

## **Part 2A of Form ADV: *Firm Brochure***

### **Shaker Investments LLC**

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03/21/2024

This brochure provides information about the qualifications and business practices of Shaker Investments LLC. If you have any questions about the contents of this brochure, please contact us at 216-292-2950 or [kacie@shakerinvest.com](mailto:kacie@shakerinvest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Shaker Investments LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 119135.

## Item 2      Material Changes

This Firm Brochure, dated 03/21/2024, provides you with a summary of Shaker Investments LLC's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information. We will inform them of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of **December 31**. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates - any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated 03/31/2023:

### **Under Item 4 "Advisory Business"**

- Total client assets under management were \$227.85 million as of December 31, 2023. An additional \$4.59 million is invested in 4 TAMP programs for a total Assets under Advisement (AUA) of \$232.44 million.
- We added information about our subadvisor agreements.

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

- We removed the comparative performance returns and portfolio turnover data for 2023.
- Added information about Shaker Investments compliance with the Global Investment Performance Standards (GIPS®).

### **Under Item 14 "Client Referrals"**

- We added information about our subadvisor agreements.

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## Item 4      **Advisory Business**

Shaker Investments LLC (also referred to in this document as Shaker Investments, Shaker, or the Adviser) is an SEC-registered investment adviser with its principal place of business located in Ohio. Shaker Investments LLC began conducting business in 1991. Shaker Investments LLC's sole principal shareholder (individuals and/or entities controlling 25% or more of this company) is Edward P. Hemmelgarn, President and co-CIO.

Shaker Investments is primarily an equity manager specializing in the stocks of growth companies. Shaker provides continuous advice to clients regarding the investment of client funds. We manage the majority of client accounts on a discretionary basis and make the investment decisions for the funds. This means we direct the purchase and sale of assets as we deem appropriate, and the reinvestment or holding for reinvestment of any proceeds of sales, trades, or dividends that are paid into the account. The majority of our clients' accounts are individually managed accounts that are invested according to investment portfolio strategies that are defined and managed by our portfolio managers Edward Hemmelgarn, Sasha Kostadinov, Brandon Hemmelgarn, and Chris Hemmelgarn. We currently offer two long-only portfolio investment composites, our **Fundamental Growth (FG)** composite and **Small Cap Growth (SCG)** composite.

The **Fundamental Growth** composite invests in growth companies over a wide range of market capitalization that includes large (more than \$10 billion in market value), medium (\$3 billion to \$10 billion in market value) and small (\$3 billion or less in market value) capitalization stocks. The **Small Cap Growth** composite invests in growth companies and is focused on the small capitalization end of the equity markets.

In addition to the FG and SCG composites, Shaker offers an **Asset Allocation (AA)** model strategy which builds a model portfolio consisting of a mix of asset classes to accomplish clients' investment objectives within the constraints of their age, financial condition and risk tolerance. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, capital preservation, growth, income, or growth and income), as well as tax considerations. The asset classes used in the strategy include large cap domestic and small cap domestic equities, developed world equity ex-US, emerging markets equity, corporate bonds, government bonds, agency bonds or other asset classes that are suitable for the client. We use primarily index ETFs as investment vehicles but sometimes also use actively managed investment vehicles including mutual funds or "Smart Beta" ETFs.

Shaker also provides recommendations in the form of a model portfolio to **Turnkey Asset Manager Program (TAMP)** overlay managers which utilizes the recommendations to manage its client's accounts in accordance with the Shaker portfolio strategies. The sponsors or overlay managers act as the investment adviser to clients of such programs. Shaker Investments, LLC does not implement trades, have discretionary investment authority or have custody of the assets/accounts of the TAMP managers. The sponsor or overlay manager exercises investment discretion for the assets in the program. The TAMP assets for 2023 are not included in our AUM.

Finally, Shaker Investments, LLC is also the Investment Manager for the **Shaker Investments Tower Fund, LP** (Tower Fund) which is open only to accredited investors. The Tower Fund is a long - short hedge fund which invests in stocks that trade on a U.S. stock exchange. The Tower Fund is controlled by Shaker Hedge GP which is the general partner of the Tower Fund. Shaker Hedge GP is owned and controlled by the owners and employees of Shaker Investments LLC. Additional information on the portfolio management strategies and the Tower Fund is provided in the section entitled "Investment Strategies."

All securities purchased for our clients trade on U.S. stock exchanges, or over the counter, though a number of the companies we invest in are headquartered outside of the United States. Our investment decisions are not

limited to any specific product, service or security recommendation offered or sponsored by a broker dealer or insurance company but represent the results of original research conducted at Shaker by our own analysts and portfolio managers. These investment choices include:

- Exchange-listed securities
- Foreign issuers
- Securities traded over-the-counter
- Corporate preferred stock and debt securities (other than commercial paper)
- United States governmental securities

Because some types of investments such as micro-cap stocks or thinly traded stocks of any capitalization involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. All separately managed account (SMA) clients have the opportunity to place reasonable restrictions on the types of investments to be held in their individual account as well as on investing in certain securities, types of securities, or industry sectors. SMA clients retain individual ownership of all securities.

Our firm provides continuous advice to clients regarding the investment of client funds in his or her account based on the individual needs and goals of the client. For all clients, we conduct conversations and a review that includes a suitability questionnaire in order to understand each client's investment needs based on a client's particular circumstances. During discussions with our client, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. This information is used to help reach agreement with the client on the type of portfolio strategy or asset allocation approach most suitable for them. We then manage their funds in accordance with that agreement.

Client portfolios are reviewed internally at least quarterly and any time a change is made to the individual stocks held in the account, or upon deposit or withdrawal of capital. To ensure that our initial determination of an appropriate portfolio strategy remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we encourage clients to discuss their accounts and any changes in their circumstances that could influence the suitability of the strategy used for managing their account.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. At least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
2. Be reasonably available to consult with the client; and
3. Maintain any available client suitability information in each client's file.

