



## FORM ADV PART 2A BROCHURE

March 25, 2024

### **Crestone Asset Management LLC**

CRD# 108581 / SEC #801-57585

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This brochure provides information about the qualifications and business practices of Crestone Asset Management LLC ("Crestone" or "we" or "firm"). If you have any questions about this brochure, please contact us at (303) 442-4447 or at [compliance@crestonecapital.com](mailto:compliance@crestonecapital.com).

Crestone is registered as an investment adviser with the United States Securities and Exchange Commission ("SEC"). Registration with the SEC or any state securities authority does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Crestone Asset Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## MATERIAL CHANGES

Form ADV Part 2A, Item 2

Crestone filed its last amendment with the SEC on March 21, 2023.

Crestone has made the following material change(s) to this Brochure:

- Updates to ownership
- Updates to Crestone's Access Vehicles' lines of credit
- Inclusion of regulatory risk

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## ADVISORY BUSINESS

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Crestone has been in business since 2001. It is a wholly owned subsidiary of Crestone Capital LLC, whose predecessor, The Eric J. Kramer Company, was founded in 1991. The Eric J. Kramer Company (whose sole shareholder is EJK WY Trust) owns 75% or more of Crestone through its membership interest in Crestone Capital Holdings LLC, which is a Member of Crestone Capital, LLC.

Crestone is a full-service wealth management firm offering investment advisory services, serving as a multi-family office for ultra-high-net-worth clients and their families. Crestone's wealth management services include asset allocation, portfolio construction and investment selection, and comprehensive portfolio management. Crestone also serves as an outsourced chief investment officer to ultra-high-net-worth clients and their families. Crestone's mission is to deliver extraordinary wealth-management services to select families seeking peace of mind through a trusted adviser relationship.

Crestone's investment recommendations may consist of public equities, fixed income, private equity, venture capital, real estate, and other public and private securities. Crestone also recommends and makes available investments in pooled vehicles through Crestone-sponsored private funds (which Crestone calls "Access Vehicles") or other special-purpose vehicles. Crestone utilizes third-party investment managers to give clients exposure to specialized strategies within their portfolio.

Crestone offers **Family Office Client Services, Investment Advisory Client Services, Pre-Transaction Client Services, Family Foundation Services, and/or Partnership Investor Services** to clients, as described below.

Crestone's **Family Office Client Services** encompass a robust platform of investment and wealth planning-related services including investment strategy and management; access to institutional manager search, selection, and monitoring; integrated estate, philanthropic, tax, and family governance planning; consolidated performance reporting, balance sheet aggregation, and cash flow planning.

The following is a list of wealth advisory services Crestone provides, although it may provide other services depending on a client's specific needs:

### Investment-Related Services

Investment management advice on assets managed by Crestone

- Portfolio management
- Investment Policy Statement ("IPS") development, portfolio strategy, and design
- Investment manager research, selection, and monitoring
- Education regarding investment philosophy, strategy, and capital markets

Investment reporting

- Portfolio data and performance reports (client portal)
- Quarterly investment manager reports (client portal)
- Periodic capital account statements; income tax support and reporting
- Consolidated data aggregation and performance reporting
- Consolidated balance sheet reporting

**Cash Flow, Liquidity, and Credit Management**

- Assistance with capital call management
- Assistance with cash flow planning and liquidity management for overall balance sheet
- Sourcing, evaluation, and ongoing management of credit facilities

**Wealth Planning Services**

In conjunction with other professionals, advise client on wealth management matters including<sup>1</sup>

- Estate planning and asset protection
- Income tax planning
- Philanthropic planning
- Family and next generation education

**Management of Concentrated Wealth Assets (if applicable)**

- Oversee concentration risk and diversify holdings
- Advise, execute, and manage hedging strategies
- Provide reporting related to concentrated positions

**Other Services Sourced by Crestone but Not Provided Directly**

- CPA services
- Lending options
- Legal services (estate planning/business/tax)
- Purchasing tax credits
- Corporate trustee services
- Document repository services; bill pay and bookkeeping (simple, local, virtual); tax return preparation and filing

Crestone tailors its advisory services to the specific needs of its clients by determining, with each client, the types of services the client wants or needs. Crestone then creates a customized IPS based on the client's investment preferences and objectives, spending needs, any Environmental, Social and Governance (ESG) preferences, and estate planning needs.

The IPS sets investment parameters that guide Crestone when making decisions about each client's portfolio. Crestone does not assume full discretion over its clients' accounts. In the IPS, each client elects to grant Crestone either limited discretion or no discretion over their accounts. In either case, the client and Crestone together will select asset classes and determine allocations within those asset classes and will agree on any other investment guidelines or limitations that the client desires to place on the accounts. Under its advisory agreements, Crestone does not have full discretion over a client's investment decisions.

