

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



125 High Street  
Oliver Street Tower  
Suite 802  
Boston, MA 02110  
Telephone: (617) 742-4226  
[www.baltercap.com](http://www.baltercap.com)

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This brochure provides information about the qualifications and business practices of Balter Capital Management LLC ("Balter Capital" or "BCM"). If you have any questions about the contents of this brochure, please contact us at 857 383-3478 or email us at [jfricano@baltercap.com](mailto:jfricano@baltercap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Balter Capital also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration as an investment adviser under the Investment Advisers Act of 1940, as amended, does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Effective January 1, 2017, Midwood Capital Associates, LLC; Midwood Capital Management LLC; David E. Cohen and Balter Capital Management LLC entered into an agreement whereby Balter Capital Management owns a 20% membership interest in Midwood Capital Associates LLC and Midwood Capital Management LLC. As part of the agreement, Balter Capital Management LLC will provide compliance, administrative and operational oversight. James Fricano, Chief Compliance Officer of Balter Capital Management is also the Chief Compliance Officer of Midwood Capital Management LLC.

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#### **Item 4 – Advisory Business**

Balter Capital is a Delaware limited liability company organized in April 2006. Balter Capital's principal owner is Bradley Ross Balter.

Balter Capital advises its clients ("Clients") with respect to an investment strategy that is commonly referred to as a "fund of funds" strategy. Balter Capital seeks to provide its Clients with increased diversification and risk-management through investment in underlying investment vehicles ("Underlying Funds")

Balter Capital serves as the investment adviser and/or general partner (or in a similar capacity) with respect to a number of pooled investment vehicles that are excepted from registration under the Investment Company Act of 1940, as amended (the "1940 Act"), and whose interests are offered to certain eligible investors in offerings that are exempt from registration under the Securities Act of 1933, as amended (such pooled investment vehicles are referred to in this brochure as the "Funds"). In providing its advisory services to the Funds, Balter Capital formulates the applicable Fund's investment objective(s), directs and manages the investments and reinvestment of the assets of each Fund, and provides reports to Clients. Fund investors may not impose restrictions on investing certain securities, types of securities or industry sectors. For purposes of this brochure, Balter Capital's Client is a Fund, not the investors in that Fund.

In addition, Balter Capital also provides discretionary advisory services to twenty three (23) managed accounts (collectively, the "Managed Accounts"). The assets of the Managed Accounts are invested pursuant to each individually negotiated investment advisory agreement.

Balter Capital also provides non-discretionary investment advisory services to thirty five (35) Client accounts (collectively, the "Client Accounts"). Non-discretionary means that Balter Capital makes investment recommendations to a Client, but the Client maintains the authority and responsibility for acting on such recommendations. The assets of the Client Accounts are invested pursuant to each individually negotiated investment advisory agreement.

Balter Capital does not participate in wrap fee programs.

As of September 30, 2016, Balter Capital's aggregate client assets under management were as follows:

Discretionary:	\$ 558,481,963
Nondiscretionary:	\$ 729,936,853
<u>Other:</u>	<u>\$ 0</u>
Total:	\$ 1,288,418,816

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

The management fee schedule for Balter Capital's Clients is set forth below. Balter Capital's fees are exclusive of transaction fees, and other related costs and expenses which are incurred directly by the Client (and each investor in each respective Fund bears their pro-rata portion of such fees and expenses). Clients may incur certain additional charges imposed by custodians, brokers (see Item 12), and other third parties, such as fees charged by the Underlying Funds, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and/or other fees. Balter Capital does not receive any portion of these additional charges.

Neither Balter Capital nor its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

#### **Management Fee Schedule – Funds**

Balter Capital has a slightly different negotiated fee schedule and compensation structure for each Fund. Balter Capital's compensation for its advisory services to the Funds is established in each Fund's written investment advisory agreement. Except as noted below, the Funds generally are divided into two separate share classes or series carrying different fee structures.

Generally, Balter Capital calculates a management fee on the first day of the each calendar month. Management fees generally are charged in advance on the first day of each calendar month by the respective Fund's administrator. Management fees are *prorated* for each capital contribution and withdrawal based upon each investor's actual period of ownership of its interest. Capital accounts initiated or terminated during a calendar month will be charged a *prorated* fee. Upon termination of any capital account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable in accordance with the governing documents for the applicable Fund. Management fees may be reduced or waived at the sole discretion of Balter Capital.

