

# **COMPASS GROUP INVESTMENTS SOLUTIONS LLC**

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## **FORM ADV PART 2A: FIRM BROCHURE**

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This brochure provides information about the qualifications and business practices of Compass Group Investments Solutions LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number above. 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 Compass Group Investments Solutions LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Item 2: Material Changes**

This is the initial filing of Form ADV Part 2A for Compass Group Investments Solutions LLC.

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#### **Item 4. Advisory Business**

Compass Group Investments Solutions LLC (“Compass” or the “Adviser” or “our firm”), a Delaware limited liability company, is an investment advisory firm with its principal place of business in Miami, Florida. The Adviser was founded in August 2019 and is wholly owned by its sole member, Compass Group Holdings Inc. (“Parent Company”). Compass Group Holdings S.A. is the sole owner of the Parent Company.

Compass expects to begin operations in October 2019. The Adviser provides advisory services on a discretionary and non-discretionary basis to its clients, which will include individuals, private investment vehicles, trusts and other entities. The Adviser also provides asset allocation services to its clients whereby it recommends portfolios constructed to cover the risk profiles and investment objectives of its clients.

The Adviser provides advice to client accounts based on specific investment objectives and strategies. Under certain circumstances, the Adviser may agree to tailor advisory services to the individual needs of clients. Currently, the Adviser tailors its advisory services based the investment guidelines included in the investment management agreement with the client.

The Adviser will manage the assets of Clients on a discretionary and non-discretionary basis.

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

##### Asset Allocation Services:

For its asset allocation services, the Adviser charges a maximum annual asset allocation fee of 2.0% of the client’s assets under management, payable monthly in arrears. This fee may vary by amount of investment. The Adviser may, in its discretion, waive any portion of this fee or negotiate a lower fee. In addition, the Adviser may charge a fee of up to 0.50% of client assets for administrative services rendered to the client. These fees may be waived or reduced in the Adviser’s discretion.

##### Separate Account Asset Management:

For its separate account management services, the Adviser charges a maximum annual fee of 2.0% of the client’s assets under management, payable monthly or quarterly in arrears.

Investment management fees are charged as agreed upon in each client’s investment management agreement. Fees are anticipated to be charged each month or quarter in arrears based on the daily market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest). If a new client account is established during a month or quarter or a client makes an addition to its account during a month or quarter, the investment management fee will be calculated for the number of days in the month or quarter that the account was under the agreement. If a client’s investment management agreement is terminated or a withdrawal is made from a client account during a month or quarter, the fee payable to the Adviser will be calculated based on the value of the assets for the days during the month or quarter in which the investment management arrangement was in effect or such amount was in the account.

These fees are negotiable.

### Payment of Fees:

The Adviser does not directly deduct the investment management fee from client accounts. Rather, the Adviser will typically invoice clients and their respective custodians for such fees in arrears (as agreed with each client).

### Other Fees and Expenses:

In addition to paying investment management fees and, if applicable, performance-based fees or other compensation, client accounts will also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees (including, investment advisory and other fees charged by investment advisers with, or funds in, which the client's account invests) associated with products or services that may be necessary or incidental to such investments or accounts. Client assets may be invested in pooled investment vehicles. In these cases, clients will bear their pro rata share of the underlying fund's operating and other expenses including, in addition to those listed above: sales expenses, legal expenses; internal and external accounting, audit and tax preparation expenses; and organizational expenses. Client assets may be invested in money market mutual funds, ETFs or other registered investment companies. In these cases, the client will bear its pro rata share of the investment management fee and other fees of the fund, which are in addition to the investment management fee paid to the Adviser. Client assets may be invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund. In addition, clients will incur brokerage and other transaction costs. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices.

### Prepayment of Fees:

Certain clients may, as agreed to with the Adviser, authorize the Adviser to collect its management fees up to one quarter in advance. In these cases, management fees will be based on the fair market value of the account's assets valued as of the last business day of the previous calendar quarter.

In the event of the termination of the advisory mandate, or if a full or partial withdrawal of assets from the account occurs, the Adviser shall refund to the client promptly a portion of the prepaid management fees that correspond to the difference between the prepaid management fees and the assessed fees for the days that the account was under the advisory mandate..