Once Crestone establishes account parameters, and if the client grants limited discretion, Crestone will have the authority to direct the investment of account assets (including periodic rebalancing) and to manage the client's account(s) within the agreed-upon investment parameters, and to determine pricing and timing of transactions, without the prior approval of the client. However, changes in asset classes,

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<sup>1</sup> ***Crestone does not offer tax or legal advice. Crestone will, at a client's direction and approval, work with the client's existing tax or legal professionals to assist in those services. Crestone may refer professionals; however, there is no compensation to Crestone for these referrals, and clients are under no obligation to use the referred services or providers.***

allocations within asset classes, and any other investment guidelines and limitations will be made only with the client's prior approval.

If the client does not grant discretion, Crestone will not execute any transactions in the client's account(s) nor will it make any changes in asset classes or allocations within asset classes, such as any investment or reinvestment of account assets (including periodic portfolio management), without the client's prior approval.

Crestone's **Investment Advisory Client Services** have been designed for clients who are focused on investment services only, without the all-encompassing, family office platform of services provided under Crestone's Family Office Client Services Agreement. For such clients, Crestone will provide investment research, consulting, and advice to source and secure access to investment opportunities in Crestone's Access Vehicles which, as more fully described below, are pooled investment vehicles such as limited partnerships and limited liability companies that invest in one or more underlying investment funds managed by unrelated investment managers, and/or direct investments, that is the opportunity to make investments directly in the underlying investment funds and/or portfolio companies themselves. The services include Crestone's time and travel expenses related to ongoing investment manager research, due diligence, selection, and relationship management. Crestone will also provide Investment Advisory Clients with investment-sizing recommendations and ongoing investment manager oversight, including interfacing with investment managers (and/or portfolio companies, as appropriate) on behalf of clients with Access Vehicle and/or direct investments recommended by Crestone. Clients will have access to Crestone's due diligence reports for all underlying investment managers in which a client invests.

Crestone's **Pre-Transaction Client Services** are for clients who expect to have a "transaction event" (such as their company plans to go public or will be acquired by another company) within the next 24 months. Pre-Transaction Client Services are designed to introduce clients to Crestone and help them plan for the transaction event. Pre-Transaction Clients receive a discounted fee for a limited time, and if or when their transaction event takes place, these clients become Family Office Clients.

Crestone's **Family Foundation Services** are similar to Crestone's Family Office Client Services and have been designed for foundations that require services such as investment strategy and management, assistance with institutional manager search, selection, and monitoring, consolidated performance reporting, balance sheet aggregation, cash flow and liquidity planning, and concentrated position management, if applicable.

Crestone's **Partnership Investor Services** are for investors who seek access to Access Vehicles and/or direct investment opportunities sourced by Crestone.

There are no additional services provided by Crestone. Crestone does not participate in wrap fee programs.

As of December 31, 2023, Crestone managed approximately \$ 3,406,108,668 in client assets on a limited discretionary basis and \$210,152,296 on a non-discretionary basis.

## FEES AND COMPENSATION

Form ADV Part 2A, Item 5

As described in the Advisory Business section above, Crestone offers Family Office Client Services, Investment Advisory Client Services, Pre-Transaction Client Services, and Family Foundation Services to its clients. Crestone's standard fee schedule is charged as a percentage of assets under Crestone's management and the fees for each type of service offering are as follows:

**Crestone Asset Management LLC  
Family Office Client Services – Annual Fee Schedule**

<b>Asset Based Breakpoints</b>	<b>Fee Schedule</b>
First \$10,000,000	1.25%
Next \$10,000,000	0.95%
Next \$30,000,000	0.75%
Next \$50,000,000	0.50%
Amount over \$100,000,000	0.40%

Note: Minimum annual fee is \$125,000. One-time “start-up” fee of \$25,000. Crestone may reduce or waive its minimum annual fee and/or waive all or a portion of Crestone’s one-time start-up fee, which Crestone will determine at its discretion on a case-by-case basis.

**Crestone Asset Management LLC  
Investment Advisory Client Services – Annual Fee Schedule**

<b>Asset Based Breakpoints</b>	<b>Fee Schedule</b>
First \$10,000,000	1.00%
Next \$30,000,000	0.80%
Next \$30,000,000	0.70%
Next \$30,000,000	0.60%
Amount over \$100,000,000	0.50%

Note: Minimum annual fee is \$50,000. Crestone may reduce or waive its minimum annual fee, which Crestone will determine at its discretion on a case-by-case basis.

**Crestone Asset Management LLC  
Family Foundation Services – Annual Fee Schedule**

<b>Asset Based Breakpoints</b>	<b>Fee Schedule</b>
First \$10,000,000	0.95%
Next \$10,000,000	0.70%
Next \$30,000,000	0.55%
Next \$50,000,000	0.40%
Amount over \$100,000,000	0.30%

Note: Minimum annual fee is \$130,000. Crestone may reduce or waive its minimum annual fee, which Crestone will determine at its discretion on a case-by-case basis.

**Partnership Investor Services** clients do not pay fees based on assets under management, but rather pay the fees set forth in the Access Vehicle’s offering documents and/or a Partnership Investor Services Agreement.