## **FINANCIAL PLANNING**

Shaker provides financial planning services to our investment clients upon request. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information, and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

#### **SUB-ADVISOR INVESTMENT MANAGEMENT**

Shaker Investments acts as a sub-advisor to advisors and their funds, whereas the primary advisor may delegate some or all of its services to Shaker Investments. The unaffiliated advisor will act as the primary advisor and fiduciary with the option to engage with Shaker Investments as a sub-advisor to provide discretionary investment management and trade execution services.

#### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2023, we were actively managing \$227,774,952 of clients' assets on a discretionary basis plus \$77,556 of clients' assets on a non-discretionary basis. The firm's total Assets under Management (AUM) was \$227,852,508. An additional \$4,590,301 is invested in 4 TAMPs for a total Assets under Advisement (AUA) of \$232,442,809.

### **Item 5 Fees and Compensation**

Our annual fees for separately managed accounts are based upon a percentage of assets under management and generally range from 0.75% for Asset Allocation strategy accounts to 1.0% for FG and SCG accounts. Asset based fees are charged quarterly based on the asset balance at the end of the preceding quarter. Thus, an account being charged 1% of assets would be charged 0.25% of the asset value at the beginning of each quarter. If an account is closed during a quarter, the client will receive a refund of any unearned fees that have already been paid to Shaker, pro-rated according to the number of days remaining in the billing period. Some accounts are charged more or less than the standard fees mentioned above.

Shaker Investments, LLC also receives fees from TAMP sponsors or overlay managers for the Model Portfolio program(s) based on the amount of assets which they manage in the model portfolio for which Shaker provides investment recommendations. The management fees paid to Shaker Investments from the TAMPs vary by sponsor.

#### ***Limited Negotiability of Advisory Fees***

Although Shaker Investments LLC has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition and reports, among other factors. The specific annual fee schedule is identified in the Management Agreement between the adviser and each client.

Discounts or fee waivers, not generally available to our advisory clients, are offered to family members and friends of associated persons of our firm.

A minimum of \$50,000 of assets under management is required to establish an account management relationship. This account size is negotiable under certain circumstances. Shaker Investments LLC can group related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. Qualified investors in the Tower Fund are required to invest a minimum of \$250,000.

Fees for our individual clients are billed, and due, at the beginning of each calendar quarter, for that quarter. For the first quarter an account is managed by Shaker, the fees are prorated over the number of days the account was under management in the quarter and billed in arrears along with the fee for the following quarter. Thereafter, Shaker will bill the client's account directly on a quarterly basis, in advance, for its management fees. The account balance used in the calculation is the net balance in the account as of the closing day of the prior quarter.

As part of our Management Agreement clients authorize the custodian for the account to deduct the Shaker Investments management fee directly from the account upon presentation of an appropriate invoice showing the calculation of the fee. This can be waived and alternative arrangements for billing of fees can be arranged. A copy of the invoice will also be sent to each client concurrently. If a client uses more than one custodian for a single account, Shaker will send a single invoice to one custodian even if fees reflected on that invoice relate to securities held by other custodians as well. Unless otherwise arranged in advance by the client with the custodian(s), the client, and not the custodian(s), will be responsible for verifying the accuracy of the fee calculations on Shaker's invoices and for reconciling payments by the custodian with the amounts of the invoices. We urge clients to check all Shaker statements carefully against the regular quarterly statement prepared by their custodian. Shaker Investment's client service representatives are available to assist clients and help answer any questions related to their statement.

Fees charged to Limited Partners in the Tower Fund include a management fee and when applicable an incentive performance fee. All fees charged to Tower Fund investors are described in detail in the offering memorandum. Employees and former employees of the Adviser who are limited partners are not charged the management or incentive fee.

## **GENERAL INFORMATION**

### ***Termination of the Advisory Relationship***

A client agreement can be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

### ***Mutual Fund Fees***

All fees paid to Shaker Investments LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Shaker does not benefit from the fees charged to clients by mutual funds or ETFs. Shaker will not recommend mutual funds that impose a sales charge or 12-b 1 fees (a marketing fee). Clients using mutual funds in their Asset Allocation strategy accounts should review the fees charged by the funds and our fees to fully

understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### ***Additional Fees and Expenses***

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Shaker Investments does not benefit from transaction and brokerage costs incurred in client accounts except to the extent of "soft dollars". Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information. Clients are urged to seek a full explanation of the fees and charges imposed by their chosen custodian from a representative of that custodian.

### ***Grandfathering of Minimum Account Requirements***

Pre-existing advisory clients are subject to Shaker Investments LLC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

### ***ERISA Accounts***

When Shaker Investments LLC provides investment advice to clients regarding retirement plan accounts, it is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA"), and/or Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way Shaker Investments makes money creates some conflicts of interest, so Shaker Investments operates under a special rule that requires us to act in our client's best interest and not put the firm's interest ahead of those of our clients. Under this special rule's provisions, Shaker Investments will:

- Meet a professional standard of care when making investment recommendations and give prudent advice.
- Never put our financial interests ahead of a client's when making recommendations.
- Avoid misleading statements about conflicts of interest, fees and investments.
- Follow policies and procedures designed to ensure that we give advice that is in a client's best interest.
- Charge no more than is reasonable for our services, and
- Provide basic information about conflicts of interest.

To avoid engaging in prohibited transactions, Shaker Investments LLC and our related persons do not receive any commissions or 12b-1 fees for the sale of any securities or other products.