#### **BCM Discovery Fund, L.P., a Delaware limited partnership**

BCM Discovery Fund, L.P. offers two share classes: Class A and Class B. In regards to the Class A shares, Balter Capital receives a fixed management fee equal to 1.5% of the net asset

value attributable to the capital account of each limited partner. The fixed fee is calculated monthly as of the first day of each calendar month and is payable in advance on the first day of each calendar month, or within a reasonable amount of time thereafter. Management fees will be *prorated* based upon a limited partner's actual period of ownership of its interest. The Class B shares are not charged a Management Fee. Balter Capital reserves the right to reduce or waive Management Fees at its own discretion.

**BCM Discovery Offshore Fund, Ltd., Cayman Islands exempted company**

BCM Discovery Offshore Fund, Ltd. offers two share classes: Class A and Class D. In regards to the Class A shares, Balter Capital receives a fixed management fee equal to 1.5% of the net asset value attributable to the shares of each shareholder. The fixed fee is calculated monthly as of the first day of each calendar month and is payable in advance on the first day of each calendar month, or within a reasonable amount of time thereafter. Management fees will be *prorated* based upon a shareholder's actual period of ownership of its shares. The Class D shares are not charged a Management Fee. Balter Capital reserves the right to reduce or waive Management Fees at its own discretion.

**BCM Credit Opportunities Fund, L.P., a Delaware limited partnership**

BCM Credit Opportunities Fund, L.P. offers two share classes: Class A and Class B. In regards to the Class A shares, Balter Capital receives a fixed management fee equal to 1.0% of the net asset value attributable to the capital account of each limited partner. The fixed fee is calculated monthly as of the first day of each calendar month and is payable in advance on the first day of each calendar month, or within a reasonable amount of time thereafter. Management fees will be *prorated* based upon a limited partner's actual period of ownership of its interest. The Class B shares are not charged a Management Fee. Balter Capital reserves the right to reduce or waive Management Fees at its own discretion.

**BCM Credit Opportunities Offshore Fund, L.P., a Cayman Islands exempted limited partnership**

BCM Credit Opportunities Offshore Fund, L.P. offers two share classes: Class A and Class B. In regards to the Class A shares, Balter Capital receives a fixed management fee equal to 1.0% of the net asset value attributable to the capital account of each limited partner. The fixed fee is calculated monthly as of the first day of each calendar month and is payable in advance on the first day of each calendar month, or within a reasonable amount of time thereafter. Management fees will be *prorated* based upon a limited partner's actual period of ownership of its interest. The Class B shares are not charged a Management Fee. Balter Capital reserves the right to reduce or waive Management Fees at its own discretion.

### **Dexter Balter Fund LLC, a Delaware limited liability company**

Dexter Balter Fund LLC offers membership only to affiliates of Dexter Hedge Funds LLC. Balter Capital receives a fixed management fee ranging from 1.0% to 0.55% of the net asset value attributable to the capital account of each member based upon the weighted average of total net assets over a calendar quarter. The fixed fee is calculated and accrued monthly as of the first day of each calendar month and is payable at the end of a calendar quarter. Management fees will be *prorated* based upon a member's actual period of ownership of its interest.

### **Dexter Balter TE Fund LLC, a Delaware limited liability company**

Dexter Balter TE Fund LLC offers membership only to affiliates of Dexter Hedge Funds TE LLC. Balter Capital receives a fixed management fee ranging from 1.0% to 0.55% of the net asset value attributable to the capital account of each member based upon the weighted average of total net assets over a calendar quarter. The fixed fee is calculated and accrued monthly as of the first day of each calendar month and is payable at the end of a calendar quarter. Management fees will be *prorated* based upon a member's actual period of ownership of its interest.