### **Asset Management Fees**

Crestone computes client advisory fees based on the weighted daily average value of assets under management using the fee schedules set forth above for each calendar quarter and invoice such fees in arrears. Some clients that have an advisory agreement executed prior to October 1, 2018 are invoiced in advance. Under Crestone's advisory services agreements, clients agree to allow Crestone to automatically deduct its advisory fees directly from their brokerage accounts within 10 days' prior written notice and, if necessary, to liquidate securities from their brokerage accounts for payment of Crestone's fees. Clients may, however, choose to pay Crestone's fees by check or wire transfer, at their discretion.

Crestone's fees described above are based on a percentage of a client's assets under Crestone's management, which may include assets placed with another investment adviser or unrelated manager and supervised by Crestone, resulting in additional fees. An example of these non-Crestone fees is an investment in a mutual fund, for which a client would pay fees charged by the fund manager, which reduces the net asset value of a fund's shares. As noted above, clients also pay an advisory fee to Crestone based upon the total value of assets under management, including any shares of mutual funds under management. Thus, a client whose assets are invested in shares of mutual funds will pay asset management fees to Crestone in addition to the management fees to the advisers of the mutual funds.

Under certain circumstances and for certain clients (typically those with at least \$200 million in advised assets under management with Crestone), Crestone may enter into a fee arrangement that deviates from the standard fee structure described above. In such cases, Crestone may charge a reduced advisory fee based on assets under management, which may be combined with performance-based fees. Such fees are charged quarterly in arrears. In any client situation involving performance-based fees, Crestone complies with Rule 205-3 under the Investment Advisers Act of 1940 (codified at 15 U.S.C. § 80b-1 *et seq.*), to the extent required by applicable law. Performance-based fee arrangements may create an incentive for Crestone to make more risky and speculative investments than it would otherwise make.

Either Crestone or a client may terminate an advisory agreement upon 30 days' written notice. In the event of termination, Crestone will be entitled to receive its advisory fee for the portion of the quarter elapsed prior to termination. If applicable, any balance of prepaid quarterly advisory fees not due to Crestone will be returned to the client.

Under Crestone's Family Office Client Services Agreement, if at any time in the first year of a client's original engagement with Crestone, if the client is less than 100% satisfied with Crestone's services, Crestone will refund up to 100% of its fee, solely at its client's discretion, and the client's advisory agreement will be deemed terminated.

### **Access Vehicle Fees**

As described below under "Methods of Analysis, Investment Strategies, and Risk of Loss," a core principle of Crestone's investment philosophy is that disciplined investment diversification among different asset classes, investment managers, and individual assets is an effective way to protect and grow wealth. To provide its clients with access to and diversification among different asset classes and investment managers, Crestone and its affiliates form and serve as the manager or sponsor of its Access Vehicles such as limited partnerships and limited liability companies that invest in one or more underlying investment funds managed by unrelated investment managers. Crestone believes this structure provides its clients with access to investment opportunities that may otherwise require a minimum investment beyond that which may be prudent for a single investor and that otherwise may have limited availability to individual investors and/or other advisers.



In connection with the formation and capitalization of the Access Vehicles discussed above, Crestone and its affiliates are reimbursed by the entities for offering and organizational expenses, and in some cases Crestone receives management fees, as more fully described below, for serving as the investment manager of the Access Vehicle, but no other related-party compensation is paid to Crestone or its affiliates.

As a result of the Access Vehicle structure, Crestone clients who invest in these vehicles pay two layers of fees: (1) an advisory fee paid to Crestone based on the total value of assets under management, including assets invested in the Access Vehicles, and (2) the fees paid to the underlying fund managers in which the Access Vehicles invest.

Partnership Investors who invest in Access Vehicles also pay two layers of fees: (1) the management fees paid to Crestone as an investment adviser to the Access Vehicle, and (2) the fees paid to the underlying fund managers in which the Access Vehicles invest.

The Access Vehicle management fee is payable from each Partnership Investor in quarterly installments in arrears as of the last business day of each calendar quarter. The management fee for the majority of Access Vehicles is an amount equal to an annual rate of one percent (1%) of the NAV of the Partnership Investor's capital account as of the first business day of the calendar quarter. There are some closed Access Vehicles, formed prior to 2012, that are subject to a different fee schedule as detailed in each Access Vehicle's subscription documents.

Crestone's Access Vehicle investments are held both at custodians, and in non-custodial private fund investments. Clients are required to fill out private fund subscription documents to establish these Access Vehicle investments, and the fees and expenses associated with the investment are outlined in each Access Vehicle's legal offering documents. Clients should refer to these offering documents for detailed information before making an investment.

