

# Form ADV Part 2A

## Brochure

**March 29, 2018**

This Brochure provides information about the qualifications and business practices of Snow Capital Management L.P. ("SCM"). If you have any questions about the contents of this Brochure, please contact us at 724-934-5800 or [info@snowcm.com](mailto:info@snowcm.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority.

Snow Capital Management L.P. is an SEC-registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide information you should use to decide if you will hire or retain the adviser. More information about Snow Capital Management L.P. is available on the SEC's Investment Adviser Public Disclosure (IAPD) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 2 – MATERIAL CHANGES

This Brochure, dated March 29, 2018, represents an annual update to the Brochure dated March 30, 2017. The following is a summary of the more significant updates that were made to this Brochure since the last annual update:

- Location of Books & Records – SCM utilizes Global Relay to archive email and instant messenger correspondence. These electronic records are stored offsite at Global Relay's data storage facility.
- Item 10 - Other Financial Industry Activities and Affiliations - SCM discontinued providing services to Stringer Asset Management as of December 31, 2017 and has terminated the service provider agreement as of March 15, 2018.

**Please note that this section of the Brochure discusses only material changes since the last annual update of our Brochure.** For any future material changes to this and subsequent Brochures, we will at no charge provide you with a summary of material changes within 120 days of the close of our fiscal year, or more often as necessary.

To obtain a copy of this Brochure, please contact Edward Jenkins, Managing Director – Client Development, at 724-934-5800 or at [info@snowcm.com](mailto:info@snowcm.com) or visit our website at [www.snowcm.com](http://www.snowcm.com).

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## ITEM 4 – ADVISORY BUSINESS

### OVERVIEW OF THE FIRM

Snow Capital Management L.P. ("SCM") is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 ("Advisers Act"), as amended. Our Firm was founded as R.A.S. Investments in 1980 and registered with the SEC as an investment adviser on August 24, 1990. In 2001, R.A.S. was restructured as Snow Capital Management L.P., a Pennsylvania Limited Partnership. Snow Capital Management Holdings L.P. is the principal owner of the Firm.

As used in this brochure, the words "Firm," "we," "our," and "us" refer to SCM and the words "you," "your," and "client" refer to you as either a current or prospective client of SCM.

### INVESTMENT SERVICES

SCM provides investment advisory services for individual and institutional clients through separately managed accounts, model-based/unified managed accounts of wrap program sponsors, Snow Capital Investment Partners L.P. ("SCIP" or the "Private Fund"), and the Snow Capital Family of Funds (mutual funds, collectively, the "Funds").

When we have discretion over the trading in your account, we conduct a suitability review to identify client objectives, security restrictions, allowable cash positions, brokerage arrangements, and general risk limitations prior to investing your funds. Wrap sponsors and model-based programs perform the suitability review for accounts introduced through those programs. When we have discretion over the trading in your account, a client may impose reasonable restrictions, in writing, on SCM's services.

SCM does not provide financial planning services and does not advise our clients in the selection of other investment advisers.

If you are considering the advisory services of SCM, you should consult with a financial advisor to determine which investment product(s) best suits your needs.

### ACCOUNT TYPES

#### *SEPARATELY MANAGED ACCOUNTS*

SCM provides investment advice to clients according to the terms of an investment advisory agreement with the client. The clients may or may not come to SCM through an investment advisor. These clients maintain separate management agreements directly with SCM and pay management fees based on the investment strategy and asset levels. These fees are exclusive of transactional and/or custodial costs. More information about SCM's separately managed account fee schedule can be found in *Item 5 – Fees and Compensation*.

#### *UNIFIED MANAGED ACCOUNTS ("UMA")*

A UMA combines all of a client's assets into a single account. A UMA typically holds multiple investment strategies under the same custodial account. It may also contain multiple investment products such as individual stocks, mutual funds or bonds. SCM may or may not have the authority to trade in this type of account.

Clients in UMA accounts are charged a single fee by the program sponsor and SCM receives its management fee from the program sponsor.

#### *MUTUAL FUNDS*

SCM is the investment adviser to the Snow Capital Family of Funds, which include:

- Snow Capital Opportunity Fund
- Snow Capital Small Cap Value Fund
- Snow Capital Focused Value Fund
- Snow Capital Dividend Plus Fund

The prospectuses for the Snow Capital Opportunity Fund, Snow Capital Small Cap Value Fund, Snow Capital Focused Value Fund and Snow Capital Dividend Plus Fund are available at [www.snowfunds.com](http://www.snowfunds.com). SCM has also been engaged as a sub-adviser to other mutual funds, as outlined in *Item 10 – Other Financial Industry Activities and Affiliations*. SCM does not provide financial planning services and does not advise our clients in the selection of other investment advisers.

#### *PRIVATE FUND*

Snow Capital Management LLC (“SCM LLC”) is the general partner of SCIP. As a private fund, SCIP is exempt from registration as an investment company under the Investment Company Act of 1940. All SCIP investors must meet the accredited investor standard per Rule 501 of Regulation D. The Private Fund may use leverage and invest in marketable securities which may overlap with other SCM product offerings. The SCIP Private Placement Memorandum (PPM) details all fees. SCM, as an investment adviser to a private fund, is not currently required to file Form PF because SCIP’s assets do not meet the regulatory assets under management threshold.

