office functions, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of Brockenbrough's accounts, including accounts not maintained at Schwab Advisor Services. Schwab also offers other services intended to help Brockenbrough manage and further develop our business enterprise. These services include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and conferences on practice management and business succession, access to employee benefits providers, human capital consultants, and insurance providers. Brockenbrough may receive fee waivers for attendance to Schwab Advisor Services conferences. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Brockenbrough. However, Brockenbrough would not receive these products and services if client accounts were not held in custody and traded by Schwab. Brockenbrough's receipt of these products and services creates a potential conflict of interest in connection with our recommendation of Schwab.

Brockenbrough is advisor to the Jamestown Equity Fund, which utilizes various channels of distribution including the Charles Schwab trading platform. Schwab currently waives, on our behalf, some of the fees an advisor would normally pay for use of this platform.

Brockenbrough does not engage in any principal transactions nor does the firm engage in agency cross transactions.

Brockenbrough's Chief Compliance Officer, David A. Lyons, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest such arrangements may create.

#### Client-Directed Brokerage

Clients may give Brockenbrough instructions as to where to trade their account. In these circumstances, the client and the selected broker are responsible for establishing the agreed upon commission rates. If the client directs the account's transactions to a particular broker/dealer, this

may result in greater transaction expenses for the account than for other accounts Brockenbrough manages. Brockenbrough's directed accounts might pay higher commissions and/or receive less favorable trade execution than our non-directed accounts. The non-directed accounts may benefit from negotiated commissions, volume discounts, and batched transactions.

#### Aggregated Trades

Brockenbrough typically aggregates client trades in an effort to treat all clients fairly. Clients participating in an aggregated order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Brockenbrough will retain records, based on the applicable books and records retention requirements, of the trade order (specifying each participating account and its allocation), which will be completed prior to the entry of the aggregated order. If an order is partially filled, clients will have their orders filled on a pro-rata basis. Brockenbrough will seek to complete any unfilled client orders on the next trading day. On occasion, Brockenbrough may include trades for the Jamestown Equity Fund in aggregated orders for its clients if it believes that such aggregation is consistent with its duty to seek the best execution for its clients.

Equity trades are sent electronically to the trading desk through the order management system where they are executed on a first-come, first-serve basis and where possible, trades are aggregated prior to execution. Brockenbrough usually executes non-directed trades before directed trades. The sequence of the directed orders will be altered to not favor any one account over another. Aggregation does not; however, necessarily result in better execution and in some cases may result in a less favorable execution.

Brockenbrough manages accounts subject to client objectives, guidelines, and product mandates. Certain mandates are more aggressively and actively traded than others. Additionally, the investment horizon for individual investors varies. As a result, an individual client may not participate in certain security transactions. A particular security may be bought or sold for some clients but not for other clients. A particular security may be bought for some clients when other clients are selling.

### **Item 13 – Review of Accounts**

#### **Private Wealth Management Services**

Accounts are reviewed on a regular basis by the client's investment team. Each client signs a Statement of Investment Objectives (an "SIO") that provides the investment team with the appropriate guidance for implementing investment strategy. Each client's SIO is formally reviewed on a regular basis by the client's investment team. Circumstances may warrant more frequent reviews of client accounts (e.g., change in client's investment objectives, material change in market, political or economic environment, etc.). Our investment teams are available to meet with clients quarterly, but may meet more or less frequently depending on a client's preference. Clients are reminded to notify their investment team should their financial circumstances or risk tolerances change.

Clients are provided, at least quarterly, with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian (or third party administrator for limited partnership investments) for the client accounts. Brockenbrough may also provide a periodic report summarizing account activity and other agreed upon data. Clients are urged to compare the statements from Brockenbrough to that of their custodian or third party administrator as applicable.

