



## ADV BROCHURE, PART 2A

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### Eagle Peak Capital, Inc.

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## November 18, 2016

The ADV Brochure, Part 2A provides information about the qualifications and business practices of Eagle Peak Capital, Inc. ("EPC"). If you have any questions about the contents of this Brochure, please contact us at 800.488.4075 or [info@eaglepeakcapital.com](mailto:info@eaglepeakcapital.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 or other governmental agency.

EPC is a 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 you with information for you to utilize to determine who to hire or retain as an Adviser. Additional information about EPC is also available on the SEC's website at: [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## Item 2 – Material Changes

Eagle Peak Capital, Inc.'s. ADV Brochure Part 2A, dated November 18, 2016 was prepared according to the SEC's requirements and replaces the previous disclosure document posted to the SEC's website and dated October 22, 2015. EPC provides a copy of our current ADV Brochure Part 2A to all new and prospective clients. Current clients of EPC are also offered EPCs Brochure ADV Part 2A on an annual basis.

This page will discuss **material changes** made to the Brochure since the last revision October 22, 2015. Additionally, pursuant to SEC Rules, EPC will ensure that you receive a summary of any material changes to the Brochure and subsequent Brochures within 120 days of the close of our business' fiscal year. EPC will also provide other ongoing disclosure information, as necessary, should there be material changes and/or new information.

### **Material Changes:**

Paul Brown, the previous principal of Eagle Peak Capital, Inc. ("EPC") left the firm to pursue other ventures. All clients at the time were notified and subsequently moved to ICM Asset Management, Inc. to be managed.

In October 2016, Eagle Peak Capital, Inc. changed its business purpose. Effective as of the date of this ADV Part 2B EPC is managing portfolios within the strategies previously offered through ICM Asset Management, Inc. EPC has entered into an agreement to purchase the client base from ICM Asset Management, Inc. offering clients that agree to make the transition the same products and services that they were being offered at ICM.

Our Brochure may be requested by contacting EPC's Chief Compliance Officer, Lisa House, at 800.488.4075 or [info@eaglepeakcapital.com](mailto:info@eaglepeakcapital.com). EPC's Brochure is also available via our website [www.eaglepeakcapital.com](http://www.eaglepeakcapital.com) under the "Legal Disclosures" section. Brochures will be delivered in all formats free of charge. Additional information about EPC is also available via the Investment Advisor Public Disclosure (IAPD) section of the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The IAPD may be searched by either the adviser's name, CRD Number (281724) or SEC number (801-106851). The SEC's website also provides information about any persons affiliated with EPC who are registered, or are required to be registered, as investment adviser representatives of EPC.

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#### **Item 4 – Advisory Business**

Founded in Spokane, Washington in 2015, Eagle Peak Capital, Inc. (“EPC”) is an independent national money management firm with an investment team that has experience in a range of investment styles. EPC is predominantly employee owned.

EPC provides investment advice and management to individually managed accounts. EPC tailors its investment advisory services to the individual needs of each client. EPC relies on receiving accurate information from each client regarding their investment portfolio and financial situation. Information EPC considers in providing investment advisory services for clients would include: the clients financial condition, investment objectives, tolerance to risk, investment timeframe and tax status. All of EPC’s investment decisions will be made in reliance on the information provided by the client, and the client is responsible for ensuring that the information is complete and accurate. Clients are reminded on a quarterly basis to provide any material updates to EPC and on an annual basis to update their suitability questionnaire. The information provided by the client will be retained in the clients file and will be updated whenever the client informs EPC of changes to the information. EPC holds a limited power of attorney to act on a discretionary basis with client funds (See Item 16 – Investment Discretion). Client funds and/or securities are deposited directly into either a brokerage firm or a bank custodial account by the client.

EPC’s equity investment strategies include: Micro Cap Value, Small Cap Value, Large Cap Globally Dominant, and All Cap. Our fixed income strategies include Core Bond Flexible Duration and Core Bond Short Term Duration. Our multi asset strategies include our Enhanced Income Strategy. Additionally, as appropriate, EPC offers enhanced and concentrated options in our equity strategies. See Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss for additional detail.

EPC is authorized to enter into any type of investment transaction, using a broad variety of securities that it deems appropriate for each of its clients, pursuant to the terms of the partnership or other account agreement with that client. EPC does not currently advise clients on any types of investments other than exchange listed equity and over-the-counter securities

including common and preferred equities, equity options, Exchange Traded Funds (ETFs), master limited partnerships (MLPs), foreign issued equities and bonds, warrants, various corporate debt securities (other than commercial paper), commercial papers, certificates of deposit, municipal securities, mutual fund shares, REITs, 144a restricted securities, and United States government securities.