### ***Rollover of Retirement Accounts***

Shaker Investments manages retirement accounts such as IRA's, and Roth IRA's for clients. Shaker does recommend to an eligible client that he or she roll over an existing retirement account(s) into a Rollover IRA account so that the assets can be managed by Shaker Investments. If a client elects to roll over the assets to an IRA that is subject to our management, Shaker will charge an asset-based fee as set forth in the Management Agreement. This fee can be more or less than the fees charged by the sponsor of the clients' existing retirement accounts to manage those accounts. This practice presents a conflict of interest because persons providing investment advice on Shaker's behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on client's needs. Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if a client completes the rollover, they are under no obligation to have the assets in an IRA managed by our firm. 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, investors should consider the availability, costs and benefits of:

1. Leaving the funds in your employer's (former employer's) Plan;
2. Moving the funds to a new employer's retirement Plan;
3. Cashing out and taking a taxable distribution from the Plan; or
4. Rolling the funds into an IRA rollover account.

Before making a rollover decision, individual investors should determine the total they are paying in fees on their 401K accounts, including fees charged by mutual funds held in the account, and compare that to the fee they would be charged by Shaker. Shaker Investments will work with clients to provide a comparison between a potential investor's existing plan and the options available at Shaker Investments.

#### ***Advisory Fees in General***

Clients should note that similar advisory services are available from other registered (or unregistered) investment advisers for similar or lower fees.

#### ***Limited Prepayment of Fees***

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

#### ***Employee Compensation Practices***

Shaker employees who are registered investment adviser representatives (RIA representatives) have a portion of their total compensation directly tied to acquiring new clients and assets under management for the firm. Their incentive compensation does not affect the fees paid by clients.

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

### **PERFORMANCE-BASED FEES**

As disclosed in Item 5 of this Brochure, our firm charges a performance-based incentive fee from the limited partners of the Tower Fund. The performance-based fee is calculated based on a share of the annual capital appreciation of the limited partner's capital account. The incentive fee is waived for limited partners who are employees of the firm.

Clients should be aware that performance-based fee arrangements create an incentive for us to recommend investments which are riskier or more speculative than those which would be recommended under a different fee arrangement. We address this conflict of interest by applying a high watermark to all incentive fees charged by the Tower Fund such that if the value of a limited partner's capital account declines below the value it had at the date that the incentive fee was calculated, no additional incentive fee will be charged until the year end value of the capital account is above the high watermark value. Shaker Investments LLC's principal and senior employees are also significant investors in the Tower Fund. This serves to align the interests of the firm with the interests of the limited partners of the fund. Also, the total client assets under management is small enough such that there is no investment opportunity that is so limited in size that Shaker's Investment managers would be unable to include it in all the Shaker portfolios for which it met the investment criteria. A full explanation of the fees charged by the Tower Fund is given in the offering memorandum.

Shaker SMA clients do not pay performance-based incentive fees, which creates a motivation to favor the Tower Fund in the assignment of investment opportunities and trading order because the compensation we receive from the limited partners is more directly tied to the performance of their accounts. These conflicts of interest are addressed in our Code of Ethics (COE) and Policies and Procedures to ensure that all clients are treated fairly and that all investments and trading execution opportunities are fairly allocated among clients.

## **Item 7      Types of Clients**

Shaker Investments LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit-sharing plans (other than plan participants)
- Other pooled investment vehicles (e.g., hedge funds, TAMPS)
- Charitable organizations
- Corporations or other businesses not listed above

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

### **METHODS OF ANALYSIS**

Shaker Investments is a research-driven firm. Our investment decisions are based on fundamental research of economic trends, investment themes and individual companies that we perform along with information available from other analysts, economists, the Federal Reserve banks, and the federal government. We start our analysis by considering and analyzing economic and demographic trends because changes in the characteristics and size of populations and economic conditions strongly influence the prospects of industries and individual companies. An understanding of the economic outlook and demographic factors helps us formulate and recognize growth investment themes and based on those themes, the industries and then the companies that are likely to benefit.

Having identified industries of interest, we target companies of interest within the target industries. We evaluate the companies to determine which ones we believe are superior to their competition and, most importantly, which ones we believe are superior growth investment candidates. In making this evaluation, we use a variety of information sources and criteria. The information sources include SEC filings by the company, meetings with company management, contacts with professionals in the same industries, meetings and presentations at investment and trade conferences, business publications, online databases and research obtained from brokerage firms.

Among the evaluation criteria is a group of eleven characteristics developed by Shaker that helps determine what we call "fundamental superiority". The group is shown below. We use the following methods of analysis in formulating our investment advice and/or managing client assets:

### **11 CHARACTERISTICS OF SUPERIOR GROWTH COMPANIES**

#### **1. Growth**

- Minimum industry revenue growth of approximately 7-10% per year

- Company growth faster than industry average
- Company has both near and long-term growth opportunities

## **2. Sustainable Competitive Advantage**

- Lower cost structure
- Brand name
- Limited competition due to barriers to entry
- Unique knowledge, processes or patents

## **3. Strong Management**

- Cohesive, deep, strong management
- Realistic, timely responses to challenges

## **4. Dominant Market Leadership**

- Strong niche products or services
- Increasing market share
- Ranking in top three market share

## **5. Single Mission**

- No conglomerates
- Management focused on a few business areas

## **6. Diverse Customer Base and Products**

- Not dependent on a few customers
- Multiple product offerings within its niche

## **7. Quality Leadership**

- Companies recognized by customers as "being the best at meeting their needs"
- Determined by discussions with the company, customers and competitors

## **8. New Products Development**

- Significant and consistent development of new products

## **9. Positive Earnings / Cash Flow**

- Not dependent on external equity capital to remain in business
- Management team focused on driving earnings per share

## **10. Conservative Financials**

- Conservative balance sheet - especially assets
- Significant cash positions
- Strong free cash flow

## **11. Significant Insider Ownership**

- Management owns a significant interest in the company
- Management's interests are aligned with shareholders

We screen and evaluate a large number of companies in order to identify 150 to 200 companies that rate highly on a majority of the above criteria. We focus our research on this subgroup. Value is a key consideration. Even a

company that meets all of our criteria for industry, quality, sustainable advantage and growth can be a poor investment if we purchase the shares at too high a price. For this reason, as part of our process, we analyze the valuations of each company's stock relative to the market, the industry, other companies in the subgroup, each company's expected growth in earnings and its historical valuation using a variety of measures. Among these measures are price to earnings (P/E both trailing and prospective), discounted cash flow value, price to book, free cash flow yield, price to sales, P/E to earnings growth rate, price to cash-flow and enterprise value to EBITDA . Our ultimate goal is to select for our portfolio strategies companies that we believe have superior businesses, are capable of sustaining above market rates of growth and whose potential value is not already fully reflected in the company's stock price.

