

**Firm Brochure**  
(Part 2A of Form ADV)



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**March 30, 2024**

This Brochure provides information about the qualifications and business practices of Ariston Services Group, LLC. If you have any questions about the contents of this brochure, please contact us at: (619)241-2326, or by email at: peter@aristonservicesgroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC"), or by any state securities authority and references in this Brochure to Ariston Services Group, LLC as a "registered investment adviser" are not intended to imply a certain level of skill or training, and not inference to the contrary should be made.

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

## **Item 2 - Material Changes**

There were no material changes since the filing of the Brochure on March 17, 2023.

The Firm routinely makes changes throughout the Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry regulations and firm practices.

### Full Brochure Available:

Whenever you would like to receive a complete copy of the Brochure free of charge, please contact us by telephone at: (619)241-2326 or by email at: [peter@aristonservicesgroup.com](mailto:peter@aristonservicesgroup.com).

## Item 3 - Table of Contents

### Contents

Item 2 - Material Changes .....	I
Item 3 - Table of Contents .....	II
Item 4 - Advisory Business.....	1
Item 4 - Wrap Fee Programs .....	3
Item 5 - Fees and Compensation .....	3
Item 7 -Performance Based Fees and Side by Side Management.....	8
Item 8 - Types of Clients .....	9
Item 9 - Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 10 - Disciplinary Information .....	15
Item 11 - Other Financial Industry Activities and Affiliations .....	15
Item 12 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..	15
Item 14 - Review of Accounts or Financial Plans .....	19
Item 15 - Client Referrals and Other Compensation .....	19
Item 16 - Custody.....	20
Item 17 - Investment Discretion.....	21
Item 18 - Voting Client Securities .....	21
Item 19 - Financial Information .....	22

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**Item 4 - Advisory Business**

Description of the Advisory Firm:

Ariston Services Group, LLC, hereinafter (“the Adviser” or the “Firm”) was founded in 2008 and is an SEC registered investment adviser.

The Firm provides financial planning, consulting, and investment management services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and business entities. The Firm also provides advisory services to a private investment fund organized as a California Limited Partnership, the Ivanhoe Partners Fund, LP (the “Ivanhoe Fund”). The Ivanhoe Fund is closed to new investors. Peter E. Shenan, is the managing member of the general partner of the Ivanhoe Fund (“General Partner”). The General Partner has appointed the Adviser as an investment adviser to the Ivanhoe Fund.

Types of Services:

The Adviser provides investment advisory services, also known as asset management services and furnishes investment advice through consultations. The Firm also provides financial planning advice as further described below.

The Firm will only implement its investment management recommendations after the client has arranged for and furnished the Firm with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, Charles Schwab, other broker-dealer recommended by the Firm, other broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the “Financial Institution(s)”).

Prior to engaging the Firm to provide financial planning and/or consulting services, the client will generally be required to enter into a written agreement with the Firm setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the client prior to the Firm commencing services. Generally, the Firm requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering into the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

The Ivanhoe Fund serves as fund through which the assets of its partners are utilized to acquire, hold, operate, manage, finance, and dispose of investments through centralized management to streamline the investment decision process. The Ivanhoe Fund is a limited partnership, comprised of limited partner investors and a general partner of which Peter E. Shenan is the Managing Member. The activities of the Ivanhoe Fund are governed by a limited

partnership agreement (“Governing Documents”) that specifies the investment guidelines and investment restrictions applicable to the Ivanhoe Fund.

In performing its services, the Firm shall not be required to verify any information received from the client or from the client’s other professionals (such as the client’s attorney or accountant) and is expressly authorized to rely on such information. The Firm will recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if the Firm recommends its own services. The client is under no obligation to act upon any of the recommendations made by the Firm under a financial planning /consulting engagement and/or engage the services of any such recommended professional, including the Firm itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Firm’s recommendations. Moreover, each client is advised that it remains their responsibility to promptly notify the Firm if there is ever any change in their financial situation or investment objectives.

As of December 31, 2024, the Firm manages approximately \$466,856,592.19 in assets for approximately 69 clients. Approximately \$330,663,719.46 is managed on a discretionary basis, and \$136,663,719.46 is managed on a non-discretionary basis.

Types of Agreements:

The following agreements define the typical client relationship:

*Financial Planning Agreement.* The financial plan could include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

The financial planning could be the only service provided to the client and does not require that the client use or purchase the investment advisory services offered by the Firm. The Firm does not make any representation that these products and services are offered at the lowest available cost and the client could be able to obtain the same products or services at a lower cost from other providers.