#### PROGRAM TYPES

##### *WRAP FEE PROGRAMS*

We offer investment advice to clients through our participation in wrap fee programs. Wrap fee program sponsors organize and administer the program and may provide advice to clients regarding the selection of non-affiliated investment advisers in the program. SCM’s participation in wrap fee programs may create conflicts of interest between our duty to obtain best execution for wrap fee program clients and our receipt of future accounts from program sponsors. Please refer to the SCM’s Form ADV Part 1A for a list of wrap fee programs in which we participate.

Clients in wrap fee programs are charged a single fee by the program sponsor and SCM receives its management fee from the program sponsor.

##### *Model Delivery Programs (“MDP”)*

Snow Capital provides investment advice to sponsors of model delivery programs where SCM provides a model portfolio to an overlay manager or program sponsor. SCM serves as the model manager but does not have trading discretion in model-based accounts. In these instances, SCM does not have discretionary investment authority over the individual client.

Clients in MDPs are charged a single fee by the program sponsor and SCM receives its management fee from the program sponsor.

### **PERFORMANCE DIFFERENCES**

While separately managed, UMA and model-based accounts utilizing the same investment strategy may perform similarly, there are expected to be performance differences between them. For example, there will be performance dispersion any time SCM does not have trading discretion. SCM does not have trading discretion over model-based accounts. SCM may or may not have trading discretion over UMA accounts. For more information on SCM's trade management policies and procedures, please see *Item 12 -Brokerage Practices*.

### **ASSET INFORMATION**

As of December 31, 2017, SCM managed the following asset amounts:

	<u>U.S. Dollar Amount</u>
Assets Under Management <sup>†</sup>	\$2,587,741,897
Assets Under Advisement <sup>††</sup>	\$1,354,818,623
<b>Total Assets</b>	<b>\$3,942,560,520</b>

<sup>†</sup>Includes discretionary assets under management which are reported as Regulatory Assets Under Management (RAUM) in Item 5.F. of Form ADV Part 1A.

<sup>††</sup>Includes model-based assets or similar programs where SCM does not have discretionary authority over the accounts, which are not treated as Regulatory Assets Under Management (RAUM) in Item 5.F. of Form ADV Part 1A.

## **ITEM 5 – FEES AND COMPENSATION**

### **BIILLING PRACTICES**

SCM bills our clients on either a monthly, quarterly or annual basis. Depending on the introducing relationship (e.g., brokerage firm, wrap sponsor, institutional consultant, etc.), we bill in arrears or in advance and the fee calculation may be based on average monthly balances, quarter-end market values or some other mutually agreed upon methodology. Partial periods may occur at account inception and termination; fees for partial periods are pro-rated. Refunds for payments made in advance are processed in accordance with the terms of the client or platform contract.

Clients may pay fees in several different ways and are often dependent on your relationship with SCM. Often, fees are paid through an arrangement between your custodian or financial advisor and SCM. Details regarding these types of payments can be found in your custodial paperwork.

In some cases, certain “qualified custodians” (e.g., broker-dealers) allow SCM to deduct advisory fees directly from client accounts. More information on these types of relationships can be found in *Item 15 – Custody*.

Additionally, there may be instances where fees are paid directly to the Firm by the client in a pre-established manner (e.g., check, money order or wire).

## SEPARATELY MANAGED ACCOUNTS

SCM's annual fee schedule for separately managed accounts is as follows:

### All Cap Value

0.80% on the first \$10 million  
0.70% on the next \$10 million  
0.60% on the next \$10 million  
0.50% on the balance over \$30 million  
1.00% on assets under \$5 million

### Large Cap Value

0.75% on the first \$10 million  
0.70% on the next \$15 million  
0.60% on the next \$25 million  
0.50% on the balance over \$50 million

### Small Cap Value

1.00% on the first \$20 million  
0.90% on the balance over \$20 million

### SMid Cap Value

1.00% on the first \$20 million  
0.90% on the balance over \$20 million

### Focused Value

0.75% on the first \$10 million  
0.70% on the next \$15 million  
0.60% on the next \$25 million  
0.50% on the balance over \$50 million

### Dividend Plus

0.75% on the first \$10 million  
0.70% on the next \$15 million  
0.60% on the next \$25 million  
0.50% on the balance over \$50 million

All fees and account minimums are negotiable and may be discounted for wrap fee programs, friends and family, or institutional accounts. The schedules above only reflect SCM's investment management fee. See "Other Fees and Expenses" for more information on potential additional costs that may be associated with your account.



## WRAP FEE AND MODEL DELIVERY PROGRAMS

Clients in wrap fee and model delivery programs pay a single fee to the program sponsor, which includes management and transaction fees for the client account. When SCM manages funds through a wrap fee or model-based program, we receive a portion of the fee charged by the sponsor. In some circumstances, clients will see those fees payable to SCM itemized, and in other cases, they will be bundled together with the fees charged by the sponsor.

## MUTUAL FUNDS

Investors pay certain fees and expenses if they buy and hold shares of mutual funds. The Snow Capital Family of Funds' fees and expenses are found in the Funds' prospectus at [www.snowfunds.com](http://www.snowfunds.com).

For funds where SCM has been engaged as a sub-adviser to other mutual funds, SCM receives a management fee from the fund's registered investment company.