The fundamental analysis described above does not attempt to anticipate short-term market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. To help mitigate this risk we use technical analysis to identify trends and inform our trading strategy.

#### ***Risks for all forms of analysis***

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data could be incorrect, there is always a risk that our analysis could be compromised by inaccurate or misleading information.

### **INVESTMENT STRATEGIES**

The investment strategies for Shaker's Fundamental Growth, Small Cap Growth, Asset Allocation Strategy and Tower Fund portfolios are discussed in the following sections. A more complete discussion of the Tower Fund and the investment strategies it employs are contained in the offering memorandum which is furnished to interested accredited investors on a privately solicited basis.

#### ***Fundamental Growth Composite***

The Fundamental Growth Composite portfolio began on October 1, 1991. The portfolio strategy's goal is to achieve superior long-term equity returns by investing in growth stocks. The portfolio is concentrated and usually consists of some 35 to 50 long positions. These positions are typically in stocks of companies that are growing at faster rates than their industry's average. In addition to U.S. based companies, foreign based stocks or ADR's can be included in the portfolio. All investments, both domestic and foreign, trade on U.S. stock exchanges. In pursuing superior long-term gains, Shaker tries to emphasize stock picking rather than sector selection. The sector weightings in the Fundamental Growth Composite are tracked and the portfolio manager will seek to limit the portfolio's sector concentrations to within plus or minus 5% of the sector weightings of the comparable all-cap index sector weights. At frequent research meetings the Shaker Investments investment team reviews the sector weightings in the Fundamental Growth Composite in comparison to the sector weightings in the index. The Portfolio Manager and all members of the investment team seek to ensure that the Fundamental Growth portfolio's sector weightings versus the sector weighting of the index are appropriate in light of the current potential returns and stock opportunities in each sector. This is a judgment made by the portfolio manager and analysts and leads to over or underweighting of sectors in the portfolio versus the index.

#### ***Small Cap Growth Composite***

The Small Cap Growth Composite portfolio was established July 1, 2004. The portfolio strategy seeks to achieve superior long-term equity returns by investing in small capitalization growth stocks. In general, Shaker defines small capitalization as companies with a range of market values between \$50 million and \$6.0 billion. Over time

this capitalization range has increased due to the very large increases in the market capitalization of growth stocks. The portfolio manager's objective is long-term capital appreciation while outperforming a popular small-cap growth index while achieving volatility similar to the volatility of the index. The portfolio is concentrated with typically 35-50 positions. These positions are in stocks of companies growing earnings at rates faster than their industry. In addition to U.S. based companies, foreign based stocks or ADR's are included in the portfolio. All investments, both domestic and foreign, trade on U.S. stock exchanges. In pursuing superior long-term gains, Shaker tries to emphasize stock picking rather than sector selection. The sector weightings in the Small Cap Growth are tracked and the portfolio manager will seek to limit the portfolio's sector concentrations to within plus or minus 5% of the sector weightings of the comparable small-cap growth index sector weights. At frequent research meetings the Shaker Investments investment team reviews the sector weightings in the Small Cap Growth Composite in comparison to the sector weightings in the index. The Portfolio Manager and all members of the investment team seek to ensure that the Small Cap Growth portfolio's sector weightings versus the sector weighting of the index are appropriate in light of the current potential returns and stock opportunities in each sector. This is a judgment made by the Portfolio Manager and analysts and leads to over- or under-weighting of sectors in the portfolio versus the index.

### ***Shaker Asset Allocation Strategy***

In our Asset Allocation Strategy rather than focusing primarily on securities selection, our objective is to identify an appropriate ratio of asset classes suitable to the client's investment goals and risk tolerance. Allocation models are determined following a review and agreed upon by the Client and Manager. We encourage our clients to invest using the "Two Portfolio Approach" which consists of having one investment portfolio allocation with a long-term time horizon (3 years or more), and one investment allocation with a short-term time horizon (less than 3 years). The long-term allocation is for purposes such as retirement, legacy planning, potential future medical expenses or any other financial needs with a time horizon of at least 3 years. This portfolio consists of asset classes that are more volatile but provide a higher potential return. This would include equity, real estate, and some corporate bonds. The short-term allocation is for financial needs that are expected in the near future, or as a provision for needs that might occur without warning. The short-term portfolio would be appropriate for use as a "rainy day" fund (3-6 months of living expenses), a down payment on a soon to be purchased house, or any contingent expense that is expected to occur within 3 years. The portfolio consists of asset classes that are less volatile but offer potentially lower returns. Some examples are cash, money market funds, and short duration government or agency bonds. Studies have shown that individual investors do a poor job at timing the market. They sell when they should buy and buy when they should sell. The point of the Two Portfolio approach is to provide a solution for investors to withstand short-term market fluctuations and to reduce the urge to buy and sell at the wrong time. A risk of asset allocation is that the client does not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equity, fixed income, cash and other assets will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

### ***Shaker Investments Tower Fund, LP***

The Shaker Investments Tower Fund, LP began operations on January 1, 1999. The Tower Fund is a long- short hedge fund which invests in primarily growth stocks that trade on a U.S. stock exchange. Shaker Investments LLC is the investment adviser to the fund. The Fund is not required to register as an investment company under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered. The Fund is managed by the General Partner, Shaker Hedge GP on a discretionary basis in accordance with the terms and conditions of the Fund's offering and organizational documents. Shaker Hedge GP is made up of the owners and employees of Shaker Investments LLC.