*Investment Management Agreement.* As part of the investment management service, various aspects of the client’s financial affairs are reviewed, realistic and measurable goals are set and objectives to reach those goals are defined. As client goals and objectives change over time, suggestions are made and implemented on an ongoing basis. The Firm periodically reviews a client’s financial situation and portfolio through periodic contact with the client which typically includes an annual meeting.

The scope of work and fee for advisory services is provided to the client in writing prior to the start of the relationship (such agreement is referred to as the “Advisory Services Agreement”). The Advisory Services Agreement sets forth the services to be provided, the fees for the service and that the agreement can be terminated by either party in writing at any time.

*Hourly Planning Engagements.* The Firm provides hourly planning services for clients who need advice on a limited scope of work.

**Asset Management Services:**

The Firm could invest in the following as part of its asset management services: equities (stocks), warrants, corporate debt securities, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, and interests in partnerships, exchange traded funds.

The Firm could also invest in Alternative Investment Strategies, including: private equity strategies in oil & gas exploration/production, growth equity, real estate & mezzanine, multi-strategy hedge & closed-end master limited partnership funds, shipping, & high yielding debt securities.

The Firm intends to primarily allocate its client’s investment management assets, on a discretionary and/or a non-discretionary basis among Independent Managers (as defined below), including mutual funds, and exchange traded funds in accordance with the investment objectives of the client.

The Firm may also provide advice at the beginning of the relationship on any type of investment held in a clients portfolio.

**Item 4 - Wrap Fee Programs**

The Firm does not directly participate in wrap fee programs.

**Item 5 - Fees and Compensation**

**Investment Advisory Services.**

The Firm bases its fee for investment management services on a percentage of assets under management.

When a client determines to engage the Firm to provide investment management services, the Firm shall do so on a fee basis. The Firm shall charge an annual fee based upon a percentage of the market value of the assets being managed by the Firm in accordance with a tiered blended rate fee schedule. The annual investment management fee is calculated by applying different rates to different portions of the portfolio (See the Schedule and Sample Calculation in the table below.)

The Firm's annual fee is exclusive of, and in addition to any brokerage commissions, transaction fees, and other related costs and expenses which could be incurred by the client. The Firm does not receive any portion of these commissions, fees, and costs.

The Firm's annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. The annual fee shall vary (between 0.40% and 1.50%) depending upon the market value of the assets under management in accordance with the tiered/blended fee schedule set forth below. As further described below, in addition to the investment management fee, clients may incur additional certain charges imposed by unaffiliated third parties. As well, clients may also opt to engage the Firm for financial planning services, separate and apart from, or in addition to, investment management services.

<b>Schedule of Investment Management Fees</b>	
<b>Assets Under Management (AUM) Tiers</b>	<b>Annual Percentage Fee</b>
Amounts of \$0.00 - \$500,000	1.50%
Amount above \$500,000 to \$1 million	1.00%
Amount above \$1 million to \$2 million	.75%
Amount above \$2 million to \$5 million	.50%
Amounts over \$5 million	.40%

<b>Sample Calculation of Investment Management Fees:</b>				
<b>Ending Value: \$5,100,000</b>				
\$0.00 -	\$500,000.00 =	(\$500,000.00 x	0.015) =	\$7,500.00
\$500,000.01 -	\$1,000,000.00 =	(\$500,000.00 x	0.010) =	\$5,000.00
\$1,000,000.01 -	\$2,000,000.00 =	(\$1,000,000.00 x	0.0075) =	\$7,500.00
\$2,000,000.01 -	\$5,000,000.00 =	(\$3,000,000.00 x	0.0050) =	\$15,000.00
\$5,000,000.01 -	\$5,100,000.00 =	(\$100,000.00 x	0.0040) =	\$400.00
<b>Gross Annual Fee:</b>				<b>\$35,400.00</b>

This is a tiered or breakpoint fee schedule, clients pay a lower fixed fee rate for each tier in which they have assets. The Firm, at its discretion could on occasion discount the fees.