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

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. Certain client accounts may have higher asset-based fees or more favorable compensation arrangements than other accounts. When the Adviser and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser higher fees.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any

unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size and other factors such as investments guidelines or restrictions prescribed by the client and require that, to the extent orders are aggregated, the client orders are price-averaged. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

## **Item 7. Types of Clients**

The Adviser's Clients will consist of high net worth individuals, private investment vehicles, trusts, and single family offices.

The Adviser does not require a minimum investment.

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

The descriptions set forth in this brochure of specific advisory services that our firm offers to our clients, and investment strategies pursued and investment made by our firm on behalf of our clients, should not be understood to limit in any way our firm's investment activities. Our firm may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that we consider appropriate, subject to each client's investment objectives and guidelines.

### ***Methods of Analysis and Investment Strategies***

Adviser has arrangements with third party service providers through which the Adviser receives general macroeconomic analyses, currencies, markets, and market sectors. Such third parties also provide due diligence on other investment advisers which Adviser may recommend to its clients, research reports on specific securities, sample asset allocations and administrative services. Adviser uses such information and services as a tool. Furthermore, the Adviser performs its own research and due diligence on advisers and investment opportunities. Adviser makes investment allocation decisions based on each client's investment objectives and risk tolerance, among other factors. Adviser identifies, structures, monitors, invests, and liquidates investments in discretionary accounts. The design and day-to-day management of client portfolios is determined by each investment adviser representative. Such third-party service providers do not have access to or knowledge of information concerning the specific investment decisions and recommendations made to Adviser's clients

Through Adviser's global strategy Adviser seeks asset preservation and capital appreciation of clients' portfolios by customizing asset allocations and selecting investment vehicles that it believes will align clients' risk / return expectations with long term and short-term investment needs and goals. The asset class allocations forecasts and expectations are analyzed and invested in various financial instruments, typically include equity, fixed income, commodities, real estate investment trusts ("REITs"), and alternative investments. Adviser will select and monitor the investment vehicles for each asset class in the portfolios based on their history and prospective risk and return characteristics, and determine suitability for each client's needs, as well as, estimated fees and expense.

The Adviser intends to employ the following investment strategies:

**Fixed Income.** The Adviser's fixed income strategy focuses on a broad range of fixed income investment styles aiming to achieve a high level of income, with the opportunity for capital gains, from diversified portfolios of fixed and floating rate securities issued by domestic and foreign corporations and governments, with various degrees of maturity, credit ratings and liquidity. The Adviser manages client accounts focused in fixed income securities that are focused in Latin American emerging markets and other global markets. These fixed income securities may be denominated in US Dollars or in Latin American or other foreign currencies.

**Equity.** The Adviser's equity strategy focuses on a broad range of equity investment styles, including growth, core, and value, as well as portfolios designed to be "style-neutral". Some client accounts may focus on specific ranges on the capitalization scale, from micro-cap, through small-cap, mid-cap and large-cap, to mega-cap. Other client accounts will focus on investment opportunities in more than one capitalization category or across all capitalization levels. In addition, the Adviser manages client accounts that are global, multi-national, or focused in Latin American emerging markets.

**Fundamental Value.** The Adviser engages in a fundamental value investment strategy wherein the Adviser attempts to invest in asset-oriented securities the Adviser believes are undervalued by the market.

**Growth.** The Adviser engages in a capital growth investment strategy wherein the Adviser attempts to select securities of a company whose earnings the Adviser expects to grow at an above-average rate compared to the company's specific industry or the overall market.

**Arbitrage Transactions.** The Adviser engages in one or more types of arbitrage strategies. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in other forms. The Adviser engages in the following arbitrage strategies: event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage.

**Buy and Hold.** The Adviser engages in a buy and hold investment strategy wherein the Adviser buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the security price.

**Hedging.** The Adviser utilizes a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts for risk management purposes.

**Relative Value.** The Adviser pursues relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued.

**Short-Term Market Timing.** The Adviser may engage in a short-term market timing investment strategy wherein the Adviser attempts to anticipate the market price of a stock before the stock's price reacts to market forces by analyzing macroeconomic and market trends, and then sells the stock shortly after the stock's price is influenced by market movements.

**Leverage.** The Adviser's investment program may utilize leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

**Short Selling.** The Adviser may engage in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities, (ii) in order to maintain flexibility and, (iii) for profit.

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

## ***Risks***

The Adviser cannot guarantee any level of performance or that any Client will avoid losses in its accounts. Any investment in securities involves the possibility of financial loss that Clients should be prepared to bear. When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk factors, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. Further details regarding the risks associated with investment are included in the client agreements or other documentation furnished to Clients. Clients are advised to carefully review all risk factors described in such documentation.