The fund's objective is long-term capital appreciation with high tax efficiency. The fund typically holds 40 to 50

long positions, and 25 to 40 short positions. Stocks are selected across all market capitalizations, but the fund often has an above-market weighting in small and mid-capitalization stocks which are thinly traded and therefore more difficult to sell in the event of a market downturn. At regular research meetings the Shaker Investments investment team reviews the sector weightings in the Tower Fund in comparison to the sector weightings in a US All Cap Index. The Portfolio Manager and all members of the investment team seek to ensure that the Tower Fund's net sector weightings versus the sector weighting of the broad all-cap index are appropriate in light of the current potential returns and stock opportunities in each sector. This is a judgment made by the portfolio manager and analysts and leads to over and underweighting of sectors in the Tower Fund versus the index. Margin is the only leverage used by the fund. Historically the fund has ranged between 45% and 130% net long. Realized taxable income has mainly been in the form of long-term capital gains. All investments are thoroughly researched prior to investment and closely followed after being put into the fund.

Long stocks are chosen in accordance with the methods of analysis described above in the section entitled "Methods of Analysis." Short positions consist primarily of individual stocks that the fund manager believes are overvalued, and also include ETFs selected as a hedge on one or more long positions. For short sales, Shaker borrows shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, Shaker buys the same stock and returns the shares to the original owner. Shaker engages in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If the stock price declines since the shares were borrowed from the original owner, the client account realizes the profit.

In 2023, Shaker used options as an investment strategy for the Tower Fund. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative because it derives its value from an underlying asset. The two types of options are calls and puts. Shaker will use options to speculate on the possibility of a sharp price swing to "hedge" a purchase of the underlying security. In other words, Shaker will use an option purchase to limit the potential upside and downside of a security in your portfolio. Shaker will use "covered calls" or sell an option on security a client owns. In this strategy, clients receive a fee for making the option available, and the person purchasing the option has the right to buy the security from a client at an agreed-upon price.

Shorting of stocks, the use of options and ETFs involves increased risk of loss. Investment in less liquid stocks of all capitalizations also involves increased risk of loss. The Tower Fund invests in both of these asset classes and incurs increased risk by doing so.

The Tower Fund also restricts withdrawals thereby imposing additional risks. The Tower Fund has a performance incentive fee structure that also increases risk. The Tower Fund is offered only on a private placement basis to qualified investors. Accordingly, performance data and the portfolio turnover of the Tower Fund is not included here. Clients interested in investing in the partnership should request a copy of the partnership's private placement memorandum for more information specific to the partnership.

Shaker seeks to enhance the after-tax returns realized by all clients by investing in companies with excellent long-term potential and deferring the recognition of gains (when not in conflict with the goal of maximizing returns) until they can be recognized and taxed as long-term capital gains. All investments are researched prior to investment and closely followed after being put into the portfolio. Stocks are chosen in accordance with the methods of analysis described above in the section entitled "Methods of Analysis." Although not all of our purchases result in long-term holdings, we generally purchase securities with the objective of holding them in the client's account for a year or longer. A risk in a long-term holding strategy is that by holding a security for a year

or more we miss short-term gains that could have been profitable to the client. Moreover, if our predictions are incorrect, a security declines sharply in value before we make the decision to sell.

Individual stocks in the portfolio have their weightings adjusted from time to time as the portfolio manager seeks to optimize the portfolio or are sold from the portfolio and replaced. A stock is sold from the portfolio when the portfolio manager believes a better investment is available, that the company is overvalued relative to its expected growth potential, when a company's outlook has fundamentally changed, or to limit portfolio concentration. An increase in the market capitalization of companies in the portfolio due to increases in the share prices alone will not trigger a sale. The portfolio will usually be fully invested in equities. The portfolio manager raises cash as a percent of the portfolio by selling investments when he believes market conditions warrant having increased cash levels. Small-cap stocks are often thinly traded and more difficult to buy and sell than larger capitalization stocks. For these reasons, investing in small capitalization stocks can present increased risk of loss.

Shaker Investments, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented performance reports in compliance with the GIPS standards. Shaker has been independently verified for the periods from January 1, 2017 to December 31, 2023 by Cohen and Company Ltd. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Shaker Investments Small Cap Growth Composite, Fundamental Growth Composite and Tower Fund L.P. have had a performance examination for the periods from January 1, 2017 to December 31, 2023. GIPS-compliant verification and performance reports are available upon request by emailing [kacie@shakerinvest.com](mailto:kacie@shakerinvest.com). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

**Risk of Loss:** Securities investments are not guaranteed and involve unpredictable risk of loss. For this reason, we advise our clients to understand their tolerance for risk, and to not place in their managed accounts funds that they require to meet ongoing living expenses or possible emergency needs. Clients should only invest funds for management that they are able and willing to place at risk of substantial loss. Although we disclose our past returns for our investment strategies, our past performance is not an indicator of future performance of any investment strategy. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

Investing in the Tower Fund entails additional risks which include risks involved in shorting stocks and in more frequent trading which increases transaction costs. The risks are further discussed in the fund's offering memorandum.

## **Item 9      Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

### **MATERIAL RELATIONSHIPS OR ARRANGEMENTS WITH FINANCIAL INDUSTRY**

The principals of Shaker Investments are also the principals of Shaker Hedge, GP the entity formed as the General Partner of the Tower Fund (the Fund). The General Partner has designated Shaker Investments as having primary responsibility for investment management and administrative matters, such as accounting, tax and periodic reporting, pertaining to the Fund. Shaker Investments and our members, officers and employees will devote to the Fund as much time as we deem necessary and appropriate to manage the Fund's business.