In addition to the Investment Management Fee, clients may also incur certain charges imposed by unaffiliated third parties. Such charges may include, but are not limited to, fees charged by Independent Managers (as defined below), custodial fees, brokerage commissions, transaction fees, charges imposed directly by a mutual fund, index fund, exchange traded fund, or private fund purchased for the account which shall be disclosed in the fund's prospectus or private placement memorandum (e.g., fund management fees

and other fund expenses), fees imposed by variable annuity providers and disclosed in the annuity contract, certain deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

The Firm's Agreement and/or the separate agreement with the Financial Institution(s) could authorize the Firm through the Financial Institution(s) to debit the client's account for the amount of the Firm's fee and to directly remit that management fee to the Firm in accordance with applicable custody rules. The Financial Institution(s) recommended by the Firm have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to the Firm.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Firm in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Firm will not be increased.

The Firm can also recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager(s) ("Independent Manager(s)"), based upon the stated investment objectives of the client. The terms and conditions under which the client shall engage the Independent Manager(s) shall be set forth in separate written agreements between (1) the client and the Firm and (2) the client and the designated Independent Manager(s). The Firm shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which the Firm shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager(s). Factors that the Firm shall consider in recommending Independent Manager(s) include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s), together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, could be exclusive of, and in addition to, the Firm's investment advisory fee set forth above. The Firm reviews the fees of the Independent Manager to ensure that such fees will not exceed industry standard of excessive fees. Information regarding the services and strategies of the Independent Manager are to be found in such Independent Manager's Form ADV 2A and other disclosure documents.

In addition to the Firm's written disclosure statement, the client shall also receive the written disclosure statement of the designated Independent Manager(s). Certain Independent Manager(s) could impose more restrictive account requirements and varying billing practices than the Firm. In such instances, the Firm will alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s).

The Firm also offers non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they own, and/or (2) their individual employer



sponsored retirement plans. In so doing, the Firm can either direct or recommend the allocation of client assets among various mutual fund subdivisions that comprise variable life/annuity product or retirement plans. These client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product or at the custodian designated by the sponsor of the client's retirement plan.

The client can make additions to and withdrawals from the account at any time, subject to the Firm's right to terminate an account. If assets are deposited into, or withdrawn from, an account after the inception of a quarter that exceed \$10,000, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter. Clients can withdraw account assets on notice to the Firm, subject to the usual and customary securities settlement procedures. The Firm designs its portfolios as long-term investments and assets withdrawals could impair the achievement of a client's investment objectives.

For the initial quarter of investment management services, the first quarter's fees shall be calculated on a pro rata basis. The Advisory Services Agreement between the Firm and the client will continue in effect until terminated by either party pursuant to the terms of the agreement. The Firm's annual fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

Additions can be made in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. How clients are advised that when transferred securities are liquidated, they could be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

Clients are advised to promptly notify the Firm if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the Firm's management services.

The investment management fee may be negotiable. Accounts within the same household may be combined for a reduced fee. Some clients have individually-negotiated flat fee structures that are not based on assets under management and, in certain circumstances, result in clients paying fees that are higher or lower than those referenced above.

#### Financial Planning Fees:

The Firm provides its clients with a broad range of comprehensive financial planning and consulting services (e.g., non-investment related matters, risk management, financial organization among others). The Firm will charge a fixed fee and/or hourly fee for these services. These fees can be project-based or hourly. Fees for financial planning services are in addition to and/or separate from the fees charged for portfolio management services.

The Firm's financial planning and consulting fees are negotiable, but generally range from \$500 to \$25,000 on a fixed fee basis and/or from \$250 to \$350 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or consulting services. If the client engages the Firm for investment advisory services, the Firm can offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

#### Private Fund Expenses/Ivanhoe Fund Expenses:

The Ivanhoe Fund is closed to new investors. In exchange for the investment management services provided to the Ivanhoe Fund the Firm will receive a quarterly management fee, calculated at an annual rate of 0.7% (0.175% per quarter) of the value of each Limited Partner's capital account. The management fee will be calculated and paid quarterly in advance, based on the value of each Limited Partner's account, as of the first day of the calendar quarter. The Firm will be reimbursed for expenses related to the investment and trading of assets by the Fund as fully described in the Governing Documents. Existing investors of the Ivanhoe Fund should review the Governing Documents in detail. We note that the Ivanhoe Fund is closed to new investors.

In addition to the management fee, the General Partner Firm will receive an annual Incentive Allocation equal to 5% of the net income allocated for the year to each subscriber in the Ivanhoe Fund.