### **Balter '40 Act Capital Alternatives, L.P., a Delaware multi-series limited partnership**

Balter '40 Act Capital Alternatives, L.P. offers two series: the Founders' Series and Series A. Each series shall pay Balter Capital a monthly asset-based fee with respect to each interest held by a limited partner, calculated as of the opening of business on the first business day of each calendar month and paid in advance in an amount equal to (a) with respect to the Series A limited partners, one-twelfth (1/12) of one percent (1.0%) of the net asset value of such interest (including capital contributions as of such date), and (b) with respect to each Founders' Series limited partner, one-twelfth (1/12) of four-tenths of one percent (0.4%) of the net asset value of such interest (including capital contributions as of such date); provided, however, that in the event that a series commences operations or a capital contribution are made on any day other than the first day of a calendar month, the management fee payable to Balter Capital on such date with respect to the applicable capital contribution shall be an amount equal to (i) with respect to the Series A limited partners, one-twelfth (1/12) of one percent (1.0%) of the amount of the capital contribution made as of such date, and with respect to each Founders' Series Limited Partner, one-twelfth (1/12) of four-tenths of one percent (0.4%) of the amount of the capital contribution made as of such date, in each case multiplied by (ii) a fraction equal to the number of days remaining in the month following the date of such capital contribution divided by the total number of days in such month. In the event that a series winds up or a limited partner makes a withdrawal on any day other than the last day of a calendar month, Balter Capital shall refund to the applicable limited partner a portion of the management fee equal to (i) the management fee paid for such month by such limited partner multiplied by (ii) a fraction equal to the number of days remaining in such month after the date of winding up or after such withdrawal divided by the number of days in such month. Balter Capital may waive or reduce the management fee for any limited partner in its sole and absolute discretion.

### **Fee Schedule – Managed Accounts**

Balter Capital's compensation for its advisory services for Managed Accounts are established in each Client's written investment advisory agreement. Balter Capital charges Managed Accounts an asset based management fee. The fee schedule is included in the investment advisory agreement negotiated by and between Balter Capital and each Managed Account. The management fee is equal to an annual rate of the net asset values of each such Managed Account and is calculated quarterly or annually in arrears. Payment of the management fee is due within thirty (30) days of receipt by the client of the quarterly or annual report and invoice.

### **Fee Schedule – Non-Discretionary Client Accounts**

Balter Capital also provides non-discretionary investment advisory services to its Client Accounts. The assets of the Client Accounts are invested pursuant to each individually negotiated Investment Advisory Agreement. While the specific fee schedules differ from one client to the next, Balter Capital charges non-discretionary clients an asset based management fee. The fee schedule is included in the investment advisory agreement negotiated by and between Balter Capital and each Client Account. The management fee is equal to an annual rate of the net asset values of each such Client Account and is calculated quarterly in arrears. Payment of the management fee is due within thirty (30) days of receipt by the client of the quarterly report and invoice.

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

In certain cases, Balter Capital has entered into performance-based fee/allocation arrangements with certain Clients. Such fees/allocations are based on a percentage of the Client's profits (if any), and are generally subject to a high water mark. Performance-based fee/allocation arrangements may create an incentive for Balter Capital to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee/allocation arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Balter Capital has procedures designed and implemented to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

### **Item 7 – Types of Clients**

As discussed in Item 4 above, Balter Capital's Clients are the Funds, the Managed Accounts and the Client Accounts. Balter Capital may also in the future provide investment advisory services to other types of Clients.



Other than requiring investors in the Funds to meet certain regulatory eligibility standards, Balter Capital provides services generally to certain minimum investment amounts. The Funds are generally offered to investors subject to certain initial investment minimums that range from \$500,000 to \$1,000,000. In addition, Balter Capital generally requires a minimum investment of \$25,000,000 for Managed Accounts. Client Accounts are not subject to any minimum investment amounts. In each case, Balter Capital retains sole discretion to waive or reduce any minimum investment amount.

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

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

As discussed in Item 4, above, Balter Capital provides investment advice to Clients with respect to a fund of funds strategy, pursuant to which Balter Capital allocates Client assets among various Underlying Funds. Except for Balter '40 Act Capital Alternatives, L.P., which invests in certain investment companies registered under the 1940 Act (commonly known as mutual funds), Balter Capital generally allocates Client assets among private placed pooled investment vehicles (commonly known as hedge funds).

### **Risk of Loss**

Balter Capital's investment strategies may not be appropriate strategies for all prospective or current Clients or prospective or current investors in the Funds. Prospective and current Clients and prospective and current investors in the Funds are cautioned of the risks involved in Balter Capital's investment strategies. Among other things, such prospective and current Clients and investors must be prepared to lose all or substantially all of their investment due to any number of risks, including, but not limited to:

**Reliance on Management.** The success of Balter Capital's investments depends on the ability of Balter Capital and its affiliates to effectively manage its Clients' assets and develop and implement investment strategies that will achieve the Clients' objectives. Investors in a Fund have no right or power to take part in the management of that Fund.

**Not a Complete Investment Program.** An investment with Balter Capital or in a Fund may be deemed to be a speculative investment and is not intended as a complete investment program. The investment strategy implemented by Balter Capital is designed only for sophisticated and experienced investors who can bear the risk of a substantial loss in the value of their investment.