Shaker Investments is not restricted from forming additional investment funds or entering into other investment advisory relationships, even though such activities involve substantial time and resources of our firm. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our management personnel and employees might not be devoted exclusively to the existing business of Shaker Investments. The Tower Fund is a private investment fund, in which only accredited investors invest as limited partners. Because investment in these types of entities involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. Investments in the Fund can be recommended by Shaker to advisory clients on a private basis for whom a partnership investment is more suitable than a separate advisory account managed by our firm. At the time of this disclosure document, approximately 5% of Shaker Investments' clients with separately managed accounts are also invested in this fund.

Because Shaker recommends the purchase of the Tower Fund to some clients, and the General Partner of the Tower Fund is owned by principals and employees of Shaker Investments, and Shaker Investments is the investment adviser for the Tower Fund, this results in one or more conflicts of interest. Shaker Investments and its principals will receive compensation from the Tower Fund as a result of their positions as investment adviser and General Partner to the fund. This means that Shaker Investments and its principals each have an incentive to recommend that Shaker clients purchase partnership interests in the Tower Fund, even if such an investment would not be appropriate for such client.

In order to address these potential conflicts of interest, Shaker has adopted a Code of Ethics and compliance policies and procedures (see Item 11 "Code of Ethics..."). Shaker's policies and procedures state that all Shaker employees recognize that they have a fiduciary responsibility to all of our clients and it is their duty to place the interests of the client first, and that all personal investment activities be conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility. Furthermore, Shaker discloses to all investors and prospective investors in the Tower Fund the nature of the fund's ownership structure and incentive fee arrangement. For additional potential conflicts of interests and the policies of Shaker that address such matters, see under the disclosures and discussions in Item 11 of how Shaker addresses these matters so as to minimize the risks from conflicts of interest.

Clients should be aware that the receipt of additional compensation by Shaker Investments LLC and its management persons or employees creates a conflict of interest that could impair the objectivity of our firm and these individuals when making advisory recommendations. Shaker Investments LLC endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; Shaker takes the following steps to address this conflict:

- Disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- Disclose to clients that they are not obligated to purchase recommended investment products from our



employees or affiliated companies;

- Collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- Require that our employees seek prior approval of any outside employment activity so that we ensure that any conflicts of interests in such activities are properly addressed;
- Periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- Educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Our firm and our related persons are not engaged in any other financial industry activities and have no other industry affiliations and are prohibited by our firm's Policies and Procedures and Code of Ethics from engaging in any outside activity or employment that poses or could pose a conflict of interest with our fiduciary duty to our clients.

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

Our firm has adopted a Code of Ethics which governs the employment and actions of all employees and sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You can request a copy by email sent to [kacie@shakerinvest.com](mailto:kacie@shakerinvest.com), or by calling us at 216-292-2950. The disclosures and policies cited below are taken from or paraphrased from the Code of Ethics.

Shaker Investments LLC and our personnel have a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. The Code requires that employees place the interests of Clients first, and that any and all personal securities transactions by employees at all times avoid conflicts or potential conflicts of interest between themselves and our clients, and do not abuse their position of trust and fiduciary responsibility.

Our Code of Ethics requires all employees to submit initial and annual securities holdings reports as well as copies of their quarterly brokerage reports for the review of employee securities transactions. The Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The code further prohibits Shaker Investments and individuals associated with our firm from engaging in principal transactions and agency cross transactions. The code also provides for oversight, enforcement and record keeping provisions. Shaker Investments LLC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information cannot be used in a personal or professional capacity.

### **Recommend Securities with Material Financial Interest**

The Shaker Investments Code of Ethics require that no director, officer, general partner or employee of Shaker Investments, LLC shall recommend any securities transaction by any account, including the purchase or sale of a security, without having disclosed his or her interest, if any, in such security or the issuer thereof, including without limitation, (i) his or her direct or indirect beneficial ownership of any security of such issuer, (ii) any contemplated transaction by such person in such security, (iii) any position with such issuer or its affiliates, and

(iv) any present or proposed business relationship between such issuer or its affiliates, on the one hand, and such person or any party in which such person has a significant interest, on the other. This set of requirements is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

#### ***Investing in the Same Securities Recommended to Clients***

Our firm and/or individuals associated with our firm buy or sell for their personal accounts securities that are identical to or different from those recommended to our clients. In addition, any related person(s) can have an interest or position in a certain security(ies) which are also recommended to clients. Firm policy prohibits all persons employed by us from trading in securities substantially identical to those held in client accounts if the security is being considered for purchase or sale by the Adviser and from trading securities being considered for purchase in client accounts. Shaker policy prohibits any employee to purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing any employee from benefiting from transactions placed on behalf of advisory clients.

The securities owned by the Tower Fund are traded on the same trading desk as the securities traded for Shaker Investment's clients. In some instances, the same securities owned in our Small Cap or Fundamental Growth strategies are owned in the Tower Fund. In these situations, trades for the Tower Fund are handled in the same manner as trades for our other institutional clients. Trading sequence and priority are decided by a rotation that alternates between institutional and individual clients, and within each category is randomly allocated so that no single account is traded in a sequence that gives that account an advantage over any other account. In addition, order execution is alternated during the trading of a security so that no account, including the Tower Fund, receives an unfair advantage. Trading rotation policies are documented in the Adviser's Trading Policy and Procedure Manual and are available to clients on request.

We aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro- rata, with each account paying the average price. Our employee accounts will be included in the pro- rata allocation.

#### ***Personal Trading Policies***

All trading in the personal accounts of Shaker employees that are managed by Shaker will be done on the Shaker trading desk after being documented and approved by a portfolio manager and a compliance officer. For any accounts not managed by Shaker, the employee must document the proposed trade and secure the approval of a portfolio manager and the CCO. For all employee accounts trading approval must be withheld by portfolio management and/ or compliance if they see any conflict or potential conflict with the interests of Shaker's clients. Employee trades in any security identical to one held by clients will only be permitted after all client trades in the securities have been completed.