#### Mutual Fund Fees:

The Firm could invest client assets in open end mutual funds. Mutual funds charge fees to their shareholders, which are described in the mutual fund's respective prospectus. Such fees usually include a management fee, administrative and operations fees, and certain distribution fees (e.g., 12b-1 fees). These fees are generally referred to as a fund's "expense ratio" and are deducted at the mutual fund level when calculating the fund's net asset value ("NAV"). The deduction of fees has a direct bearing on the fund's performance. Certain mutual funds also charge an up-front or back-end sales charge and/or redemption fees.

In addition, some open-end mutual funds offer different share classes of the same fund and one share-class can have an expense ratio and sales/redemption fees that are higher than another share class. The most economical share class will depend on certain factors, including but not limited to the amount of time the shares are held by a client and the amount a client will be investing. Mutual fund expense ratios and sales/redemption fees vary by mutual fund, so it is important to read the mutual fund prospectus to fully understand all the fees charged.

The Firm strives to purchase, when available, the lowest cost mutual fund share class for clients. In addition, for new clients that hold any mutual funds upon account opening, the Firm will determine whether such mutual fund remains suitable for the client's current objective and if we believe it is, then we will check to see if a lower cost share class is available and

recommend the client transfer their mutual fund holding into such share class. However, there can be times when the Firm does not have access to lower costs share classes.

All fees paid to the Firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by the Firm which are designed, among other things, to assist the client in determining which funds are most appropriate to each Client's financial condition and objectives. Accordingly, the client should review both 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.

#### **Item 7 -Performance Based Fees and Side by Side Management**

Performance based fees are not charged to clients for investment management services described in item 5. Performance fees are only for the Ivanhoe Fund.

##### Performance-Based Fees (Only on the Ivanhoe Fund):

The General Partner will receive performance-based fees typically calculated based on the net income, allocated to each investor capital account during such fiscal year. The performance-based fees are described in the governing documents of the Ivanhoe Fund and have been structured in accordance with Section 205(a)(1) of the Investment Advisers Act of 1940 (the "Advisers Act") subject to the available exemptions, including the Rule 205-3 exemption.

Performance-based fees (applicable to the Ivanhoe Fund) create certain inherent conflicts of interest with respect to the Firm's management of assets. The entitlement to performance-based fees can create an incentive for the Firm to make riskier or more speculative investments than would be the case in the absence of such arrangements. Since performance-based fees reward an adviser for strong performance in accounts which are subject to such fees (i.e., the Ivanhoe Fund), the Firm may have an incentive to favor these accounts (i.e., the Ivanhoe Fund). The Firm mitigates this conflict through its review of client accounts relative to the client's financial situation to determine the investment management service provided is appropriate. Further, prior to investing in the Ivanhoe Fund, a potential investor is provided with copies of the applicable governing documents of the Ivanhoe Fund ("Governing Documents") which include information on performance-based fee calculation methodology and the risks associated with such performance-based fee. Note: The Ivanhoe Fund is closed to new investors.

##### Side-by-Side Management:

The Firm concurrently manages multiple clients pursuing the same or similar investment strategy. The Firm's clients vary with respect to underlying investor sophistication and financial markets experience. Additionally, clients may have different risk tolerances, strategy preference and investment guidelines and restrictions. This can create potential conflicts of interest in the side-by-side management and trading of client assets that have differing fee

structures and assets under management. Hence, some clients could generate larger fees or make up a larger percentage of the Firm's revenues. Please refer to Item 12 for more information on the Firm's allocation policies and brokerage practices.

The Firm manages each client in accordance with such client's specific objectives and restrictions. In fulfilling its obligation to deal fairly and equitably with all clients, the Firm does not manage all clients similarly at all times due to different client investment objectives, restrictions, tax considerations or risk tolerance. Further, timing and amounts of investments may vary, to the extent that one client may participate in ideas or offerings not deemed appropriate for other clients. Thus, although the Firm manages clients with the same or similar investment objectives or manages clients that trade in the same investments, the decisions relating to such clients (and hence, the resulting performance) can vary among clients and are based on a number of factors.

The investment objective of the Ivanhoe Fund includes participation in direct private investment opportunities and only a very limited number of our clients have an appetite for direct private investments. Direct private investments are allocated in accordance with a client's specific investment objectives (including whether client would like exposure to the type of investment opportunity), investment guidelines or restrictions of such client, cash availability, investor instructions, investment suitability, risk appetite, likelihood of current income, available capital, liquidity, deal size, a client's concentration parameters, whether a client is able to commit to invest all capital required to consummate a particular investment opportunity and other factors. The Firm typically does not come across limited investment opportunities. If it were to do so, allocations of any limited investment opportunities would be based on a number of factors described though these factors are not exhaustive and can vary.