EPC cannot assure any client or potential client that EPC will achieve the stated investment objectives described within this Brochure.

In addition to the strategies mentioned above EPC may also offer the equity investment advisory services under "wrap fee" arrangements offered by brokers. Under these arrangements, a client pays a fixed fee that covers some or all of the costs and expenses of managing the client's account rather than paying those costs and expenses individually. In addition, the investment minimums under some wrap fee arrangements are lower than EPC's standard minimums for individually managed accounts.

EPC may participate in two general types of wrap fee arrangements: traditional wrap fee arrangements and client directed brokerage fee-in-lieu arrangements. As of the filing date EPC only has clients with the client directed brokerage fee-in-lieu arrangements. Both arrangements are describe below:

### **Traditional Wrap Fee Arrangements**

Under a traditional wrap fee arrangement, the client pays the sponsoring broker a single fee that generally includes:

- The sponsoring broker's advisory services (if also a registered investment adviser); EPC's investment advisory services; Custodial and trade execution services; and Quarterly measurement reports and/or other account-related services provided by the sponsor as set forth in the wrap sponsor's Form ADV Part 2A Appendix 1.

Quarterly the sponsoring broker pays EPC a portion of the fee received by the wrap fee clients for our investment advisory services. The fee is based on the amount of assets in the wrap fee clients' account.

Accounts in each wrap fee program are traded the same as directed brokerage arrangements. Further disclosure regarding directed brokerage arrangements is provided in Item 12 – Brokerage Practices – Soft Dollars - Client Referrals – Directed Brokerage. Clients in wrap fee programs should also review the sponsor's Form ADV Part 2A Appendix 1 for information about where their accounts are traded.

### **Client Directed Brokerage Fee-in-Lieu Arrangements**

Under a client directed brokerage fee-in-lieu arrangement, the client engages a broker to execute all trades in the client's account for a fixed fee and directs EPC to place all transactions for the account with the sponsoring broker. Transactions under such an arrangement are effected "net;" i.e., without commissions, and a portion of the fee paid by the client to the broker is considered to be a "fee-in-lieu of commissions." The client is responsible for negotiating such a fee with the broker.

This arrangement differs from a traditional wrap fee program in that the client opens an individually managed account subject to EPC's standard investment minimums and enters into an investment management agreement directly with EPC. The client also pays EPC's management fee for the investment strategy the client selects separately from the fee paid to the broker. Most brokerage firms that serve as custodians for EPC clients have directed brokerage fee-in-lieu arrangements available.

The fee that the client pays the broker in wrap and fee-in-lieu arrangements generally do not include (the client will be responsible and charged for):

- Brokerage commissions on agency trades and markups and markdowns on principal transactions effected by EPC through or with brokers other than the sponsoring broker, although it is not anticipated that EPC will use brokers other than the sponsors. If EPC executes a "step-out" trade for a client (see the discussion with respect to Item 12 – Soft Dollars - Brokerage Practices - Client Referrals – Directed Brokerage; Aggregated Securities Transactions), the client will only pay the transaction fees charged by the sponsoring broker;
- Interest on debit accounts;

- Odd-lot differentials and exchange fees, transfer taxes, and other fees required by law; and
- Individual retirement account fees and other fees described in the sponsor's Form ADV Part 2A Appendix 1.

Brokerage commissions and other costs for transactions executed on behalf of wrap or fee-in-lieu accounts are not negotiated by EPC. Trades are generally executed with the broker sponsoring the wrap or fee-in-lieu account because the fee paid by the client already includes brokerage expenses. Each client considering opening a wrap or fee-in-lieu account should consider whether:

- A wrap or fee-in-lieu arrangement will provide adequate price and execution of transactions in the client's account;
- The fee charged by the broker is appropriate for the level of activity in the account;
- The value of custodial and other services provided by the sponsoring broker is sufficient; and
- The wrap fee or fee-in-lieu fee exceeds the aggregate cost of such services if they were to be provided separately.

In addition, clients considering opening wrap or fee-in-lieu accounts should review the response to Item 12 – Brokerage Practices – Soft Dollars - Client Referrals – Directed Brokerage, which discuss the limitations on trading for accounts that have directed EPC to use a particular broker. Additional information regarding wrap accounts is contained in the sponsor's Form ADV Part 2A Appendix 1.