## PRIVATE FUND

Snow Capital Management LLC ("SCM LLC") is the sole general partner of SCIP. The SCIP Private Placement Memorandum (PPM) sets forth all fees.

## OTHER FEES AND EXPENSES

You may pay other expenses in addition to the advisory fees paid to SCM. For example, you may pay brokerage commissions, exchange fees, transaction costs, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes which are unrelated to the fees paid to SCM. Mutual funds and exchange-traded funds also charge internal management fees, which are detailed in the prospectuses. Such charges, fees and commissions are exclusive of and in addition to SCM's advisory fee. Additional details relating to other fees and expenses are found in *Item 12 – Brokerage Practices*.

## TERMINATION OF ACCOUNT

Clients may close their accounts by giving SCM written notice at least 30 days in advance, although this requirement may be waived. Final client fees will be pro-rated through the termination date.

Wrap fee and model portfolio program clients should refer to the respective program's sponsors' agreement for termination charges.

## ADDITIONAL COMPENSATION

SCM and its employees do not accept compensation, including sales charges or service fees, for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Certain SCM employees receive compensation based in part on gross sales of SCM's investment programs. This percentage of revenue compensation received varies by investment program. This practice presents a potential conflict of interest because it may give SCM or our employees an incentive to recommend investment programs based on the compensation received, in addition to a client's needs. SCM maintains compliance policies and procedures to ensure that employee compensation programs do not interfere with our fiduciary duty to our clients.

## ERISA ACCOUNTS

SCM is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986, respectively. As such, our Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, SCM can only charge fees for investment advice about products for which our Firm and/or our related persons do not receive commissions. ERISA rule 408(b)(2) requires full disclosure of our services and compensation and should be read in conjunction with this Form ADV Part 2A and your investment management agreement with us.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

### PERFORMANCE-BASED FEES

SCM charges a performance-based fee in the Private Fund. SCM may enter into performance-based fee arrangements with *qualified clients* as defined by Rule 205-3 of the Advisers Act. The Firm's performance-based fee arrangements may be based on an absolute return or performance versus a pre-defined benchmark or other mutually agreed upon terms. All performance-based fees are negotiated with each client and managed in accordance with the Advisers Act.

### SIDE-BY-SIDE MANAGEMENT

Our trade policy is designed to ensure that client accounts are treated equitably under all circumstances. We strive not to favor any clients or subsets of clients when we engage in side-by-side trading of separately managed accounts, performance-based fee accounts, mutual funds, and the Private Fund.

Performance-based fee arrangements may create a potential conflict of interest by incentivizing SCM to recommend investments which may be riskier or more speculative than those recommended under traditional fee arrangements. Performance-based fee arrangements may also incentivize us to direct the best investment ideas to accounts that pay a performance fee and to favor higher fee-paying accounts over other accounts when allocating investment opportunities.

We have adopted and implemented written policies and procedures that are reasonably designed to prevent violation of the Advisers Act by our Firm or any of our supervised persons. We strive to treat all clients fairly, and to prevent fee-related conflicts from influencing the allocation of investment opportunities among clients.

## **ITEM 7 – TYPES OF CLIENTS**

SCM provides investment supervisory services to the following types of clients:

- Individuals
- High net worth individuals
- Investment companies, including mutual funds
- Pooled investment vehicles, such as hedge funds
- Pension and profit sharing plans

- Charitable organizations
- Corporations or other businesses not listed above
- State and municipal government entities

We generally impose a minimum dollar value of assets for opening and maintaining an account. These minimums, however, are negotiable and may be altered or waived for wrap fee programs, friends and family, or institutional accounts. Account minimums for each product are as follows:

#### **SEPARATELY MANAGED ACCOUNTS**

- All Cap Value minimum account size: \$2 million
- Large Cap Value minimum account size: \$5 million
- Small Cap Value minimum account size: \$20 million
- SMid Cap Value minimum account size: \$20 million
- Focused Value minimum account size: \$5 million
- Dividend Plus minimum account size: \$5 million

#### **MUTUAL FUNDS**

Please refer to the Funds' prospectuses for more information regarding account minimums. See *Item 5 – Fees and Compensation* for more information on obtaining a prospectus.

#### **PRIVATE FUND**

Please refer to the SCIP Private Placement Memorandum (PPM) for information about the investment minimums of the Private Fund.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **INVESTMENT STRATEGY AND ANALYSIS**

SCM uses fundamental analysis to employ a contrarian investment philosophy. We believe that attractive risk/reward opportunities in the equity markets are obtained through diversified portfolios. SCM invests in companies we believe are undervalued, well-managed, and financially strong where the stock price is depressed because the company has experienced temporary difficulties. Our contrarian investment philosophy is consistent with modern behavioral finance research which takes advantage of market overreaction to well managed companies that experience negative surprises. We believe this approach provides attractive risk/reward opportunities for our clients and may avoid overpaying for stocks which later regain favor by mainstream investors after the negative surprise has dissipated or been corrected by management.

### **RISK OF LOSS**

Past performance is not indicative of future results. Purchasing investment products, including those outlined in this document, involves risk. Stock and bond markets can fluctuate substantially over time with changes in the economy and demand for particular products or services. You should be aware that the purchase of securities involves the possibility of financial loss, including the loss of your original investment. Some investment instruments may have greater inherent risks than others.

Equity investments in smaller companies involve added risks such as limited liquidity and greater fluctuation than that experienced by larger companies, which may impact our ability to sell these investments at a fair and competitive price in a timely manner.