## **Item 8 - Types of Clients**

### Description:

The Firm generally provides investment advice to individuals, pension and profit-sharing plans, trusts, estates, or charitable organizations, and corporations or business entities. Client relationships vary in scope and length of service.

In addition, the Firm provides investment management services to a single affiliated fund, the Ivanhoe Fund. The Ivanhoe Fund is closed to new investors.

### Account Minimums:

The Firm does not currently require account minimums. Certain Independent Manager(s), however, could impose more restrictive account requirements and varying billing practices than the Firm. In such instances, the Firm will alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s).

The minimum for the Ivanhoe Fund is outlined in the Governing Documents.

## **Item 9 - Methods of Analysis, Investment Strategies and Risk of Loss**

### Methods of Analysis:

Security analysis methods include both fundamental and technical analysis.

The main sources of information include internal research, research materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the Securities and Exchange Commission and other financial publications.

### Investment Strategies:

As mentioned above, strategies include long-term purchases, short-term purchases and margin transactions.

The Firm could recommend that clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Manager(s), based upon the stated investment objectives of the client. The Firm shall continue to render services to the client relative to the discretionary selection of Independent Manager(s) as well as the monitoring and review of account performance and client investment objectives. Portfolios may be globally diversified to control the risk associated with traditional markets.

### Risks:

Any investment with the Firm involves significant risk, including a complete loss of capital and conflicts of interest. All investment programs have certain general risks that are borne by the investor which are described below:

#### Market Risks:

***Competition.*** The securities industry and the varied strategies and techniques to be engaged in by the Firm are extremely competitive and each involves a degree of risk. The Firm will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

***Market Volatility.*** The profitability of the Firm partially depends upon it correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Firm cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

***Investment Activities.*** The Firm's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Firm. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism, war and pandemic risk) that could affect investments in general or specific industries or companies. The securities markets could be volatile, which could adversely affect the ability of the Firm to realize profits. Additionally, specific investments under the Firm's strategy could require significant time to realize the expected return and experience a pricing correction in a faster-

than-expected time, subjecting the Firm to reinvestment risk. Likewise, the investment strategy of the Firm is partially dependent on its ability to correctly identify and assess technology's impact on a company's business. As a result of the nature of the Firm's investing activities, it is possible that its financial performance could fluctuate substantially over time and from period to period.

*Material Non-Public Information.* By reason of their responsibilities in connection with other activities of the Firm and/or its affiliates, certain principals or employees of the Firm and/or its affiliates could acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Firm will not be free to act upon any such information. Due to these restrictions, the Firm will not be able to initiate a transaction that it otherwise might have initiated and will not be able to sell an investment that it otherwise might have sold.

*Accuracy of Public Information.* The Firm selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Firm by the issuers or through sources other than the issuers. Although the Firm evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the Firm is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments could not perform as expected if information is inaccurate.

*Small Companies.* The Firm could invest a portion of its assets in small and/or unseasoned companies with small market capitalization. While smaller companies generally have potential for rapid growth, they often involve higher risks because they could lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading could be substantially less than is typical of larger companies. As a result, the securities of smaller companies could be subject to wider price fluctuations. When making large sales, the Firm could have to sell portfolio holdings at discounts from quoted prices or could have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

*Volatility of Currency Prices.* The profitability of the Firm's portfolios depends, in part, upon the Firm correctly assessing the future price movements of currencies. However, price movements of currencies are difficult to predict accurately because they are influenced by, among other things, changing supply and demand relationships; governmental, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. Governments from time to time intervene in certain markets in order to influence prices directly. The Firm cannot guarantee that it will be successful in accurately predicting currency price and interest rate movements.

*Market or Interest Rate Risk.* The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If the Firm holds a fixed income security to maturity, the change in its price before maturity could have little impact on the Firm's performance; however, if the Firm has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Firm.

*Fixed Income Call Option Risk.* Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the Firm is exposed to reinvestment rate risk, (e.g. the Firm will have to reinvest the proceeds received when the bond is called at lower interest rates). Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond will not rise much above the price at which the issuer will call the bond.