### **Material Risks Relating to Investment Strategies**

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

*Interest Rate Risks.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

*Arbitrage Transaction Risks.* If the requisite elements of an arbitrage strategy are not properly analyzed or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Adviser is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads", which can also be identified, reduced or eliminated by other market participants.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

*Lack of Diversification.* Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

*Relative Value Risk.* In the event that the perceived mispricing underlying the Adviser's relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, client accounts may incur a loss.

*Short Selling Risk.* The Adviser's investment program may include short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such



request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

*Distressed Situation Risk.* Investment in distressed situations exposes the client to significant risks, including: the difficulty in obtaining information as to the issuer’s true condition; regulatory risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; litigation risk; liquidity risk; and collection risk (especially, when dealing with sovereign debt). Moreover, to the extent client accounts are invested in sovereign debt obligations, those investments will be subject to additional risks and considerations not present in private distressed situations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which are affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Adviser.

*Commodities.* Commodity investments are affected by business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return of commodity investments. Prices of commodity assets may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Adviser’s value of its investments. In addition, the value of the Adviser’s portfolios may fluctuate as the general level of interest rates fluctuates.

*Leverage.* Performance may be more volatile if a client’s account employs leverage.

*Emerging Markets.* The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

*Fixed-Income and Debt Securities.* Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client’s portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio’s income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer’s ability to make such payments will cause the price of that debt to decline. Lastly, investments in lower-rated debt securities will also subject the investments to the risk that the securities may fluctuate more in price and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and “growth” stocks can react differently from “value” stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-

political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. or foreign entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

*Risk Arbitrage Securities.* A merger, other restructuring, tender, or exchange offer proposed at the time the Adviser invests in risk arbitrage securities may not be completed on the terms or within the time frame contemplated, resulting in losses.

*Derivatives.* Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

*Illiquid Instruments.* Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

*Distressed Securities.* Investments in unrated or low-grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

*Security Futures and Options.* In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the client's account. In addition, the Adviser's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

*Valuation of Securities.* The Adviser relies on valuation of securities conducted by qualified custodians. The Adviser calculates management fees it charges its clients based on those valuations. While we reasonably believe that the valuation provided is reliable, the firm cannot guarantee that this valuation is always accurate. That, in turn, would affect the management fees

calculation accuracy. If an error identified, the firm will take necessary steps to obtain corrected valuation from the qualified custodian and revise the management fees calculation to restore its accuracy.

## **Item 9. Disciplinary Information**

We have nothing to disclose under this Item.

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

### ***Material Financial Industry Affiliations of the Firm***

The Parent Company of the Adviser also owns Compass Group LLC, a registered investment adviser with the SEC, and certain of the Adviser's management persons are registered as registered representatives of CG Compass (USA) LLC, a broker-dealer that is affiliated with the Adviser.

The Parent Company of the Adviser also owns CG Compass (USA) LLC, a registered broker dealer. Further, certain of the Adviser's clients may request that the Adviser direct all or a substantial portion of its securities transactions through CG Compass (USA) LLC. Any such relationship will result in a material conflict of interest because the Adviser will indirectly benefit from all such client securities transactions and the Adviser will have an incentive to engage in more securities transactions for the client than would otherwise be necessary to achieve the client's investment objective. In such instances, it will be disclosed to clients that (a) certain officers and members of the Adviser will benefit indirectly from the receipt of compensation or other benefits; (b) the Adviser will not follow its customary evaluation procedures selecting brokers to effect transactions for the client or in negotiating commissions for the client, even when it might be able to obtain a more favorable price and execution from another broker-dealer; (c) orders for the client may be placed separately from others of other client accounts of Compass; (d) the client account may be precluded from, among other things, being able to realize any volume commission discounts or other cost savings resulting from the aggregation of orders for several advisory clients as a single securities transaction; and (e) the client may terminate such direction in writing at any time.

Certain of the Adviser's management persons are also management persons of the Adviser's affiliated entities. The Adviser, its principals and/or related persons may also (i) act as general partner, management company or investment manager to certain private investment vehicles, (ii) organize additional private investment vehicles in the future, and (iii) have investments in certain of the entities managed by the Adviser or its affiliates.