Mutual fund investing also involves risk and principal loss is possible. Investors will pay fees and expenses, even when investment returns are flat or negative. Investors cannot influence the securities bought and sold, or the timing of transactions which may result in undesirable tax consequences.

Derivatives, which include futures and options, may be more volatile than direct investments in the underlying securities, involve added costs, and may only require a small initial investment relative to the risk assumed (i.e., leverage). Also, the value of a futures or options contract may not demonstrate the expected correlation to the underlying security, index, or securities markets in general. Certain SCM advisory services may involve derivatives trading.

For more detailed discussions of the specific risks associated with SCM's Funds and Private Fund, please refer to the prospectuses and Private Placement Memorandum. The risk of loss described herein should not be considered to be an exhaustive list of all the risks which clients should consider.

#### **MINIMIZING THE RISK OF LOSS**

We believe the professional and disciplined execution of our investment philosophy will generate sustainable investment returns for our client accounts over time. However, the cumulative effect of company-specific risk and systemic risk of a domestic and/or global nature clearly imply that no investment is guaranteed. SCM clients placing funds in any of our strategies should do so with the full knowledge that loss of principal is a real risk and the use of diversification does not assure a profit or protect against loss. Securities markets experience varying degrees of volatility and over time, your assets will fluctuate and may be worth more or less than the original amount you invested.

### **ITEM 9 – DISCIPLINARY INFORMATION**

Registered investment advisers must disclose all material facts about any legal or disciplinary events that would be material to the evaluation of SCM or the integrity of the Firm's management. SCM does not have any legal, financial or other disciplinary items to report.

### **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### **INVESTMENT COMPANIES**

As noted in *Item 4 – Advisory Business*, SCM is the investment adviser to several mutual funds. We have also been engaged as a sub-adviser to manage portions of the assets of certain funds from the following registered investment companies:

- SEI Institutional Investments Trust
- SEI Institutional Managed Trust
- SEI Catholic Values Trust

We do not believe that any of the advisory services associated with being an adviser or sub-adviser create material conflicts of interest between the Firm and our clients that are invested in other products. We follow written policies and procedures designed to manage such conflicts of interest by ensuring that all clients are treated fairly, regardless of the investment strategy and fee schedule associated with the account.

#### OTHER INVESTMENT ADVISORY SERVICES

SCM provides investment advisory services to collective trust funds managed by Russell Trust Company, a non-depository trust company and a wholly owned subsidiary of Frank Russell Company. The funds are only available to certain qualified employee benefit plans and government plans and are not offered to the general public.

As discussed above, SCM's policies and procedures outline steps for us to take to avoid or mitigate the potential conflicts inherent in these relationships.

#### PRIVATE FUND

As noted in *Item 5 – Fees and Compensation*, SCM LLC is the general partner of SCIP, the Private Fund. We acknowledge this structure creates potential conflicts of interest between the Firm and its other clients. As previously stated, the Firm follows written policies and procedures to ensure that all clients are treated fairly, regardless of the investment strategy and fee schedule associated with the account.

#### STRINGER ASSET MANAGEMENT, LLC

SCM has an ownership interest in Laurus Principal Group, LLC, a Delaware limited liability company, and its wholly-owned subsidiary, Stringer Asset Management, LLC ("SAM"), an SEC-registered investment adviser. In May 2013, SCM entered into a service provider agreement with SAM. Under the terms and conditions of the agreement, the Firm may provide certain services for the benefit of SAM, which could include accounting, marketing, performance reporting, operations and trading support, and compliance assistance, among others. SAM pays service fees to SCM for the provision of these services. SCM discontinued providing services to SAM as of December 31, 2017 and has terminated the service provider agreement as of March 15, 2018.

### **ITEM 11 – CODE OF ETHICS**

#### CODE OF ETHICS AND FIDUCIARY DUTY

We value client trust and place our fiduciary responsibilities to each client first and foremost in all aspects of our business. SCM has adopted a Code of Ethics which outlines our high standard of business conduct, and reinforces each employee's role in discharging the Firm's fiduciary duty to clients. The SCM Code of Ethics includes provisions for maintaining confidentiality of client information, prohibitions on insider trading and spreading rumors, restrictions on the acceptance of material gifts, requirements to report certain political contributions, gifts, and business entertainment, and procedures for personal securities trading, among others. For a copy of the Firm's Code of Ethics, contact us at 724-934-5800 or e-mail at [info@snowcm.com](mailto:info@snowcm.com).

#### PERSONAL SECURITIES

'Access Persons' are defined as employees who are in a position to exploit information about client securities transactions or holdings. We consider all employees to be Access Persons. All employees of the Firm, and their

immediate family members residing in the same household, are prohibited from buying individual stocks or stock options in discretionary personal accounts. We permit the purchase of corporate bonds and preferred stocks as long as they are 'investment grade,' along with certain other restrictions. In order to avoid conflicts of interest between employee trades and securities being purchased and sold within client accounts, SCM's Code of Ethics outlines pre-clearance requirements for allowable security types.

## PRIVACY

SCM is committed to maintaining the confidentiality, integrity, and security of our current and prospective clients' nonpublic personal information and adheres to high standards in order to safeguard such information. As part of this commitment, we have adopted a Privacy Policy, which is included at the end of this Brochure.