*Maturity Risk.* In certain situations, the Firm could purchase a bond of a given maturity as an alternative to another bond of a different maturity. Ordinarily, under these circumstances, the Firm will make an adjustment to account for the interest rate risk differential in the two bonds. This adjustment, however, makes an assumption about how the interest rates at different maturities will move. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. Another situation where yield-curve risk should be considered is in the analysis of bond swap transactions where the potential incremental returns are dependent entirely on the parallel shift assumption for the yield curve.

*Inflation Risk.* Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Firm purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the Firm is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

*Risk of Default or Bankruptcy of Third Parties.* The Firm could engage in transactions in securities, commodities, other financial instruments, and other assets that involve counterparties. Under certain conditions, the Firm could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments, and/or other assets were to become illiquid. In addition, the Firm could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage

firms and banks with which the Firm does business, or to which securities, commodities, other financial instruments and/or other assets have been entrusted for custodial purposes.

For example, if the Firm's prime broker and custodian were to become insolvent or file for bankruptcy, the Firm could suffer significant losses with respect to any securities held by such firm.

**Cybersecurity Risks.** Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that the Firm is subject to cyber-attack or other unauthorized access is gained to the Firm's systems, clients could be subject to substantial losses. Any of such circumstances could subject the Firm to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Firm or one of their service providers holding their financial or investor data, the Firm and clients could also be at risk of loss.

**Regulatory Risks:**

**Strategy Restrictions.** Certain institutions could be restricted from directly utilizing investment strategies of the type in which the Firm could engage. Such institutions, including entities subject to ERISA, should consult their own advisors, counsel and accountants to determine what restrictions will apply and whether an investment in the Firm is appropriate.

**Trading Limitations.** For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Firm to loss. Also, such a suspension could render it impossible for the Firm to liquidate positions and thereby expose the Firm to potential losses.

**Tax Risk.** The tax aspects of an investment in the Firm are complicated and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles as applicable.

**Conflicts of Interest.** In the administration of client accounts, portfolios and financial reporting, the Firm faces inherent conflicts of interest which are described in this brochure. Generally, the Firm mitigates these conflicts through its Code of Ethics which provides that the client's interest is always held above that of the Firm and its associated persons.

**Supervision of Trading Operations.** The Firm, with assistance from its brokerage and clearing firms, intends to supervise, and monitor trading activity in the portfolio accounts to ensure compliance with firm and client objectives. Despite the Firm's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity could occur in portfolio accounts.



Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio.

Security Specific Risks:

Liquidity. Liquidity is the ability to readily convert an investment into cash. Securities where there is a ready market that is traded through an exchange are generally more liquid. Securities traded over the counter or that do not have a ready market or are thinly traded are less liquid and could face material discounts in price level in a liquidation situation.

Currency. Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Limited Liquidity of Interests. An investment in a partnership usually involves substantial restrictions on liquidity and its interests are not freely transferable. There is no market for these interests and no market should be expected to develop. Additionally, transfers are usually subject to the consent of the general partner at the general partner's sole discretion.

Margin Risk. There are several risks that clients need to consider in deciding to open a margin account. These risks include, but are not limited to the following:

A client could lose more assets than they deposit in the margin account. A decline in the value of securities that are purchased on margin may require an investor to provide additional monies to the account to avoid the forced sale of those securities or other securities in the margin account.

The broker-custodian firm that holds client's assets can force the sale of securities in the account. If the equity in an account falls below the maintenance margin requirements under the law—or the broker-custodian firm's higher "house" requirements—that firm can sell the securities in an account to cover the margin deficiency. A client will also be responsible for any short fall in the account after such a sale.

The broker-custodian firm can sell securities without contacting a client. Some clients mistakenly believe that a broker-custodian firm must contact them for a margin call to be valid, and that the broker-custodian firm cannot liquidate securities in their accounts to meet the call unless such firm has contacted them. This is not the case. As a matter of good customer relations, most broker-custodian firms will attempt to notify their customers of margin calls, but they are not required to do so.

A client is not entitled to an extension of time on a margin call. While an extension of time to meet initial margin requirements may be granted to a client by the broker-custodian firm under certain conditions, they are not required to provide any extension. In addition, they also are not required to provide an extension of time to meet a maintenance margin call.

Risks related to the Ivanhoe Fund:

Investors and potential investors should be aware that an investment in the Ivanhoe Fund involves a high degree of risk and is suitable only for sophisticated investors for whom an investment in the Ivanhoe Fund does not represent a complete investment program, and who fully understand and are capable of bearing the risk of an investment in the Ivanhoe Fund.