In the case of any situations which represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm shall put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm shall buy or sell securities for their personal portfolio(s) where their

decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

3. It is the expressed policy of our firm that no person employed by us can purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions will be subject to termination.

## **Item 12 Brokerage Practices**

With the exception of the Tower Fund, Shaker Investments does not maintain custody of client assets that we manage. Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or a bank. We are able to work with any qualified custodian. We often recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold client assets in a brokerage account and provide Shaker with a web-based trading platform that allows us to buy and sell securities in the account.

Schwab provides Shaker Investments 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 advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, low transaction costs for trades, research, and access to investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Shaker Investments but does not directly benefit our clients' accounts. Many of these products and services are used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);

- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

While we recommend that clients use Schwab as custodian/broker, clients can decide to use any custodian/broker of their choice, and we will work with them. Clients will open their account with their selected custodian/broker by entering into an account agreement directly with them. We do not open accounts for clients, although we assist clients in doing so. We will be happy to work with any custodian/broker that a client selects to hold their account.

Generally, all trades in individual accounts are executed through the custodian/broker for that account. The client pays the trading execution fee charged by his custodian/broker on each trade according to the agreement in place between the client and the custodian/broker. Shaker does not receive any compensation from these trades.

In Institutional accounts and the Tower Fund, or accounts where Shaker has more discretion over where a trade is executed, we will endeavor to select those brokers or dealers which will provide the best services at competitive commission rates.

Among the criteria used in selecting a broker are the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Shaker Investments in providing investment management services to clients. Shaker Investments therefore uses a broker who provides useful research and securities transaction services even though a lower commission is charged by a broker who offers no research services and minimal securities transaction assistance. Research services are useful in servicing all our clients, but not all of such research is useful for the account for which the particular transaction was affected.

For discretionary clients, Shaker Investments LLC requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions. These clients must include any limitations on this discretionary authority in this written authority statement. Clients can change/amend these limitations as required. Such amendments must be provided to us in writing.

Consistent with obtaining best execution for clients, Shaker Investments directs brokerage transactions for clients' portfolios to brokers who provide research and execution services to Shaker Investments and, indirectly, to Shaker Investments' clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This can be done without prior agreement or understanding by the client (and done at our discretion). Research services obtained through the use of soft dollars are developed by brokers to whom brokerage is directed or by third parties which are compensated by the broker. Shaker Investments does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help us to fulfill our overall duty to our clients. Shaker Investments does not use each particular research service, however, to service each client. As a result, an Institutional client or the Tower Fund pays brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Some broker-dealers we select are paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if Shaker Investments determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular

transaction or our overall duty to its ('brokerage') discretionary client accounts.

Certain items obtainable with soft dollars will not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be fairly allocated and Shaker Investments makes a good faith effort to determine the percentage of such products or services which are considered as investment research. The portions of the costs attributable to non-research usage of such products or services are paid by our firm to the broker-dealer in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934

When Shaker Investments LLC uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that Shaker Investments LLC does not have to produce such products internally or compensate third parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

Trades that Shaker executes via Raymond James Electronic Trading (RJET) are charged a fee of \$0.04 per share. Shaker receives a "soft dollar" credit of \$0.03 per share on these trades which is accumulated in a "soft dollar account." Shaker also executes limited option trades via the Bloomberg Tradebook platform managed by Goldman Sachs for the Tower Fund only. The option trades are charged a fee of \$2.00 per share. Shaker receives a "soft dollar" credit of \$1.35 per share which is accumulated in a separate "soft dollar account."

The "soft dollars" are used by Shaker to pay for research software and services which help our portfolio managers make better decisions and is beneficial to all of our clients, including individual clients who are not paying for the trades that generate the "soft dollars."

In 2023, Shaker obtained the following products and services on a soft-dollar basis:

- Bloomberg Finance LP
- Refinitiv Eikon
- Intrinsic Research Systems
- NYSE Market Inc.
- Option Price Reporting Authority

Shaker Investments LLC will execute block trades where possible and when advantageous to clients. This block trade method permits the trading of aggregate orders of securities in an omnibus or Delivery vs. Payment (DVB) account. Trades are executed in the open market via an authorized trading partner.

Block trading allows us to execute equity trades in a timelier, more equitable manner, at an average share price. Shaker Investments LLC will typically aggregate trades among clients whose accounts are traded at a given broker, therefore providing the same average price to all of our clients at that brokerage. Shaker generally will rotate and vary the order of brokers through which it places trades for clients on any particular trade. Shaker Investments LLC's aggregation of trades policy and procedures are as follows:

1. Transactions for any client account will not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Shaker Investments LLC, or our firm's order allocation policy.
2. The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

3. The portfolio manager must reasonably believe that the order aggregation will benefit and will enable Shaker Investments LLC to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, and the best net price.
4. Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
5. If the order cannot be executed in full at the same time, the securities actually purchased or sold by the close of each business day must be allocated at random pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation.
6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs are sometimes based on the number of shares traded for each client.
7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
8. Shaker Investments LLC's client account records separately reflect, for each account which participated in the aggregated transaction, the securities which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on Shaker Investments LLC's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another. In order to ensure this, Shaker uses a system that randomly rotates accounts for trading, alternating between institutional and individual accounts, and within each class, choosing the brokerage at random and at each broker the account at random using a random generator for selecting the order.

Schwab makes available, arranges and/or pays third-party vendors for the types of services rendered to Shaker Investments LLC. Schwab Institutional discounts or waives 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 our firm. Schwab Institutional also provides other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

Shaker does not steer executions to brokers in exchange for client referrals. Shaker allows large institutional clients to direct trades to, not only their custodial broker, but other brokers if this practice is included in such client's Management Agreement. If a client directs Shaker to execute transactions for their accounts through a particular broker-dealer, this direction could impede Shaker's ability to obtain best execution for the client. In these circumstances, Shaker will not always have the ability to negotiate commissions, obtain volume discounts or otherwise obtain best execution for such client.