### **Single-Purpose Access Vehicles**

Crestone and its affiliates will also, on occasion, form and serve as the manager or sponsor of single-purpose, single-asset limited liability companies, limited partnerships or other investment-related entities that are formed on an Access Vehicle basis specifically to invest in an individual asset, typically real estate. In connection with the formation and capitalization of these single-purpose Access Vehicles, Crestone and its affiliates are reimbursed by the entity for offering and organizational expenses, and Crestone's affiliates receive management and other fees and a carried interest determined on a case-by-case basis, all of which are described in detail in the offering materials for each single-purpose Access Vehicle. Similar to the Access Vehicle fees described above, Crestone clients' NAV in these single-purpose Access Vehicles is included in their billable AUM for quarterly advisory fees (with the exception of Partnership Investors, who are charged their pro rata piece of the annual management fee). The single-purpose Access Vehicles existing as of the date of this brochure and the management fees paid to Crestone Real Estate LLC are:

<b>Name of Single Asset Pooled Vehicle</b>	<b>Asset Class</b>	<b>Manager</b>	<b>Annual Management Fee</b>
CRE 2655 West Midway LLC	Real Estate	Crestone Real Estate LLC	\$48,500

### **Crestone Alternative Strategies LP Short Term Lending Arrangements**

Crestone Alternative Strategies LP ("CASLP") has a line of credit in place with UMB Bank, N.A. (the "LOC"). CASLP uses the LOC for various short-term capital purposes and lends to other Access Vehicles for short-term capital purposes. In such cases, CASLP sources the funding proceeds from the LOC and

then charges the receiving Access Vehicle the applicable interest rate of the LOC plus 100 basis points. Crestone believes the arrangement serves the interest of all applicable Access Vehicles. Access Vehicles which may not be large enough themselves to merit their own LOC receive the benefit of the short-term funding at an attractive all-in interest rate, and CASLP earns a small amount of interest for extending use of its LOC.

#### **Sanitas Global Opportunity Fund LP Short Term Lending Arrangements**

Sanitas Global Opportunity Fund LP ("SANLP") has a line of credit in place with UMB Bank, N.A. (the "LOC"). SANLP uses the LOC for various short-term capital purposes.

#### **Flatirons GP Short Term Lending Arrangements**

Flatirons GP LLC ("Flatirons") has a line of credit in place with UMB Bank, N.A. (the "LOC") on behalf of multiple Access Vehicles for which Flatirons GP LLC serves as the general partner. These Access Vehicles use the LOC for various short-term capital purposes.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Form ADV Part 2A, Item 6

Generally, Crestone and its supervised persons do not receive performance-based fees from Crestone clients, except in limited situations as described in Item 5 and this Item 6. Currently only one client pays a performance-based fee.

Crestone may manage certain accounts that pay performance-based compensation, as described in Item 5. Typically, an account that does not pay performance-based compensation pays a higher asset-based fee. Regardless, Crestone has a conflict of interest if, in any time period, one fee structure would cause higher fees to Crestone than the other fee structure, because Crestone would have an incentive to favor the account that would pay the higher fees. To address this conflict, Crestone has an Allocation Policy so that opportunities are allocated in a fair, equitable and unbiased manner, and do not favor one client or Access Vehicle at the expense of other clients or Access Vehicles. In addition, Crestone client advisors review their client accounts' investment allocations on a regular basis.

### **TYPES OF CLIENTS**

Form ADV Part 2A, Item 7

As described above, Crestone generally provides advice to high-net-worth individuals and families and their trusts, foundations, limited liability companies, and/or other entities that they own. Crestone ordinarily requires that new Family Office clients have minimum investable assets of approximately \$25 million, although Crestone may make exceptions at its discretion.

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

Form ADV Part 2A, Item 8

Fundamental investment principles are the foundation of Crestone's investment platform, which it designed in an attempt to methodically reduce portfolio risk and systematically increase portfolio returns.

#### **Investment Philosophy – Crestone's Core Beliefs**

- Investment strategy drives results
- Capital markets offer no absolutes
- Embrace non-linear and uncorrelated returns

- Focus on long-term results
- Investment manager selection is vital
- Ongoing learning is critical

### **Diversification**

Crestone has a longstanding commitment to and experience in both traditional and alternative asset classes, such as hedge funds, private equity, and real estate, which provide a broad array of diversified building blocks with which to construct client portfolios.

Based on Crestone's conviction that traditional "buy and hold" investment models do not optimize returns, Crestone's strategy centers on tactical, valuation-informed portfolio management in an attempt to reduce risk and increase return.

Crestone's investment research team takes an active approach to balancing investments broadly across both efficient and inefficient markets in order to provide non-correlated returns, resulting in what Crestone believes will be true diversification and lower risk.

Crestone does, however, maintain a bias toward equities in the belief that, over the long term, owners earn more than lenders. Crestone's experience has shown that asset values are reasonably estimable by the skilled analyst, and because asset *prices* can deviate from asset *values* for long periods of time, these value and price discrepancies create both risk and opportunity for the skilled investment manager.

### **Disciplined Process**

Crestone has developed a rigorous process for creating customized IPS, strategically constructing portfolios, and selecting investment managers to enhance risk-adjusted returns. The end result is a comprehensive, systematic approach to investing.

1. Investment Policy Statements. This is a collaboration between the client and Crestone in order to fit individual financial goals and create a framework for the management of the portfolio.
2. Asset Allocation. Crestone makes a recommendation on how to allocate capital to select asset classes. Crestone takes an active approach to balancing investments broadly across both efficient and inefficient markets in order to provide non-correlated returns, resulting in greater diversification and lower risk.
3. Portfolio Construction. Crestone finds, selects, and monitors investments for its clients' portfolios, and regularly rebalances each client's portfolio in accordance with his or her IPS guidelines.