There can be no assurance that the Ivanhoe Fund's investment objective will be achieved or that the investors will receive a return of its capital, and investment results may vary substantially on an annual basis.

Investors and prospective investors are provided with confidential offering documents that contain a detailed description of the material risks related to an investment in the Ivanhoe Fund and are advised to carefully review all risk factors set forth in the relevant private placement memorandum. The Ivanhoe Fund is closed to new investors.

**Item 10 - Disciplinary Information**

Legal and Disciplinary:

The firm and its employees have not been involved in legal or disciplinary events related to past or present clients.

**Item 11 - Other Financial Industry Activities and Affiliations**

Brokerage Affiliations:

The Firm provides investment management services to an affiliated fund, the Ivanhoe Fund. The Firm does not have any other financial industry affiliations.

**Item 12 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Code of Ethics:

The Firm has adopted a Code of Ethics ("Code of Ethics") which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to the Firm's Compliance Officer (Peter E. Shenan) and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Firm's Compliance Officer. Each supervised person of the Firm receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Clients and prospective clients can obtain a copy of the Firm's Code of Ethics by contacting the Compliance Officer of the Firm.

#### Participation or Interest in Client Transactions & Personal Trading:

The Firm's Code of Ethics sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws. In accordance with Section 204A of the Advisers Act, its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of its associated persons. The Code of Ethics also requires that certain of the Firms' personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

The Code of Ethics sets forth a standard of business conduct that reflects the Firm's status as a fiduciary and requires persons associated with the Firm to place the interest of clients first above their own interests and the interests of the Firm. Employees may buy or sell securities and other investments that are also recommended to clients and may buy or sell such securities for themselves at or about the same time they buy or sell the same securities for client accounts.

Clients can contact the Firm to request a copy of its Code of Ethics.

#### **Item 13 - Brokerage Practices**

##### Brokerage Selection, Soft Dollars and Best Execution:

The Firm does not have the authority over the selection of the broker to be used and the commission rates to be paid without obtaining specific client consent. However, the Firm can recommend brokerage firms as qualified custodians and for trade execution.

The Firm has generally recommended that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("Schwab") for investment management accounts. The brokerage commissions and/or transaction fees charged by Schwab or any other designated broker-dealer are exclusive of and in addition to the Firm's fee. Factors which the Firm considers in recommending Schwab or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service. Schwab enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab could be higher or lower than those charged by other broker-dealers.

The commissions paid by the Firm's clients shall comply with the Firm's duty to obtain "best execution." However, a client could pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Firm determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness.

Consistent with the foregoing, while the Firm will seek competitive rates, it could not necessarily obtain the lowest price.

If the client requests the Firm to arrange for the execution of securities brokerage transactions for the client's account, the Firm shall direct such transactions through broker-dealers that the Firm reasonably believes will provide best execution. The Firm shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its clients in light of its duty to obtain best execution.

The client can direct the Firm in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Firm will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by the Firm. As a result, the client could pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, the Firm can decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm can (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the Firm's client's differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this process, transactions will generally be averaged as to price and allocated among the Firm's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, the Firm shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission.

The Firm shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which could include: (i) when only a small percentage of the order is executed, shares will be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations could be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares could be reallocated to other accounts (this could be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect

to sale allocations, allocations could be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm could exclude the account(s) from the allocation; the transactions could be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares could be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution (and as noted earlier), brokerage transactions could be directed to certain broker-dealers in return for investment research products and/or services which assist the Firm in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client could be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest.

The Firm could receive from Schwab, without cost to the Firm, computer software and related systems support, which allow the Firm to better monitor client accounts maintained at Schwab. The Firm could receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and related systems support could benefit the Firm, but not its clients directly. In fulfilling its duties to its clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware; however, that the Firm's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits could influence the Firm's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, the Firm could receive the following benefits from Schwab through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Additionally, in the process of performing due diligence on prospective third-party money managers or custodians, the Firm could receive meals, travel and lodging from a money manager or custodian, which could pose a conflict of interest. We believe that these arrangements benefit our clients and help support our ability to access additional opportunities and in the long term serves our client's interest.

#### Order Aggregation:

There are occasions when client transactions may be executed as part of concurrent orders to purchase or sell the same security for numerous accounts served by the Firm. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any accounts, they are affected only when the Firm believes that to do so will be in the

best interest of the relevant accounts. In such situations, the Firm attempts to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, account characteristics, availability of prime brokerage trading capabilities, and availability of funds. When aggregating trades for multiple clients and accounts, the Firm generally use price averaging and proration to allocate a trade to the relevant accounts. The firm may aggregate client trades with affiliated accounts.