**Competition.** The securities industry and the various financial markets in which the Underlying Funds participate and the varied strategies and techniques engaged in by the Underlying Funds selected by Balter Capital are extremely competitive and each involves a high degree of risk. Clients and the Underlying Funds with which they invest compete with firms,

including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

**General Economic Conditions.** Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws can affect substantially and adversely the business and prospects of a Client. Unexpected volatility or illiquidity could impair the Client's profitability or result in losses. None of these conditions is within the control of Balter Capital and no assurances can be given that Balter Capital will anticipate these developments.

**Overall Investment Risk.** All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by a Client through the Underlying Funds and the investment techniques and strategies to be employed by Balter Capital may increase this risk. There can be no assurance that the Client will be profitable or that the Client will not incur losses or that any future distribution will be made to the Client (or the investors in a Fund). Client expenses may also exceed income. Neither prior successful investment management performance, recommendations or analysis by Balter Capital or any of its principals, nor any future successful Client performance, may be relied upon as assuring further successful performance.

**Concentration of Investments.** A Client may invest in a concentrated collection of Underlying Funds. Accordingly, the Client's investment portfolio, on account of size, investment strategy and other considerations, may at times, through its investment in the Underlying Funds, be confined to the securities of relatively few sectors and/or issuers. Accordingly, disproportionate losses in industries or particular issuers may indirectly materially reduce the Client's performance or capital if not offset by gains from other Underlying Funds or hedging techniques.

**Loss of Capital.** Risk of loss of capital accompanies any investment in securities. While Balter Capital believes that its investment program mitigates this risk to some degree through careful selection of the Underlying Funds, no guarantee or representation is made that a Client's program will be successful. The Client's investment program may include the selection of Underlying Funds who utilize a variety of investment techniques including short sales, leverage and limited diversification, which practices can, in certain circumstances, result in significant losses.

In addition, a Fund may at any time incur significant losses resulting in substantial withdrawals by investors. The Fund could experience difficulties were its assets to be significantly depleted. There is a risk that if the Fund's assets become depleted the Fund could become sufficiently restricted, thereby making it difficult to achieve the Fund's investment objective.

**Investment Selection.** Balter Capital selects investments for a Client on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to Balter Capital by the issuers of securities or through sources other than

the issuers. Although Balter Capital will evaluate all such information and data and may seek independent corroboration when Balter Capital considers it appropriate and when it is reasonably available, Balter Capital is not in a position to confirm the completeness, genuineness or accuracy of such information and data.

**Lack of Control/Activities of Underlying Funds.** Balter Capital may invest a Client's capital in Underlying Funds over which Balter Capital and the Client may have limited or no control. There can be no assurances that such investments will be successful or will not result in substantial losses.

A Client may invest in Underlying Funds that are managed by investment managers that may have little or no performance history, a small amount of assets under management and/or a lean infrastructure (each, an "emerging manager"). There are numerous risks associated with investing with emerging managers. While performance history is never a guarantee of any future returns, the use of emerging managers may increase the speculative nature of an investment in their respective underlying strategies. Some emerging managers may have little or no prior experience to assist them in running the day-to-day business, investment and compliance operations of their respective firms, and such inexperience may have an impact on the overall success of their operations. Furthermore, managers with smaller amounts of assets under management may have a more difficult time attracting quality investment and back-office professionals than more established firms. In addition, if one or more investors in portfolio funds managed by emerging managers leave, it could have a significant impact on the remaining investors in the funds.

An Underlying Fund may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to Balter Capital. These strategies may involve risks under some market conditions that are not anticipated by the Underlying Fund, Balter Capital. The Underlying Funds may use investment strategies that differ from those typically employed by traditional managers of portfolios of stocks and bonds, or may diverge from the strategy disclosed to Balter Capital. The strategies employed by the Underlying Funds may involve significantly more risk and higher transaction costs than more traditional investment methods. In addition, Underlying Funds may not execute their strategy efficiently or consistent with past practices or its disclosure, leading to underperformance or losses to a Client. Balter Capital will seek to reduce these risks by spreading the investments of a Client among a variety of different Underlying Funds. However, it is possible that the performance of the Underlying Funds may be closely correlated in some market conditions, resulting (if those returns are negative) in significant losses to the Client (and/or Fund investors).

## **Item 9 – Disciplinary Information**

Not applicable.