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

### ***Code of Ethics***

We have adopted a Code of Ethics in accordance with SEC requirements. The purpose of our Code of Ethics is to identify the ethical and legal framework in which our firm and its personnel are required to operate and to highlight some of the guiding principles and mechanisms for upholding our firm's standard of business conduct. Our Code of Ethics is designed to ensure that all applicable personnel are aware of and adhere to our firm's policies and procedures. The description below is a summary only. We will provide a complete copy of our Code of Ethics to our clients and prospective clients upon request.

***Standard of Business Conduct.*** Our firm and its personnel have a fiduciary duty to our clients, and in this fiduciary capacity, we must place the interests of our clients before our own interests.

**Basic Principles.** Our Code of Ethics is based on a few basic principles: (i) our firm and its personnel must place the interests of our clients above their own; (ii) the professional activities and personal investment activities of our firm's personnel must be consistent with our Code of Ethics and avoid any actual or potential conflict between the interests of clients and those of our firm or its personnel; (iii) the activities of our firm's personnel must be conducted in a way that avoids any abuse of any such person's position of trust with and responsibility to our firm and clients; (iv) our employees must not take any inappropriate advantage of their positions at our firm; (v) we must maintain independent in our investment decision-making process; and (vi) our firm's personnel may not engage in any act, practice or course of conduct that would violate the provisions of Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and other applicable securities laws.

**Conflicts of Interest.** As a fiduciary, our firm has an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of our clients. Our firm makes every effort to avoid conflicts of interest and fully disclose all material facts concerning any conflict of interest that may arise with respect to any of our clients. Our firm stresses that individuals subject to our Code of Ethics must try to avoid situations that have even the appearance of conflict or impropriety.

**Insider Trading.** Our firm's personnel may not trade, either personally or on behalf of another, on material non-public information or communicate material non-public information to another person in violation of the law. This policy applies to all of our firm's personnel and extends to their activities both within and outside their duties for our firm. Our firm has also implemented policies and procedures designed to detect and prevent insider trading.

**Personal Securities Transactions.** All personnel must comply with our firm's policy on personal trading. Except with respect to certain securities (including, indices, mutual funds, exchange-traded funds and certain government securities) and with respect to certain accounts for which a person does not exercise investment discretion, personal securities transactions by our firm's personnel must be pre-approved by our firm's Chief Compliance Officer.

**Holdings and Transactions Reports.** Every employee and access person must submit both initial and annual holdings reports to our firm's Chief Compliance Officer that disclose all covered securities held in any personal account. Every employee and access person must also submit a quarterly transaction report to the Chief Compliance Officer for each covered securities transaction in any personal account.

**Service as a Director.** Our firm's employees are prohibited from serving on the boards of directors of any outside company, unless the service (i) would be in the best interests of our firm or our clients and (ii) has been approved in writing by our firm's Chief Compliance Officer; provided that our employees will not be required to obtain prior written approval for service on the boards of directors of charitable or civic organizations. In addition, any employee serving on the board of a private company which is about to go public may be required to resign either immediately or at the end of the current term.

**Reporting of Violations.** Our firm has implemented policies and procedures whereby our firm's personnel are required to report any violation, apparent violation or potential violation of our Code of Ethics to our firm's Chief Compliance Officer.

**Review and Enforcement.** Our firm's Chief Compliance Officer is responsible for ensuring adequate supervision over the activities of all persons who act on our behalf in order to prevent and detect violations of our Code of Ethics by such persons.

## ***Conflicts of Interest***

From time to time, subject to client or investment guidelines and restrictions, our firm is authorized to direct one of our clients to sell investments to another of our clients through an internal cross transaction in which our firm will receive no compensation. In most cases, an independent pricing mechanism will be used to ensure objectivity. However, there could be times in which that pricing mechanism is not feasible or fair to our clients, in which case our firm will seek some pricing mechanism that is fair to both such clients.

To the extent that any of the transactions described above may be viewed as a principal transaction due to the interest of our firm or its affiliates in a purchaser or seller, our firm will comply with the requirements of Section 206(3) of the Advisers Act, and provide written notification to the relevant client and obtain client consent either prior to the principal transaction or prior to its settlement.

In addition, our firm may give advice or take action with respect to investments of one or more of our clients that may not be given or taken with respect to our other clients with similar investment programs, objectives and strategies. Accordingly, our clients with similar investment strategies may not hold the same investments or achieve the same performance. Our firm may also advise our clients with conflicting programs, objectives or strategies. These activities may also adversely affect the prices and availability of other investments held or potentially considered for one or more clients.