## EMPLOYEE ACCOUNTS MANAGED BY THE FIRM

Accounts of employees that are managed by the Firm are traded along with client orders to prevent conflicts of interest. Employee accounts do not receive preferential treatment in the trade allocation process.

## **ITEM 12 – BROKERAGE PRACTICES**

### TRADING

As a fiduciary, SCM places your interests first and foremost. We maintain trading policies and procedures that we believe are reasonably designed to deal equitably with conflicts of interests that may arise in certain situations. We follow these written policies and procedures for matters including trade documentation, reporting of trade order status, resolution of trade errors, trade allocation, and trade aggregation.

### BROKERAGE DISCRETION

SCM manages accounts introduced through various broker-dealers and initiates trades through those relationships when appropriate. SCM may aggregate or block trades and 'step out' the trades to different broker-dealers to achieve best execution. For clients involved in wrap fee programs, SCM may or may not have the option to "step out" trades.

For clients not introduced through a broker-dealer, we may discuss custodial/brokerage relationships and options with you as a courtesy only. We reserve the right to not accept an account or to terminate management of an existing account based on your selected custodian and/or broker.

For the subset of clients for whom the Firm has a choice as to where to execute transactions, we maintain a list of active trading partners (i.e., counterparties) with whom we may transact business.

The Firm periodically conducts reviews of its trading parties. The Firm utilizes a qualitative approach when conducting trading partner reviews. Each firm receives a cumulative score based on their performance in various areas of trade execution and service. The reviews are conducted by the Traders, and reviewed and approved by the Trading Committee. Interim reviews are conducted for any new trading partners that the Firm intends to use on a regular basis. Reviews are conducted within a reasonable time after the inception of the relationship and updated annually.

## MODEL DELIVERY ACCOUNTS

Sponsors of MDPs will typically be notified of model portfolio changes following the completion of the corresponding trades for discretionary accounts. Model portfolio information may be communicated to the MDPs using a pre-determined rotational system (i.e., alphabetically/reverse-alphabetically, random) so that no clients or groups of clients are consistently favored or disfavored over others. SCM attempts to ensure that all MDPs have the opportunity to effect model changes on the same day. In order to do this, SCM may provide model updates to programs with specific model submission deadlines ahead of programs without such deadlines. The program or overlay manager is responsible for trading the model-based accounts to conform with the model portfolio changes submitted to them by SCM. The program or overlay manager may choose to execute trades differently than SCM for a variety of reasons. As a result, model portfolio clients may experience account performance that is different from results obtained by discretionary accounts that we trade directly.

## BEST EXECUTION

SCM, as a fiduciary to its advisory clients, endeavors to seek best execution for your transactions. The Firm adheres to the recommended practices within the CFA Institute Trade Management Guidelines, which provide investment management industry guidelines on trade execution. When determining best execution on a particular trade, our considerations may include but are not limited to price/yield competitiveness, execution capability and quality, commission rates, market impact, financial responsibility, operational efficiency, responsiveness to SCM, knowledge of the relevant asset class/sector/specific security in which the Firm is transacting business, and other factors as deemed appropriate. Achieving best execution does not necessarily refer to transactions with the lowest commission cost, but rather to transactions with the best overall qualitative execution (e.g. transactions may not always be executed at the best available price or commission rate). Additionally, the perceptions of what constitutes best execution in any given instance may vary.

## AGGREGATION OF CLIENT TRADES

SCM may determine that aggregating (or blocking) orders by custodian and ‘stepping out’ or utilizing a different broker-dealer to process the aggregated order is prudent and necessary in order to fulfill our fiduciary duty to obtain best execution for each client as set forth above.

When aggregating client orders, management’s considerations include but are not limited to the following:

- No advisory account, including a related account, is favored over any other account. Clients participating in an aggregated order shall receive an average share price with other transaction costs shared on a pro rata basis.
- We will not aggregate transactions unless it is consistent with our duty to seek best execution and the terms of our investment management agreement with each client for which trades are being aggregated.
- Before aggregating trades, the Portfolio Manager will specify the participating client accounts and the intended allocation among those clients.
- If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the terms of the order; if the order is partially filled, it will be allocated on a pro rata basis within the same terms of the order.

- Notwithstanding the foregoing, the order may be allocated on a random basis but only if the reason is justified and consistent with our fiduciary duty to our clients.
- Our books and records will separately reflect the orders for each client account that are aggregated, as well as the securities bought and sold for and held by that account.
- We receive no additional compensation of any kind as a result of the proposed aggregation; however, we may receive soft dollar credits in some executions.
- Individual investment advice and treatment will be accorded to each client.

### DIRECTED BROKERAGE

The following should be noted as it relates to directed brokerage at SCM:

- You have the right to direct brokerage.
- You must direct SCM, in writing, in order to direct brokerage.
- You should understand that directing brokerage may cost you more in the form of higher commissions and/or higher execution prices.

If a broker-dealer refers you to SCM for the management of part or all of your investment assets and/or when directed by you to use a specific broker-dealer, no attempt will be made to negotiate commissions on your behalf. As a result, you may pay materially disparate commissions in some transactions. Commission amounts will depend on your commission arrangement with the referring broker-dealer established prior to referral to SCM as well as other factors such as the number of shares, round and odd lots, and the market for the security. We are able to, in some instances, block/aggregate client orders and potentially negotiate brokerage commissions for those clients that provide us with discretion over brokerage.