### **Socially Responsible Investing ("SRI") and Environmental, Social and Governance Investing ("ESG")**

At Crestone, there is no "one size fits all" approach to SRI/ESG. For clients looking to incorporate an SRI/ESG overlay into their portfolio, Crestone works together on a customized basis to align clients' values and goals with an actionable investment strategy. Clients may choose to include one or all of the following high-level approaches:

- Exclusionary (asset class elimination, exclusionary screens, "avoid harm" approach). In this case, Crestone can partner with an indexed equity separately managed account provider to translate priorities into personalized values-aligned portfolios that incorporate SRI screens, exclusions, and thematic tilts. Crestone's Investment Committee has also approved screened ETFs that seek to eliminate exposures to certain controversial business sectors or industries.
- Proactive (integration of sustainability factors with the goal of benefiting all stakeholders, ESG—Environmental, Social, Governance factor integration). Crestone generally thinks of ESG as

being most applicable within the public equity and fixed income landscape, an approach that looks to identify and invest in companies with a double objective of achieving market-rate financial returns while also creating a positive societal or environmental impact. Crestone is partnered with some active fund managers across asset classes whom it believes to be thought leaders in ESG integration.

- Aspirational (impact investing—thematic, catalytic capital directed toward targeted causes or geographies). Crestone created a dedicated private equity and venture Access Vehicle to partner with private market impact leaders, targeting investments in solutions-focused enterprises with measurable environmental and societal impact. Impact sectors of focus include sustainable climate, opportunity and inclusion, and healthy living.

Crestone's primary goal is to make sure it is growing and protecting the capital of its clients' portfolio while investing in companies that mirror their impact goals and values.

## **Risks**

While Crestone strives to reduce risk and maximize returns for clients, Crestone cannot guarantee that this will occur. Investing involves a risk of loss that clients should be prepared to bear, including the loss of original principal. Clients should never presume that future performance of any specific investment or investment strategy will be profitable. There is no guarantee a portfolio will meet a target return or an investment objective.

Crestone defines risk as the probability of a return other than the expected return, and Crestone measures risk by the actual and potential magnitude of that variance (volatility or standard deviation).

There are numerous risks in investing, not all of which necessarily manifest themselves in terms of volatility. These include, but are not limited to:

- Risk of loss
- Market risk
- Lack of liquidity
- Fundamental business risk
- Business cycle risk
- Geographic risk
- Interest rate risk
- Litigation risk
- Financial leverage risk
- Concentration risk (by security, manager, asset, or asset class)
- Valuation risk
- Pandemic risk
- Geopolitical risk
- Climate risk
- Banking risk

While Crestone relies on volatility (standard deviation) as the objective criterion for measuring risk, Crestone also bears in mind the other fundamental risks that exist in investing. While many of the above risks should ultimately manifest themselves in the form of the volatility (standard deviation) criterion, Crestone recognizes that this may not be the case in practice, due to (1) valuation conventions that tend to apply to illiquid assets such as real estate, venture capital, and other private equities, and (2) the tendency of correlations among asset classes to converge, positively, at times of extreme stress in financial markets (which may cause historic volatility to be a poor predictor of actual experienced volatility).

As discussed above, Crestone commonly recommends investments in alternative asset classes (e.g., hedge funds, natural resources, private equity, real estate, etc.) through Access Vehicles such as limited partnerships and limited liability companies. Investment in these Access Vehicles is speculative and not intended as a complete investment program. The Access Vehicles are available only to sophisticated investors who are able to bear a substantial loss of their investment and have limited need for liquidity in their investment. There is no assurance that the Access Vehicle's investment objectives will be achieved, and investment results may vary substantially from year to year. Investment in these entities is subject to certain specific risks, including but not limited to:

- Substantial or complete loss of invested funds
- Investment risks
- Operational risks
- Market, trading, and regulatory risks
- Tax consequences
- Lack of liquidity

Investors may not see a return on their investment for some time, so these investments should be seen as a long-term investment with a high degree of risk. These risks are discussed in detail in each entity's offering documents.

### **Access Vehicles**

Crestone bases its advice to Access Vehicles on the investment objective and restrictions (if any) set forth in the applicable offering memorandum, organizational documents, investment management agreement, and/or subscription agreements. Investors in Access Vehicles have no opportunity to select or evaluate any investments or strategies. Certain Access Vehicles provide access to investment opportunities through aggregate client investments in order to meet the minimum investment requirements of investments in underlying funds in the Access Vehicles's portfolio. The specifics, costs, and risks related to Access Vehicle offerings are outlined in the subscription and disclosure documents provided to each potential investor.