Our firm maintains a list of companies about which a determination has been made that it is prudent to restrict or limit trading activity based on the possibility that our firm and employees have access to material nonpublic information. As a general rule, trades will not be allowed for clients, or for the personal accounts of employees, in the securities of an issuer appearing on the restricted list, except with the pre-approval of our firm's Chief Compliance Officer. Restrictions and limitations with regard to securities on the restricted list are also considered to extend to options, rights or warrants relating to those securities and any securities convertible into those securities.

## **Item 12. Brokerage Practices**

### ***Selection of Brokers***

In cases where the Adviser has discretion to select a broker-dealer to be utilized for client transactions, the Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors may include net price, reputation, financial strength and stability, research services, efficiency of execution and error resolution. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Chief Compliance Officer, portfolio managers and traders meet periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

The Parent Company of the Adviser also owns CG Compass (USA) LLC, a registered broker dealer. Further, certain of the Adviser's clients may request that the Adviser direct all or a substantial portion of its securities transactions through CG Compass (USA) LLC. Any such relationship will result in a material conflict of interest because the Adviser will indirectly benefit from all such client securities transactions and the Adviser will have an incentive to engage in more securities transactions for the client than would otherwise be necessary to achieve the client's investment objective. In such instances, it will be disclosed

to clients that (a) certain officers and members of the Adviser will benefit indirectly from the receipt of compensation or other benefits; (b) the Adviser will not follow its customary evaluation procedures selecting brokers to effect transactions for the client or in negotiating commissions for the client, even when it might be able to obtain a more favorable price and execution from another broker-dealer; (c) orders for the client may be placed separately from others of other client accounts of Compass; (d) the client account may be precluded from, among other things, being able to realize any volume commission discounts or other cost savings resulting from the aggregation of orders for several advisory clients as a single securities transaction; and (e) the client may terminate such direction in writing at any time.

### ***Research and Soft Dollars***

At this time our firm is not a party to, and does not anticipate entering into, any formal “soft dollar” arrangements. However, our firm has the option to use “soft dollars” generated by our clients to pay for research related services. In the event that our firm utilizes allocations of commission dollars, it will do so solely to pay for products or services that qualify as “research and brokerage services” within the “safe harbor” of Section 28(e) of the Securities Exchange Act of 1934, as amended.

### ***Aggregation of Orders***

The Adviser may purchase or sell the same security for many clients contemporaneously and using the same executing broker. It is the Adviser's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

### **Item 13. Review of Accounts**

Clients' portfolios are subject to regular reviews on at least a quarterly basis by an Investment Advisor Representative, Assigned Account Manager or their designee. Additionally, each client is offered at least an annual account review by a representative. Interim reviews may be triggered by client request, or by material market, economic or political events, or by changes in clients' financial situations (such as retirement, termination of employment, physical move, or inheritance).

Reviews are based on objectives or parameters established by clients, which are generally memorialized through their individual advisory agreements and/or investment policy statements

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

The Adviser may make cash payments to third-party solicitors for client referrals, provided that, to the extent required, each such solicitor has entered into a written agreement with the Adviser pursuant to which the solicitor will provide each prospective client with a copy of the Adviser's Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Adviser and any fees to be paid to the solicitor. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

#### **Item 15. Custody**

Our firm does not have custody over the assets of our clients.

#### **Item 16. Investment Discretion**

Our firm is provided with discretionary authority to manage the investment accounts of most of our clients as set forth in, and limited by, the terms and conditions of the investment advisory agreement with such client.

#### **Item 17. Voting Client Securities**

Proxy voting is an important right of shareholders and reasonable care and diligence must be taken to ensure that such rights are properly and timely exercised. When the Adviser has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with these policies and procedures. Generally, the Adviser will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock. Generally, the Adviser will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.

For other proposals, the Adviser shall determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (1) whether the proposal was recommended by management and the Adviser's opinion of management; (2) whether the proposal acts to entrench existing management; and (3) whether the proposal fairly compensates management for past and future performance.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting the Chief Compliance Officer at telephone (786) 257-2781. Compass may retain a third party to advise it in making proxy decisions for Discretionary Program clients and to process the return of proxies of those clients. Compass will not be responsible or liable for failing to vote any proxies where it has not received such proxies or related communications on a timely basis.

#### **Item 18. Financial Information**

This Item is not applicable.