Wrap fee accounts are also considered a type of directed brokerage account, though in some instances, SCM may still have discretion over trading.

We acknowledge that there is a potential conflict between the interest of referred clients in obtaining best execution and our Firm's stake in receiving future referrals.

If you have instructed SCM to execute any or all securities transactions for your account with or through one or more brokers, you represent and warrant that you have negotiated the terms and conditions (including, but not limited to, commission rates) relating to all services provided by such brokers and that you are satisfied with such terms and conditions. We shall not have any responsibility for obtaining for your account from any such broker the best prices or any particular commission rates for transactions with or through any such designated broker. You recognize that you may not obtain rates as low as we might otherwise obtain if we had discretion to select broker/dealers other than those you chose. You further agree that if we believe, in our exclusive discretion, that we cannot satisfy our fiduciary duty of best execution by executing a securities transaction for your account with a broker designated by you, we may execute that securities transaction with a different broker. You shall promptly inform SCM in writing if you desire that we cease executing transactions with or through any such designated broker.

### WRAP PROGRAM CLIENTS

When permissible, SCM may "step-out" or "trade away" from the wrap platform sponsor in seeking to achieve best execution. You *will* incur fees in addition to your wrap program fees when trades are 'stepped-out' to



broker-dealers other than your wrap sponsor. We may, nevertheless, choose to trade away when we believe that you will benefit from such execution relative to these additional costs. The additional fees that are charged to your account are reflected in the “net price” you have paid for or received from the transaction and will not appear individually on your trade confirmation.

In cases where we are permitted to “step-out” or trade away, our participation in wrap programs may cause a potential conflict of interest in the pursuit of best execution. Wrap programs may encourage SCM to only place trades through the program sponsor without considering execution quality. Likewise, SCM’s choice to step-out trades may cause a reduction in the number of future accounts obtained from the platform. SCM attempts to mitigate this conflict by considering the factors listed above when making execution decisions, as our primary obligation is to act in the best interest of our clients.

### TRADE ERRORS

SCM has a legal and fiduciary obligation to ensure that clients are not disadvantaged by trade errors in any way. A trade error is an error in the placement, execution or settlement of a client’s trade. When a trade error occurs, we work with all relevant parties in the trading process to promptly correct the error while ensuring it does not disadvantage the client.

The correction of a trade error may generate a gain or a loss, which is ultimately isolated from a client’s account.

Trade error gains may be treated differently based on account type. In wrap program accounts, gains generally do not go back to the client, but are retained by the custodian in order to offset future losses. The error generally does not make its way to the client account. The transaction is cancelled and the net effect on the account is as though the trade did not occur. In other types of client accounts (e.g., institutional accounts) a trade error may impact the account directly and thus the gains could be retained by the client.

Trade error gains are typically not paid to SCM. There are, however, limited circumstances where we may receive and accept gains so long as our fiduciary duty to you is not in any way compromised. Counterparties may donate gains to charity or allow the balance in the error account to accrue. In such cases, we do not benefit from the gains in the error account, except to the extent that any gains that remain in the account can be used to offset any future losses.

### SOFT DOLLARS

Soft dollar practices are arrangements whereby an investment adviser directs transactions to a broker-dealer in exchange for certain products and services that are allowable under SEC rules.

Client commissions may be used to pay for brokerage and research services and products as long as they are eligible under Section 28(e) of the Exchange Act of 1934. Section 28(e) sets forth a “safe harbor,” which provides that an investment adviser that has discretion over a client account is not in breach of its fiduciary duty when paying more than the lowest commission rate available if the adviser determines in good faith that the rate paid is commensurate with the value of brokerage and research services provided by the broker-dealer.

SCM permits soft dollar arrangements for certain products and services after making such good faith determinations. All items proposed for coverage are reviewed by our Trading Committee.

Brokerage services and products that we use must relate to trade execution from the point when the Firm communicates with the broker-dealer for the purpose of transmitting a trade order through the point when funds or securities are credited to the client account. Eligible services and products include functions incidental to effecting securities transactions, such as clearance, settlement, custody, and related communications. Trading software used to route orders and algorithmic trading software are also considered to be eligible brokerage services.

We may only use soft dollars for research services and products if they provide advice, either directly or through publications or writings, as to the value of securities, the advisability of buying or selling securities, and the availability of securities; or furnish analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts. Advice, analyses, and reports must provide substantive content in order to be eligible for use. We may also use soft dollars to obtain traditional company research reports, market research, advice on market color, and execution strategies, market data, and trade analytics. Depending on the subject matter, financial newsletters and trade journals, computer software that provides securities or quantitative analysis, and seminars or conferences may be eligible for use.

We may also receive services that are used for both research and "non-research purposes," such as for Firm administration or marketing. In such cases, we will make a good faith allocation of the relative proportion of the cost of non-research services and will pay for it from our own funds.

We acknowledge that conflicts of interest exist in soft dollar arrangements. Our use of soft dollars may influence our decision to use one broker-dealer over another. Your portfolio transactions may be directed to certain broker-dealers in recognition of research services furnished by them, as well as for the services rendered in the execution of their orders.