#### **Institutional Management Services**

Portfolios are reviewed on a regular basis by Brockenbrough's institutional investment team. Each organization's investment committee or board chairperson signs an Investment Policy Statement (an "IPS") that provides the investment team with the appropriate guidance for implementing investment strategy. Each client's IPS is formally reviewed at least annually. Circumstances may warrant more frequent reviews investment strategy (e.g., change in investment objectives, material change in market, political or economic environment, etc.) and clients are reminded to notify the investment team should the organization's financial circumstances or risk tolerances change. The firm's institutional investment team generally meets with client's investment committees on a quarterly basis, but is willing to meet more or less frequently depending on the preference of the client's governing body. Clients receive statements from various custodians or designated third-party administrators from each of their investments at least quarterly. Brockenbrough may also provide a periodic report summarizing account activity and other agreed upon data. Clients are urged to compare the statements from Brockenbrough to that of their custodian or third-party administrator as applicable. For the firm's Outsourced Chief Investment Officer clients, Brockenbrough issues a comprehensive quarterly report. These reports are customized to meet each client's needs, but generally include performance metrics, risk metrics, a risk dashboard, portfolio attribution and necessary accounting components. These reports are generally made available to our clients electronically.

#### **Proprietary Private Funds**

Each proprietary private fund has an advisory agreement in place with Brockenbrough that outlines the investment objectives and guidelines for each strategy. For those funds that remain in their investment period, the investment team meets at least quarterly to review the portfolio and ensure compliance with the stated investment objectives. Limited Partners who have invested in the Bespoke Capital Strategies, LP receive monthly-unaudited statements from our designated third-party administrator. Investors are also furnished with audited financial statements for the year-ending December 31<sup>st</sup>. These monthly and annual statements are made available through our administrator's secure web portal. Limited Partners who have invested in the Bespoke Private Strategies, LP receive quarterly unaudited statements from our designated third-party administrator. Investors are also furnished with audited financial statements for the year-ending December 31<sup>st</sup>. These quarterly and annual statements are made available through our administrator's secure web portal.

#### **Jamestown Equity Fund**

The Jamestown Equity Fund ("Equity Fund") is managed in accordance with the fund's investment objectives policies and restrictions as stated in its prospectus. The investment committee reviews the account on a regular basis to ensure compliance with these guidelines. In addition, the Board of Trustees of the Williamsburg Investment Trust reviews the fund's investments, adherence to guidelines and other relevant factors quarterly. Shareholder reports are issued in accordance with the Fund's prospectus.

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

Brockenbrough receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Brockenbrough's participation in the Schwab Advisor Network<sup>®</sup> ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker/dealer independent of and unaffiliated with Brockenbrough. Schwab does not supervise Brockenbrough and has no responsibility for Brockenbrough's management of clients' portfolios or our other advice or services. Brockenbrough pays Schwab fees to receive client referrals through the

Service. Brockenbrough's participation in the Service may raise potential conflicts of interest described below.

Brockenbrough pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Brockenbrough is a percentage of the fees the client owes to Brockenbrough or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Brockenbrough pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Brockenbrough quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by Brockenbrough and not by the client. Brockenbrough has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Brockenbrough charges clients with similar portfolios who were not referred through the Service. Brockenbrough generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Brockenbrough generally would pay in a single year. Thus, Brockenbrough will have an incentive to recommend that client accounts be held in custody at Schwab. Brockenbrough receives an economic benefit from Schwab in the form of support products due to the client account assets maintained at Schwab (See item 12 Brokerage Practices)

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Brockenbrough's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Brockenbrough will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Brockenbrough's fees directly from the accounts.

Other than the previously described products and services that Brockenbrough receives from Schwab (as stated in Section 12 and above), Brockenbrough does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

## **Item 15 – Custody**

All clients' accounts are held in custody by unaffiliated broker/dealers or banks. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients are urged to carefully review these statements and should compare these statements to any account information provided by Brockenbrough.