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

Effective January 1, 2017, Balter Capital acquired a 20% membership interest in Midwood. Midwood is an affiliated investment adviser. Balter Capital advises clients on private fund investments. Conflicts may arise with Midwood private fund clients who are also advisory clients of Balter Capital. Balter Capital has adopted procedures to monitor these conflicts

Neither Balter Capital nor any of its management persons is registered or has an application pending to register as broker-dealer, registered representative of a broker-dealer, futures commission merchant (“FCM”), commodity pool operator (“CPO”) or commodity trading advisor (“CTA”). Balter Capital is affiliated with Balter Liquid Alternatives, LLC, a registered CPO, that serves as investment adviser to a mutual fund. Bradley Balter, the principal owner of Balter Capital, is registered as an associated person of Balter Liquid Alternatives, LLC.

Balter Capital is affiliated with BCM Investment Management LLC, which serves as the General Partner for the BCM Credit Opportunities Offshore Fund, L.P. The sole member of BCM Investment Management LLC is Balter Capital.

Balter Capital does not recommend or select other investment advisers for its Clients.

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

### Code of Ethics

Balter Capital has adopted a Code of Ethics (“Code of Ethics”) in accordance with Rule 204A-1 of the Advisers Act. Balter Capital has a fiduciary duty to place the interests of its Clients ahead of its own. Such fiduciary duty further requires that Balter Capital implements and enforces certain minimum standards of conduct that are applicable to its “access persons” in order to protect the confidentiality of material non-public information held by Balter Capital and to govern such access persons’ personal securities trading activities. “Access person” means any supervised person, including any officer, director, employee, intern, or principal of Balter Capital who: (i) has access to non-public information regarding any Client’s purchase or sale of Securities (as defined below); or (ii) is involved in making securities recommendations to Clients, or has access to recommendations that are non-public. The purpose of the Code of Ethics is to establish guidelines and procedures that are reasonably designed to identify and prevent access persons who may have knowledge of Balter Capital’s investments (and investment intentions) from breaching their fiduciary duties to the Balter Capital’s Clients, and to address other situations that may pose a real or potential conflict of interest or the appearance of a real or potential conflict of interest. The Code of Ethics requires that all access persons conduct themselves in accordance with high ethical standards, which should be premised on the concepts of integrity, honesty and trust, and in full compliance with all applicable federal and state laws and regulations concerning the securities industry. A copy of the Code of Ethics is available to Clients upon request without charge.

## Personal Trading

Personal trading by access persons of Balter Capital is governed by, tracked and enforced through its personal trading policy (“Personal Trading Policy”) in accordance with the requirements set forth under the Advisers Act. The Personal Trading Policy sets forth strict guidelines regarding personal trading activities to ensure all employees are in compliance with the legal requirements set forth in applicable legal federal and state securities laws as well as strict ethic standards.

Unless otherwise specifically permitted by the Code of Ethics, an access person may only effect a personal securities transaction in a “reportable security” if such personal security transaction has been pre-approved by the Chief Compliance Officer (“CCO”). Specifically, an access person must obtain approval from the CCO before directly or indirectly acquiring beneficial ownership in any securities in an IPO or limited offering.

Within 10 days of the date an employee of Balter Capital first becomes an access person; such employee must submit a report to the CCO listing all securities and securities accounts in which he or she has a direct or indirect beneficial ownership. Thereafter, access persons must notify the CCO and receive authorization before opening any new securities accounts.

In addition, within 30 days after the end of each calendar year, each access person must submit a report to the CCO listing all securities and securities accounts in which such access person has a direct or indirect beneficial ownership, as December 31st of such year. Moreover, within 30 days after the end of each calendar quarter, each access person must submit a report to the CCO listing information about each transaction involving a “reportable security” in which such access person had, or as a result of the transaction, acquired, direct or indirect beneficial ownership during such calendar quarter.

## Confidential Information

As an investment adviser, Balter Capital has a fiduciary duty to its Clients not to divulge or misuse information obtained in connection with its services as an adviser. Therefore, all information, whether of a personal or business nature, that an employee obtains about a Client’s affairs in the course of employment with Balter Capital should be treated as confidential and used only to provide services to or otherwise to the benefit of the Client. Such information may sometimes include information about non-Clients, and that information should likewise be held in confidence. Even the fact that Balter Capital advises a particular Client should ordinarily be treated as confidential. Balter Capital sets forth steps employees should take to help preserve confidential information including the following: avoiding inadvertent or accidental disclosure through careless conversation or describing details of a current or proposed trade, investment or transaction in a public place; employing physical safeguards, such as locking file cabinets and using password protected computer files or disks; and careful use of email. Additionally, Balter Capital has implemented a Data Security Program in accordance with MGL 201 CMR 17 regarding

certain information held by Balter Capital. This Data Security Program sets forth Balter Capital's security policy for employees acting in their capacity as employees of Balter Capital as such positions relate to the storage, access and transportation of records containing personal information of Balter Capital's Clients and employees.