While SCM uses research to benefit all clients in its investment decision-making process, some clients may be paying for research and brokerage services while not necessarily receiving the direct benefit of these services whereas other clients may be receiving a direct benefit while not paying for these services. SCM is not required to weigh any of these factors equally. We believe that receipt of research and brokerage services provides a benefit to you, regardless of whether it is direct or indirect, by assisting the Firm in its overall investment decision-making process.

Research services received through soft dollar arrangements are in addition to and not in lieu of services required to be performed by SCM. The investment management fee that you pay us is not reduced as a consequence of the receipt of such supplemental research information.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **ACCOUNT REVIEWS**

Account reviews are performed regularly by a Portfolio Manager or a designee. Reviews are triggered by various factors including portfolio model changes, changes in client investment objectives, account deposits and withdrawals and volatile markets.

## CLIENT REPORTING

You receive account statements from your custodian at least quarterly. You should review these statements carefully as they are the official records for your account. We do not produce regular client reports. If you request monthly or quarterly reporting from SCM, we urge you to compare these reports against the statements received from your custodian. See *Item 15 -Custody* for a description of reports disseminated to Private Fund investors.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### COMPENSATION FOR CLIENT REFERRALS

Fees are paid to some professional firms, known as solicitors, for their client referrals. The following firms provide client referrals to SCM in return for quarterly finders' fees based on account assets under management:

- DJS Advisers, Inc.
- Markovitz, Dugan & Associates
- Schenley Capital, Inc.
- Measured Wealth Private Client Group, LLC

The SEC has adopted strict rules for advisers when accepting third party referrals. We follow written policies and procedures to ensure compliance with these rules, including those governing compensation and written client disclosure. If you are referred to us by a solicitor, we pay a referral fee as allowed under SEC rules. The referral fee will be paid entirely from our investment advisory fee; you will not pay an added fee for the referral. The solicitor must tell you about his/her relationship with us at the time of solicitation, deliver a copy of this Form ADV Part 2A, and provide a written disclosure explaining the terms of arrangement.

If you are a referred client, you should be aware of inherent conflicts of interest that exist between you and SCM with respect to the solicitation arrangement described above. Solicitors may refer potential clients to us because they will be paid a fee and not because we provide investment strategies that are appropriate and suitable for the client. To mitigate this conflict, SCM retains ultimate discretion to accept client referrals from solicitors.

## **ITEM 15 – CUSTODY**

All client assets are maintained with qualified custodians such as banks or registered broker-dealers. You receive account statements from your custodian at least quarterly. These statements are considered the official record of your account and require careful review.

SCM has custody of client funds and securities in the following two cases:

- 1) Through the deduction of advisory fees in select client accounts
- 2) Through access to funds and securities in SCIP, the Private Fund

These two forms of custody are detailed below. In no other way – either directly or indirectly – does SCM have custody of funds or securities. We do not accept delivery of client securities, e.g., stock certificates, stock powers,

bonds, etc., or checks and we have procedures in place to deal with instances of 'inadvertent custody' should they occur.

#### **DEDUCTION OF ADVISORY FEES**

Certain "qualified custodians" (e.g., broker-dealers) allow SCM to deduct advisory fees directly from client accounts. SCM is deemed to have custody in these situations according to the Advisers Act. If you have an account with one of these custodians, you authorize us to debit fees directly from your account balance in your written agreement with the custodian. No less than quarterly, the custodian is required to send you account statements indicating all amounts disbursed from your account, including the amount of advisory fees that were paid to SCM.

The principal risk associated with this limited form of custody is that a fee will be deducted that we are not entitled to under the terms of your agreement. This risk can be mitigated by carefully reviewing the account statements your custodian sends to you. If you would like a copy of your invoice from SCM, please contact Edward Jenkins, Managing Director – Client Development, at 724-934-5800 or at [info@snowcm.com](mailto:info@snowcm.com).

#### **ACCESS TO FUNDS AND SECURITIES IN THE PRIVATE FUND**

An adviser who acts as a general partner to a limited partnership has authority to dispose of funds and securities in the limited partnership's account, which represents custody of client assets. SCM controls SCM LLC which serves as the general partner of SCIP, which is a limited partnership. Therefore, SCM has custody of SCIP's assets. The Private Fund is independently audited by a Public Company Accounting Oversight Board ("PCAOB") registered firm and is also subject to surprise examinations. In addition, the financial statements of SCIP are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") and delivered to investors within 120 days of the end of its fiscal year.

### **ITEM 16 – INVESTMENT DISCRETION**

At the outset of the advisory relationship, SCM requires clients to execute and deliver limited powers of attorney authorizing the Firm to act on behalf of the client, in such form as may be required by various brokerage firms, banks, etc. We obtain discretionary investment authority from you through the execution of an investment management agreement at the outset of the advisory relationship. Discretion is exercised in a manner consistent with stated investment objectives for your account pursuant to the fiduciary duty and standard of care which we must discharge. SCM does not have discretionary investment authority over accounts in model-based programs.

Investment guidelines and restrictions must be provided to SCM in writing. Throughout the portfolio management process, we observe the investment policies and limitations imposed by each client.

SCM has the authority to make discretionary investment decisions. Before investing your funds, we conduct a suitability review to identify client objectives, security restrictions, allowable cash positions, brokerage arrangements, and general risk limitations. Wrap sponsors perform the suitability review for accounts introduced through those programs.