Brockenbrough is deemed to have custody of client assets due to its ability to debit advisory fees; associates at Brockenbrough named the trustee for an account under management; the ability to disburse client funds to a third party as authorized by a standing letter of authorization (SLOA). These accounts will be subject to a surprise custody audit by an independent public accountant annually in accordance with SEC rules, no-action letters, and updated FAQ releases. Other than as required in the duties as a Managing Member or as a Trustee, Brockenbrough will not take physical custody of client's assets at any time. Annually, an independent audit is performed on the managed LLC, for which Brockenbrough is the managing member (see earlier reference in item 11); the results of which are distributed to the members of the partnership.



Brockenbrough, as an affiliate of the general partners of the Private Funds, will be deemed to have custody of the fund and as such will ensure that a GAAP audit is performed by a PCAOB firm annually.

## **Item 16 – Investment Discretion**

Clients are free to choose any broker/dealer and custodian for their assets. The clients should agree to execute any and all documents required by the custodian to establish both the account and limited trading authorization for Brockenbrough. This trading authorization does not allow Brockenbrough to withdraw any money, securities, or other property in the name of the client other than the advisory compensation that is explicitly authorized by the client. The client should request the custodian to enable Brockenbrough to receive electronic reporting of account information on a daily basis. The client's choice of broker/dealer or custodian may limit Brockenbrough's access to the available mutual fund share class options thus negatively affecting the client's assets.

Clients can place, in writing, reasonable restrictions on Brockenbrough's investment discretion. For example, some clients have asked Brockenbrough not to buy securities issued by companies in certain industries or not to sell certain securities where the client has a particularly low-cost basis.

As a client accommodation, Brockenbrough may occasionally agree to include assets in a client's report that are not managed by Brockenbrough. These unsupervised assets are not under Brockenbrough's management, are not included in the fee arrangements, are generally not included in any performance results, and are valued on a best information available basis.

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

Brockenbrough has adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties and SEC rule 206(4)-6 under the Investment Advisers Act of 1940. Our authority to vote our clients' proxies is established by our advisory contracts.

Brockenbrough represents client interests in matters of corporate governance through the proxy voting process. Brockenbrough votes issues solely with the goal of maximizing the value of clients' investments. Brockenbrough votes proxies in accordance with the recommendations provided by Egan-Jones Research Recommendations Service unless Brockenbrough determines an alternative vote shall better serve client interests or pursuant to specific client instructions. We believe that the policy voting criteria applied by Egan Jones is compatible with our policies and procedures and will best represent clients' interest.

Brockenbrough may, under certain circumstances, have a conflict of interest in voting proxies on behalf of clients. In order to mitigate any influence that Brockenbrough would have on voting these proxies, Brockenbrough generally adheres to the independent recommendations of Egan Jones, unless directed by specific client instructions. Clients may receive a copy of the procedures and may receive information on how Brockenbrough voted proxies with respect to their securities upon written notice to the following: Proxy Department, Brockenbrough, 1802 Bayberry Court, Suite 400, Richmond, VA 23226.

Brockenbrough shall vote proxies received in a timely fashion for all security holdings, including positions maintained in the unsupervised portion of the portfolio, unless Brockenbrough has received explicit direction otherwise. Client requests to vote with management on specific securities will be accepted on a limited basis. These requests are documented and adhered to.

Brockenbrough has engaged Chicago Clearing Corporation ("CCC") to provide class action litigation monitoring and securities claim filing services on behalf of our clients. CCC monitors each claim, collects the applicable documentation, interprets the terms of each settlement, files the appropriate claim form, interacts with the administrators and distributes the award to the client. CCC charges a contingency fee of 20%, which is subtracted from the award at the time of payment. Clients are provided the opportunity to "opt-out" of this service entirely or they may list specific companies against which claims should not be filed on their behalf. Brockenbrough does not have the authority to execute a proof of claim form for clients.

## **Item 18 – Financial Information**

Brockenbrough has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.