### **Asset Allocation Services**

As mentioned above, EPC offers a range of equity and fixed income strategies. Clients may choose from these strategies or they may elect to have EPC's Portfolio Management Team build an individually tailored portfolio mix, using EPC's asset allocation advice

EPC offers asset allocation services to individuals, individual 401(k) participants and other retirement plans. The asset allocations are developed based on information about the participant's investment objectives, risk tolerance, income needs, and investment time horizon.

EPC selects an optimal allocation among the investment options available under the plan in which the client participates. EPC then periodically reviews and rebalances the allocation for the client. Fees charged to clients for the asset allocation services do not vary based on the investment options selected for the client.

EPC may offer investments in mutual funds and ETFs as part of an asset allocation plan. EPC selects mutual funds based on the fund's sector orientation, an evaluation of the mutual fund's performance history, management team, total assets, expense ratio, turnover ratio, dividend yield and sales fees. Asset or sector orientation is considered more important than a fund's performance history.

### **Assets Under Management**

As of the date of this filing Eagle Peak Capital, Inc. does not have any assets under management.

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

EPC charges individually managed accounts an annual management fee based on a percentage of the market value of assets under management as calculated by EPC on the date the fee becomes due and payable. All fees are *subject to negotiation*. The specific manner in which fees are charged by EPC is established in each client's written agreement with EPC. Clients may elect to be billed directly for fees or to authorize EPC to directly debit fees from the client(s) custodial account(s). Regardless of the fee billing option, clients will always receive a copy of the quarterly invoice for their records. The fees are payable in advance at the beginning of each calendar quarter (January 1, April 1, July 1, and October 1).

The fee schedule below describes the current standard fees applied to most new accounts. However, some clients' fees may vary depending on individual circumstances. Wrap fee clients may pay fees lower than those listed as a result of negotiated agreements between the wrap sponsor and EPC. EPC reserves the right to negotiate fees.

EPC's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges by custodians, brokers, and other third parties such as: custodial fees, deferred sales charges,



odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts. These are exclusive of and in addition to EPC's management fee, and EPC shall not receive any portion of these expenses.

Item 12 – Brokerage Practices – Soft Dollars - Client Referrals – Directed Brokerage describes in greater detail the factors EPC considers in selecting or recommending brokers for transactions and determining the reasonableness of the associated compensation (i.e. commissions).

EPC believes its investment management fees are competitive with fees charged by other investment advisers for comparable services. However, lower fees for comparable services may be available from other sources.

## **EPC INVESTMENT STRATEGIES AND MANAGEMENT FEES**

### **EQUITY MANAGEMENT**

<b><u>Account Value</u></b>	<b><u>Annual Fee</u></b>	
Below \$5,000,000	1.00%	<b>MICRO CAP VALUE</b>
Over \$5,000,000	Negotiable	<b>SMALL CAP VALUE</b>
		<b>LARGE CAP GLOBALLY DOMINANT</b>
		<b>LARGE CAP GLOBALLY DOMINANT - ENHANCED</b>
		<b>ALL CAP EQUITY</b>
		<b>ALL CAP EQUITY - ENHANCED</b>
		<b>ALL CAP EQUITY - CONCENTRATED</b>

### **INCOME MANAGEMENT**

<b><u>Account Value</u></b>	<b><u>Annual Fee</u></b>	
First \$5,000,000	0.60%	<b>FIXED SHORT DURATION</b>
Over \$5,000,000	Negotiable	<b>FIXED FLEXIBLE DURATION</b>

### **MULTI ASSET MANAGEMENT**

<b><u>Account Value</u></b>	<b><u>Annual Fee</u></b>	
All Asset Values	1.00%	<b>ENHANCED INCOME</b>
All Asset Values	0.80%	<b>TACTICAL ASSET ALLOCATION ("ETF")</b>

### **Asset Allocation Services**

EPC's asset allocation fee remains the same as our standard management fee schedule; However, EPC's fees are in addition to fees charged by the investment adviser of any mutual funds which may be purchased for clients.

### **Wrap Fee Programs**

Total fees paid by accounts to the brokers that sponsor traditional wrap fee arrangements in which EPC may participate in generally range from 1.5% - 3% annually, and are payable quarterly either in advance or arrears, and are based on the net market value of the client's account as calculated by the program sponsor on the date the fee accrues and becomes payable. Brokerage firms that offer fee-in-lieu arrangements in which EPC participates receive a fixed fee from clients that use their services. EPC does not receive a portion of this fee, but receives from the client the appropriate management fee for the investment strategy that the client selects.