Portfolios are well-diversified across industries and market capitalization ranges appropriate to each product (Large Cap, Small Cap, SMid Cap and All Cap). Our Portfolio Managers are responsible for all discretionary investment decisions but may assign discretion to the Traders for individual portfolio rebalancing and client-initiated events such as new account opening, liquidation, deposits, withdrawals, and tax strategy requests.

Within SCM Funds, which are part of a registered investment company, our authority to trade securities may be limited by certain federal securities and tax laws that require diversification of investments.

## **ITEM 17 – VOTING CLIENT SECURITIES (I.E., PROXY VOTING)**

SCM has been delegated the authority to vote proxies and corporate actions for securities held within certain clients' portfolios. We have adopted policies and procedures reasonably designed to ensure that proxies are voted in the best interest of clients in accounts where we exercise voting discretion.

In upholding our fiduciary obligation to you, we strive to keep votes free from inappropriate influences. We exercise voting responsibilities in a method that we believe serves you as shareholders of a company and in a manner most likely to increase the value of the securities within the portfolio. We rely on outside proxy recommendation firms and media sources to make some voting decisions.

SCM utilizes research from a third party proxy voting service as a guide to supplement our own research. We take reasonable steps to verify that our research provider is in fact independent based on all of the relevant facts and circumstances. We review our research provider's conflict of interest statement and conflict avoidance procedures on an annual basis and consider, among other things, their capacity and competency to adequately analyze proxy issues and to offer research in an impartial manner and in the best interests of our clients.

When SCM has been authorized by you to vote proxies, and unless you direct us otherwise, we vote all proxies and corporate actions according to our internal proxy voting guidelines. If you wish to have SCM vote proxies based on other specific voting guidelines, you must make this request in writing.

We keep detailed records of all client proxy votes in accordance with the SEC recordkeeping rule. In limited situations, such as when proxy votes are cast manually or outside of SCM's proxy voting vendor's system, we may be unable to provide reports of client share voting. A copy of our proxy voting policies and your account's voting history may be obtained by contacting us at [info@snowcm.com](mailto:info@snowcm.com).

SCM typically does not advise or act for clients in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held in a client's account or the issuers of such securities. Exceptions may be made in certain situations when the Firm receives special requests. Some clients may enroll in class action voting programs offered by their custodian. These programs may provide you with advantages that other clients do not enjoy.

## **ITEM 18 – FINANCIAL INFORMATION**

SCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to you, and has not been the subject of a bankruptcy proceeding.

## PRIVACY NOTICE

We are committed to maintaining the confidentiality, integrity, and security of your nonpublic personal information and adhere to high standards in order to safeguard such information. As part of this commitment, we have adopted the following privacy policy concerning the collection, disclosure, maintenance and disposal of your nonpublic personal information.

### COLLECTION OF INFORMATION

As your investment adviser, we collect non-public information from you such as:

- Information we receive from you or in applications or other forms, correspondence, or conversations, including, but not limited to, your name, address, phone number, social security number, date of birth, annual income, net worth, and investment history.
- Information about your transactions with us or others, including but not limited to your account number and balance, payment history, parties to transactions, cost basis information, and other financial information.

### DISCLOSURE OF INFORMATION

We will not disclose non-public personal information about you to anyone, except as necessary to carry out transactions you have requested or authorized in connection with our provision of services to you, as required by law, or with your expressed consent. We may disclose information about you to the following types of non-affiliated third parties:

- Authorized securities brokers, financial institutions or custodians
- Persons acting in a fiduciary or representative capacity on your behalf
- Attorneys, accountants, and consultants
- Mailing houses or similar non-affiliated third-parties who assist us in administering client accounts
- Law enforcement agencies or computer security providers for the purpose of protecting against fraud and unauthorized transactions or in order to maintain the confidentiality of our records
- Government agencies, self-regulatory organizations, industry associations and similar bodies in order to fulfill requests, investigations, legal and regulatory requirements

The general partner of SCM's Private Fund is an affiliate of the Firm. The sharing of information between SCM and the general partner cannot feasibly be prohibited since these two parties are in effect the same despite their separate legal entity status; however, no information received will be used to make marketing solicitations to you. In addition, we will not use any information received from a non-affiliated third party to make marketing solicitations to you. On all occasions when it is necessary for us to share your personal information with non-affiliated third parties, we will require that such information only be used for the limited purpose for which it is shared and will advise these third parties not to further share such information except to fulfill that limited purpose. We will not sell your personal and financial information to any outside third party.

## PROTECTION AND DISPOSAL OF INFORMATION

Our Firm has security measures in place to protect the loss, misuse, and alteration of the information under our control. To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards, secured files and restricted access to our offices. Additionally, we limit access to client information to only those advisory persons with a business reason to know this information. When no longer necessary, all records are disposed of in accordance with commonly accepted industry practices.

## INACTIVE OR FORMER CLIENTS

If you decide to close your account with our Firm, we will continue to adhere to our privacy policy and related practices with respect to your account as described herein.

## POLICY INQUIRIES

This Privacy Notice is provided for your information and no action on your part is required.

Please direct your questions about this Privacy Notice to:

Snow Capital Management L.P.  
Attn: Compliance  
2000 Georgetowne Drive, Suite 200  
Sewickley, PA 15143  
(724) 934-5800  
[www.snowcm.com](http://www.snowcm.com)

*Last Updated: March 2017*