## **Item 13      Review of Accounts**

### **SMA CLIENTS**

#### ***Reviews***

While the underlying securities within SMA accounts are continually monitored, Shaker Investments reviews Shaker's portfolio performance on a monthly basis to gain a better idea of how we are performing against comparable indices and allocation models, and to help us to better achieve our investing goal of superior long-term capital appreciation for our clients. These accounts are reviewed by the Head of Trading and Technical Analysis.

We encourage our clients to schedule a review with us of their accounts on an annual basis to discuss their investment goals, review account performance and status, discuss our investment strategies or to help us to have a better understanding of how we can help clients meet their investing goals. Clients should request a review of their accounts if they feel their financial situation, goals, or tolerance for risk has changed significantly since the last review. Shaker does not apply any specific review triggers for review of accounts with our clients.

#### ***Reports***

In addition to the monthly statements and confirmations of transactions that clients receive from their custodians, Shaker Investments LLC provides all individual account clients a quarterly report which shows the account's performance for the quarter, a detailed analysis of the account's performance over the total period of the Shaker - Client relationship, the holdings, and balance for the quarter. Monthly updates will be prepared by client request. See Item 15 "Custody" for a more detailed discussion of account reporting reports summarizing account performance, balances and holdings.

### **FINANCIAL PLANNING SERVICES**

#### ***Reviews***

While reviews occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

#### ***Reports***

Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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

### **CLIENT REFERRALS**

Our firm pays referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

Sales practices for the Tower Fund are described in the offering memorandum.

In 2023, Shaker Investments entered into subadvisor agreements with two non-affiliated third party registered investment advisors. These advisors recommend to certain clients and engage on their behalf investment advisory services from Shaker Investments as a subadvisor.

It is Shaker Investments LLC's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe there to be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, Shaker provides all individual account clients a quarterly report which shows account's performance for the quarter, and the account's positions and the value of each position. The report for the fourth quarter of the year includes a compilation of income, capital gains, capital losses and dividends for the year which will be useful in preparing income tax filings. In addition, on a monthly basis Shaker does an internal reconciliation for each client account. This process compares our internal account information with the monthly information provided to us by each of the account custodians. For each account we confirm that all positions match, all balances are the same, and that all trades are properly recorded and in agreement with the information we receive from the account custodian.

We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current. If there are any discrepancies or questions, clients should contact Shaker and their custodian/broker. We will be happy to assist clients in reconciling any differences.

The Shaker Investments Tower Fund LP's general partner, Shaker Hedge GP, LLC is owned by the principals and employees of Shaker Investment LLC. Pursuant to SEC Rule 206(4)-2(d)(2) Shaker Investments LLC is deemed to have custody of the funds held by Shaker Investments Tower Fund LP. In order to meet the requirements of Rule 206(4)-2(d)(2), an annual audit of the Tower Fund is performed by an independent auditor and is delivered along with the financial statements to the Tower Fund limited partners within 120 days following the end of the Fund's fiscal year which is December 31.

Investors in the Tower Fund receive a quarterly report showing the fund's performance and the value of their capital account at the beginning and end of each quarter. Tower Fund Investors also receive a copy of the annual audit report for the fund, and a form K-1 for preparing and filing income tax returns. Tower Fund audits are performed by an independent auditing firm.



## **Item 16 Investment Discretion**

Shaker has discretionary authority to trade securities in client accounts as stated in our Management Agreement with the client. This discretionary authority remains in effect for the one-year term of the Management Agreement and any subsequent automatic renewals of that agreement. Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary agreement with our firm and can limit this authority by giving us written instructions. For example, clients can request the purchase or sale of specific investments, prohibit the purchase or sale of specific stocks, or require that a certain level of cash be maintained in the account. Clients can also change/amend such limitations by once again providing us with written instructions. We are ready at any time to discuss clients' needs and how we can best meet them. Included in our Management Agreement is a Limited Power of Attorney which formally defines the discretionary investment authority given to Shaker over the accounts we manage for our clients. The custodian/broker that clients select is given a copy of the Management Agreement when they become a Shaker client.

## **Item 17 Voting Client Securities**

We vote proxies for some but not all client accounts. Clients can request in writing that Shaker votes their proxies, in which case Shaker will exercise proxy voting rights with respect to the assets in the client's account in accordance with our determination of what we believe is in the best interest of the client. Clients can at their election, choose to receive proxies related to their own accounts, in which case we will consult with clients as requested. While Shaker provides investment advisory services relative to client investment assets, unless requested in writing clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of their account assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We can provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business. For accounts subject to the Employee Retirement Income Security Act (ERISA) - generally pension fund clients- Shaker will exercise proxy voting rights with respect to the assets in the Account, in accordance with the investment guidelines and policies applicable to the assets in the Account, as provided to Shaker from time to time, in writing, by the client.

In the case of the Tower Fund, Shaker exercises the right and responsibility for voting proxies in accordance with our determination of what is in the best interest of the Tower Fund's Limited Partners.

A copy of Shaker's complete proxy voting policy is available upon written request. In addition, information on how specific proxies have been voted is available upon written request.

In the event of legal proceedings involving companies whose securities are held in the client's account(s), e.g., class action settlements on behalf of securities holders, we will make commercially reasonable efforts to assist

the client in responding to and participating in the settlement in a timely manner, including, but not limited to, the filing of "Proofs of Claim." If desired, clients can direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Shaker will file all applicable claims on behalf of the Tower Fund.

## **Item 18      Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Shaker Investments LLC has no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Shaker Investments has not been the subject of a bankruptcy petition at any time.