#### **Item 14 - Review of Accounts or Financial Plans**

For those clients to whom the Firm provides investment management services, the Firm's CCO monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis or as needed. Accounts are reviewed more frequently than described depending on a variety of factors, including client expectations or requests, major market or economic events, or a client's life events and planning needs. For those clients to whom the Firm provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. The Firm encourages clients to discuss their needs, goals, and objectives and to keep the Firm informed of any changes. In particular, the Firm contacts ongoing investment advisory clients at least annually to schedule a review of its previous services and/or recommendations. The nature of these reviews is to evaluate client portfolio objectives, asset allocations, portfolio income and performance.

Clients do not receive annual reviews regarding consulting based projects unless called for by the project or the client proactively schedules a consultation with us.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Unless otherwise requested, those clients to whom the Firm provides investment advisory services will also receive a report from the Firm that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance at least annually.

Those clients to whom the Firm provides financial planning and/or consulting services will receive reports from the Firm summarizing its analysis and conclusions as requested by the Client or otherwise agreed to in writing by the Firm. A financial update will generally occur with respect to certain personal life events, such as marriage, divorce, or death of a family member.

Client account reviews are performed no less than annually by Peter E. Shenan, Chief Investment Officer.

#### **Item 15 - Client Referrals and Other Compensation**

The Firm receives client referrals which could come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The Firm does not compensate referring parties for these referrals.

The Firm does not receive any type of compensation from third parties or other professionals in connection with the advisory services provided to clients. The Firm does not pay referral fees to any third parties for client referrals.

## **Item 16 - Custody**

### Custody Policy:

Pursuant to Rule 206(4)-2 of the Advisers Act, the Firm is deemed to have limited custody of client assets, as a result of our ability to affect Standing Letters of Authorization ("SLA") of third-party money movement. The Firm has established procedures related to these SLAs, including that:

The client shall provide instructions to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed;

The client shall authorize the Firm, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.

The client's qualified custodian shall perform appropriate verification of the instruction, such as a signature review or other method to verify the Client's authorization and provides a transfer of funds notice to the Client promptly after each transfer.

The client shall have the ability to terminate or change the instruction to the client's qualified custodian.

The Firm shall have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.

The Firm maintains records showing that the third party is not a related party of the Firm or located at the same address as the Firm.

The client's qualified custodian shall send the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

The Firm does not obtain custody of client securities, act as trustee, and have password access to control account activity or any other form of controlling client assets.

Account Statements:

All assets are held at qualified custodians and the custodians provide account statements not less than quarterly to clients at their address of record. Clients should carefully review such statements for any discrepancies or inaccuracies.

Performance Reports:

The Firm urges clients to compare the information set forth in any reports provided by the Firm with the statements received directly from the custodian to ensure accuracy of all account transactions.

**Item 17 - Investment Discretion**

Discretionary Authority for Trading:

The Firm could contract for limited discretionary authority to transact portfolio securities accounts on behalf of clients. Discretionary authority is granted by the Firm's investment management agreement. Should the client agreement grant authority; the Firm will determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The Firm's discretionary authority regarding investments could however be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the client on transactions in certain types of business or industries. All such restrictions are to be agreed upon in writing at the account's inception.

**Item 18 - Voting Client Securities**

Proxy Votes:

The Firm can vote proxies on behalf of its clients. When the Firm accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, all proxies will be voted consistent with guidelines established and described in the Firm's Proxy Voting Policies and Procedures, as amended from time-to-time. At any time, clients can contact the Firm to request information about how The Firm voted proxies for that client's securities or to get a copy of the Firm's Proxy Voting Policies and Procedures. A summary of the Firm's Proxy Voting Policies and Procedures is as follows:

When the Firm accepts such responsibility, the Firm will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.

Although the Proxy Voting Guidelines are to be followed as a general policy, certain issues will be considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, the Firm shall devote an appropriate amount of time and resources to monitor these changes.



In situations where there could be a conflict of interest in the voting of proxies due to business or personal relationships that the Firm maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

#### **Item 19 - Financial Information**

##### Financial Condition:

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.

The Firm is not aware of any financial impairment that will preclude it from meeting contractual commitments to clients. The Firm has not been the subject of a bankruptcy petition.