## **Item 12 – Brokerage Practices**

In most cases, Balter Capital assumes general supervision over placement of securities orders for the Client portfolios it manages. In certain cases, Balter Capital must obtain Client approval of an investment decision before acting upon it. Balter Capital's primary investment strategy involves direct investment of Client accounts in private investment funds and as such brokers are not used. Each underlying fund is responsible for selection of brokers to execute transaction conducted by such underlying fund, as well as determining the commission to be paid to such brokers. However, to the extent that Balter Capital uses a broker-dealer in a securities transaction being conducted on behalf of a Client, Balter Capital will have the authority to determine the broker-dealer to be used and the commission rate to be paid, taking into consideration the best available combination of execution and overall price (which includes the cost of the transaction), always seeking to obtain best execution. During the last fiscal year, neither Balter Capital nor its related persons acquired products or services with Client brokerage commissions (or markups or markdowns).

In certain instances for discretionary Managed Accounts, Balter Capital will recommend, but will not require, that the Managed Accounts use Charles Schwab as a broker due to Balter Capital's familiarity with the broker's web platform and services. Balter Capital has no financial benefit from Charles Schwab, does not receive any special research or services that are not offered to any of Charles Schwab's retail clients, nor does it receive any special commission rate from Charles Schwab not offered to other retail clients.

In certain instances for discretionary custody of cash, Balter Capital will recommend, but will not require, that the Client use First Republic Bank as a cash custodian due to Balter Capital's familiarity with the bank's web platform, services, and competitive interest rates. Balter Capital's principals maintain personal bank accounts at First Republic Bank, but do not receive any financial benefit not received by other First Republic Bank clients.

## **Item 13 – Review of Accounts**

In regards to the Funds, Balter Capital completes periodic reviews to monitor investment holdings and the performance of each Fund. Client Accounts and Managed Accounts are reviewed by Balter Capital to ensure goals and objectives are met on a quarterly basis. Quarterly reports are sent to each Client detailing fees and performance of each such Client. Additionally, account reviews will be completed at the specific request of the Client. The review of Accounts is completed by James Fricano, Balter Capital's Chief Compliance Officer, and Jay Warner, Balter Capital's Chief Investment Officer.

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

Not applicable.

#### **Item 15 – Custody**

Balter's Clients generally maintain custody arrangements through independent qualified custodians. However, Balter Capital may in some circumstances be deemed to have "custody" (as defined in Rule 206(4)-2 under the Advisers Act (the "Custody Rule")) of Client securities and funds, even though it does not actually maintain Client assets. Clients with respect to which Balter Capital has been deemed to have "custody" under the Custody Rule receive audited financial statements on an annual basis in accordance with the Custody Rule.

In addition, Clients should receive at least quarterly statements, and more typically monthly statements, from the broker dealer, bank, fund administrators, or other qualified custodian that holds and maintains Client's investment assets. Balter Capital urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. Balter Capital's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

With respect to the Funds, Balter Capital accepts discretionary authority to manage securities accounts on behalf of those Funds only to the extent that it provides investment advisory services to the Fund pursuant to an investment advisory agreement. Any restrictions or limitations on any type of investments are established by the organizational documents of the Fund, and are disclosed in the Fund's offering documents.

With respect to Managed Accounts, Balter Capital usually receives discretionary authority from the Client at the outset of an investment advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account. When selecting investments and determining amounts, Balter Capital observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Balter Capital in writing.

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

Generally, Balter Capital does not vote proxies on behalf of the Funds or the Managed Accounts because it does not invest directly in public securities but instead invests in underlying funds in which such underlying funds may vote proxies. To the extent that any underlying fund or does vote proxies, the Chief Compliance Officer will review the proxy voting policy of such

underlying fund's manager to determine that adequate controls are in place. In the event Balter Capital does vote proxies for its clients, it will do so in the best interest of its clients.

**Item 18 – Financial Information**

Not applicable.