Some of Crestone's Access Vehicles are invested, through their underlying managers, in digital assets and blockchain technologies. These assets come with significant risk, including uncertainty over future regulatory treatment, tax risks, and asset valuation where there is limited trading activity. Digital assets are loosely regulated, supply is determined by a computer code – not by a central bank – and prices are volatile. Digital asset exchanges have been closed due to fraud, failure, and security breaches. Blockchain technology companies often have limited operating histories, their technologies may not gain meaningful market share, and are often subject to government regulation and approvals. Crestone partners with hedge funds and private funds that have and will make digital asset investments but does not directly hold any digital assets.

There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private investment fund industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on an Access Vehicle's activities, including the ability of an Access Vehicle to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

## DISCIPLINARY INFORMATION

Form ADV Part 2A, Item 9

Crestone does not have any legal or disciplinary events to disclose, including any criminal or civil actions, administrative proceedings before the SEC or any other regulatory agencies, or proceedings before any self-regulatory organization.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Form ADV Part 2A, Item 10

With pre-clearance from Crestone, its personnel may serve on advisory boards of underlying funds in which clients or Crestone-advised funds may invest.

The following affiliated entities share common ownership and management with Crestone:

- **Crestone Capital Holdings LLC.** A Colorado limited liability company, sole owner of Crestone Real Estate LLC, and majority owner of Crestone Capital LLC. Its members are The Eric J. Kramer Company (whose sole shareholder is EJK WY Trust), Matthew Wiles, Ronda Vitrano, Michael McGowan, Emily Mears, Taylor Gitcho, Lindsay Searer, Eliza Leach, Miles Cooke, Bliss Bernal, Abigail Krolick, Nicole Goethals, Charles Olson, Alyssa Do, Thomas Gallanis and Patience Peterson.
- **Crestone Capital LLC.** A Colorado limited liability company that wholly owns and is the parent company of Crestone, Flatirons GP LLC, and Crestone Alternative Partners LLC. Its members are Crestone Capital Holdings LLC and The Eric J Kramer Company.
- **Crestone Real Estate LLC.** A Colorado limited liability company, wholly owned by Crestone Capital Holdings LLC, that forms and serves as the manager or sponsor of single-purpose, single-asset limited liability companies or other investment entities that acquire, hold, lease, manage, operate, and sell or otherwise dispose of commercial real estate. It serves as the manager to certain real estate-related Access Vehicles discussed above under "Fees and Compensation."
- **Crestone RE Equity Partners LLC.** A Colorado limited liability company whose members are The Eric J. Kramer Company, Michael Sherman, and Doug Bonnette. It serves as the Class B Member of a single-purpose, single-asset Access Vehicle formed and managed by Crestone Real Estate LLC discussed above under "Fees and Compensation."
- **Flatirons GP LLC.** A Delaware limited liability company wholly owned by Crestone Capital LLC. It serves as the general partner to certain Access Vehicles discussed above under "Fees and Compensation."
- **Crestone Alternative Partners LLC.** A Delaware limited liability company wholly owned by Crestone Capital LLC. It serves as the general partner to certain Access Vehicles discussed above under "Fees and Compensation."

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

Form ADV Part 2A, Item 11

Crestone is a fiduciary to its clients. Crestone has adopted a Code of Ethics that governs the professional conduct of its employees. Crestone's Code of Ethics is designed to ensure employees are complying with applicable securities laws and provides general ethical guidelines and specific instructions regarding employees' duties. It covers a range of topics including fiduciary duty standards and their obligation to show undivided loyalty to clients, business conduct, confidentiality, gifts and entertainment, and personal securities trading. Employees are given a copy of the Code of Ethics at hire, and then at least annually thereafter, and must attest to having read it.

A copy of Crestone's Code of Ethics is available to clients and prospective clients upon request. Requests should be directed to:

Crestone Asset Management LLC  
Attn: Bliss M. Bernal, Chief Compliance Officer  
1048 Pearl Street, Suite 450  
Boulder, Colorado 80302  
Telephone: (303) 442-4447  
Email: [compliance@crestonecapital.com](mailto:compliance@crestonecapital.com)

Crestone employees and related persons may purchase or sell securities that Crestone may also purchase and/or sell on behalf of some or all of its advisory clients. Crestone does not allow a manager or employee, or close relative of either, to make a personal securities transaction in anticipation of a transaction on behalf of a client in such securities. Crestone employees are subject to restrictions relating to their personal securities transactions, which are set forth in the Code of Ethics and distributed to all employees.

Please see the *Other Financial Industry Activities and Affiliations* section of this brochure for a description of the types of securities or investments that may be offered and recommended to clients of Crestone and in which persons related to or affiliated with Crestone have a financial interest. The investments will be recommended only to those clients for whom such investments are suitable based on each client's particular circumstances and situation and the client's established investment objectives and parameters.

Investments in Access Vehicles will only be offered to "accredited investors" and "qualified purchasers" pursuant to private placement materials that fully discloses all material facts to prospective investors, including without limitation, the terms of the offering, the investment opportunity, the risks of the offering, compensation and fees to be paid to Crestone and its affiliates, and the actual and potential conflicts of interest that exist or may exist in connection with the offering and which may cause the related person and/or Crestone to render advice that may not be disinterested or objective.

## **BROKERAGE PRACTICES**

Form ADV Part 2A, Item 12

Crestone does not receive research or other products or services from any broker-dealer or third party in connection with client securities transactions ("soft dollar benefits").

Crestone does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party.

Crestone generally recommends that its clients use Pershing Advisor Solutions ("PAS") as a broker-dealer for its trades. In certain cases, it recommends Charles Schwab or Fidelity Investments. In selecting a broker-dealer for its clients, Crestone's selection is guided by its clients' best interests.

A client may, in his or her sole discretion, select a different broker-dealer to execute securities transactions. Under a direct brokerage relationship, Crestone may not be able to achieve the most favorable execution of a client's transactions. In some cases, directing brokerage may cost clients more money. For example, in directed brokerage accounts, clients may pay higher brokerage commissions than what Crestone has negotiated with PAS, Schwab and Fidelity.

If multiple clients execute trades in the same security on the same day, Crestone uses average pricing throughout the day so clients will participate equally in the execution price of the trades executed



around the same time. Bulk trades are also directed by the Advisory Team, such as a bulk trade out of a security across client accounts.

## REVIEW OF ACCOUNTS

Form ADV Part 2A, Item 13

Crestone reviews accounts on at least a quarterly basis for consistency with client investment strategy, asset allocation, risk tolerance, and performance relative to the appropriate benchmarks. More frequent reviews may be triggered by changes in market or economic conditions, changes in specific investments in client accounts, and/or changes in a client's financial condition or investment objectives.

Crestone has account reviewers who are responsible for various levels of review:

- The Investment Research Team is primarily responsible for monitoring underlying securities and selected third-party managers;
- In addition to collaborating with the Investment Research Team on monitoring responsibilities, the Client Advisory Team is responsible for ensuring client accounts are invested in accordance with a client's IPS, with portfolio management reviews at least quarterly; and
- The Investment Committee and Executive Committee are responsible for supervising all levels of review performed by the teams identified above.

On a quarterly basis, Crestone provides each of its clients with a customized reporting package that includes:

- Consolidated portfolio data and performance reporting;
- Performance at the consolidated portfolio, asset class, and individual investment manager level, compared to relevant benchmarks;
- Balance sheet reporting, if applicable; and
- Concentrated position reporting, if applicable.

Access Vehicle "fact sheets" which provide a qualitative and quantitative review of the investment for clients invested in that Access Vehicle are available monthly or quarterly (depending on the Access Vehicle) on a secure Crestone client website portal.

On a quarterly and an annual basis, Crestone provides clients and/or their tax preparers a package of tax-related reports (e.g., realized gains/losses, income and expenses, contributions, and withdrawals). Clients and/or their tax preparers have the choice to receive these reports in hard copy, over a secure-access website, or both. Various portfolio valuation, performance, and activity reports are also available on a daily basis over the secure-access website.

Partnership Investors who invest in Access Vehicles receive quarterly statements and/or quarterly investor letters, as well as annual audited financial statements and tax-related information (with the exception of the CRE fund, as detailed below).

## CLIENT REFERRALS AND OTHER COMPENSATION

Form ADV Part 2A, Item 14

Crestone does not receive any compensation for referrals to any other professional firms or individuals.

Crestone does not have an affiliation or arrangement with any law firm, accounting firm, or other professional whereby Crestone refers its clients in need of such professional services to those professionals. As and when the need arises, Crestone may refer its clients to lawyers, accountants, and



other third-party professionals. When making a referral of a client to another professional, Crestone is guided by its client's best interests, and makes the referral to the professional Crestone believes best suits the particular needs of the client. Although some of these professionals may have in the past referred, or may in the future refer, a prospective client to Crestone, the actual or potential referral of a prospective client to Crestone by a particular professional will not be a factor in Crestone's decision to refer a client to any third-party professional.

Crestone does not currently have any third-party promoters.

## CUSTODY

Form ADV Part 2A, Item 15

### Client Accounts

Qualified custodians, such as PAS, have custody of Crestone clients' assets held in brokerage accounts. Qualified custodians of Crestone clients' brokerage accounts send quarterly or more frequent account statements directly to clients. Clients should carefully review those statements. Additionally, Crestone provides clients with various portfolio valuation, performance, and activity reports on a quarterly basis. Clients have the option to receive these reports in hard copy, over a secure website, <https://clients.crestonecap.com>, or both.

Crestone urges clients to compare the account statements they receive from their qualified custodians with those they receive from Crestone. There may be discrepancies between the reports due to various factors, such as (most commonly) timing of reporting (e.g., trade-date reporting versus settlement-date reporting). If clients have any questions about their reports, they should contact Crestone at (303) 442-4447.

### Access Vehicles

Crestone is deemed to have custody over its Access Vehicles. These investors do not receive account statements from a custodian; rather, the fund administrator for the Access Vehicles prepares quarterly statements for Access Vehicle investors. The Access Vehicles are subject to an annual audit, and Crestone provides (or causes to be provided) to each investor in an Access Vehicle a copy of the Access Vehicle's audited financial statements within 180 days following the relevant fiscal year end. Investors who do not receive audited financial statements within such time should contact Crestone immediately.

### CRE Fund

The single-asset real estate fund CRE 2655 West Midway LLC described under Item 5 does not undergo an annual audit. This Access Vehicle undergoes a "surprise custody exam" by an independent public accountant.

## INVESTMENT DISCRETION

Form ADV Part 2A, Item 16

Crestone works with each client to create a customized IPS that sets investment parameters for Crestone to follow when investing each client's portfolios. Crestone does not assume full discretion over any of its clients' accounts. Under Crestone's Family Office Client Services Agreement, Investment Advisory Client Services Agreement, Pre-Transaction Client Services Agreement and Family Foundation Services Agreement, each client elects to grant to Crestone either limited discretion or no discretion over his or her accounts. In either case, the client and Crestone together will select asset classes and

determine allocations within asset classes and will agree on any other investment guidelines or limitations that the client desires to place on the accounts.

Once Crestone establishes account parameters, and if the client grants limited discretion, Crestone will have the authority to direct the investment and reinvestment of account assets (including periodic rebalancing) and manage the client's account(s) within the agreed-upon investment parameters, and to determine pricing and timing of transactions, without the prior approval of the client. This includes additional investments to and redemptions from Access Vehicles. However, changes in asset classes, allocations within asset classes, and other investment guidelines and limitations will be made only with the client's prior approval. Initial investment in any Access Vehicle requires the client to sign all legal subscription paperwork.

If the client does not grant discretion, Crestone will not execute any transaction in the client's accounts or make any changes in asset classes or allocations within asset classes, such as investment of account assets (including periodic rebalancing), without the client's prior approval.

When Crestone or one of its affiliates are general partners, managers, or sponsors of an Access Vehicle, Crestone exercises discretionary investment authority over the Access Vehicle.

A client may impose limits different from, or in addition to, those mentioned here.

Crestone does not participate in wrap fee programs.

## VOTING CLIENT SECURITIES

Form ADV Part 2A, Item 17

Crestone does not have the authority to vote, as proxy, on its clients' securities, and clients will receive proxies or other solicitations directly from their custodian or transfer agent. However, if clients have any questions about a particular solicitation, they should contact their Crestone advisor at (303) 442-4447.

## FINANCIAL INFORMATION

Form ADV Part 2A, Item 18

Crestone does not require or solicit prepayment of fees six months or more in advance and, as a result, is not required to include with this brochure a balance sheet for its most recent fiscal year.

Crestone has never been the subject of a bankruptcy petition, nor does it have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

## REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Form ADV Part 2A, Item 19

Crestone is a federally registered investment adviser; therefore, it is not required to respond to this item.

## ADDITIONAL INFORMATION

Form ADV Part 2A, Item 20

### Trade Errors

In the event a trading error occurs in a client's account, Crestone's policy is to restore a client account to the position it should have been in had the trading error not occurred. Depending on the

circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **IRA Rollover Considerations**

As part of Crestone's investment advisory services, it may recommend that clients withdraw the assets from an employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that Crestone will manage on a client's behalf. If a client elects to roll the assets to an IRA that is subject to Crestone's management, Crestone will charge an asset-based fee as set forth in the agreement the client executes with Crestone. This practice presents the possibility for a conflict of interest because persons providing investment advice on Crestone's behalf have an incentive to recommend a rollover to the client for the purpose of generating fee-based compensation rather than solely based on a client's needs. Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if a client decides to complete a rollover, the client is under no obligation to have the assets in an IRA managed by Crestone.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of:

- Leaving the funds in an employer's (former employer's) plan.
- Moving the funds to a new employer's retirement plan.
- Cashing out and taking a taxable distribution from the plan.
- Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change Crestone encourages clients to speak with their CPA and/or tax attorney.

In considering a rollover of retirement funds to an IRA for Crestone to manage, here are a few points to consider:

- Determine whether the investment options in an employer's retirement plan address a client's needs or whether the client might want to consider other types of investments.
  - Employer retirement plans generally have a more limited investment menu than IRAs.
  - Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
- A client's current plan may have lower fees than Crestone's fees.
  - If a client is interested in investing only in mutual funds, they should understand the cost structure of the share classes available in an employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - A client should understand the various products and services they might take advantage of at an IRA provider and the potential costs of those products and services.
- Crestone's strategy may have higher risk than the option(s) provided in an existing plan.
- Other plans may also offer financial advice.
- A 401k may offer more liability protection than a rollover IRA; each state may vary.
  - Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so clients should consult with an attorney if they are concerned about protecting their retirement plan assets from creditors.
- Clients may be able to take out a loan on their 401k, but not from an IRA.
- IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.

- A client's current plan may allow the client to hire Crestone as the manager and keep the assets titled in the plan's name.

It is important that clients understand the differences between these types of accounts to decide whether a rollover is the best option. Prior to proceeding, if a client has questions, the client should contact their Crestone advisor at (303) 442-4447.