### **Termination of Investment Advisory Services**

Individually managed accounts may be terminated without penalty within five business days after the client and EPC have entered into the investment management agreement with respect to that account. Except as may be otherwise negotiated in particular cases, individually managed accounts may be terminated by the client or EPC on written notice. EPC must receive such written notice via U.S. Mail or e-mail at [clientservices@eaglepeakcapital.com](mailto:clientservices@eaglepeakcapital.com). Additionally, the custodian, broker, and or consultant must confirm that EPC received such termination notification. Liquidation requests received by EPC after 12:00 pm PST will be executed on a "best effort" basis. Any losses incurred by the account due to client not terminating the relationship with EPC, as outlined above and in the contract, will be the responsibility of the client. All prepaid but unearned advisory fees for individually managed accounts are refunded to the client after termination of an account.

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

EPC does not have any performance fee or side by side management arrangements.

## **Item 7 – Types of Clients**

EPC provides discretionary portfolio management services to individuals, high-net-worth individuals, corporations and businesses, and other pension plans, charitable institutions, foundations and endowments, trusts, estates, banks, thrifts, insurance companies, and private investment funds.

All discretionary clients are required to enter into a written Investment Management Agreement, and under such agreement may be required to provide additional documentation/personal information prior to the establishment of the advisory relationship. Furthermore, Clients should note that all or a portion of the securities in their account may be sold during the course of the management of the account. The client is responsible for all tax liabilities arising from such transactions. Also, depending on market conditions it may take new accounts and/or contributions to existing accounts, six to nine months to be fully invested into the selected strategy.

EPC may also offer non-discretionary model portfolio investment recommendations to Model Program Sponsors in the form of model portfolios based on one or more of our investment strategies. Program Sponsors utilize the model portfolios to provide investment services to their clients. However, it is up to the Model Program Sponsor to accept, modify, or reject EPC's model portfolio recommendations and therefore, EPC does not have trading authority or discretion over these portfolio assets. The Model Program Sponsors' clients are not EPC clients. On a quarterly basis EPC receives a portion of the investment management fee paid to the Model Program Sponsor by the participating portfolios.

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

### **Methods of Analysis - Equity**

EPC operates with an investment team approach. The investment management team is responsible for investment strategy, research, sector and security selection, and portfolio construction. Security selection is a team process from start to finish.

EPC's equity investment philosophy has been built on the belief that by adhering to sound value practices and employing a disciplined process based on strong fundamental research. EPC

believes that with this disciplined research approach and sound investment implementation that we can outperform other investment styles over time. In the broadest sense, this means that the investment team must be continuously adaptable to the ever changing economic and investment environment, while constantly testing our investment philosophy on each individual name in the portfolio and sector followed by the investment team. Some strategies that EPC offers will take advantage of a variety of inefficiencies in the market. These range from mis-priced stocks, attractively priced equity options and opportunities in convertible fixed income and preferred offerings. EPC's Micro Cap Value strategy invests in the smallest publically traded domestic equities that are both fundamentally undervalued and financially robust. EPC's Small Cap Value strategy seeks out the unloved (value) and less efficiently researched segments of the domestic equity markets. EPC's Large Cap Globally Dominant strategy leverages this fundamentally driven value focus into a more global capacity, focusing primarily on mis-priced companies with apparent and sustainable competitive advantages in multiple international marketplaces. As the fortunes of various economic sectors and global regions rise and fall, these opportunities will turn up in different places and at different times. So by being willing to rotate our focus throughout the economy and by combining that with thorough research of company fundamentals and company management teams, we believe we will be successful on behalf of our clients.

EPC's research process entails both a qualitative and quantitative component. From a quantitative perspective, we favor companies trading below their normal valuation ratios in price/earnings, price/sales, price/cash flow, price/book within their industry peer group. Qualitative factors involved in the stock selection process include an analysis of the specific industry, the firm's competitive position within the industry, the quality and depth of management, and catalysts for improving fundamentals. Potential catalysts for change include senior management changes, cost and debt reduction efforts, technology breakthroughs, asset sales, stock buyback plans, new sources of earnings, expansion to new markets, and the ability to raise prices.

EPC's portfolios are not built around the benchmark sector weights or individual stocks as we are more focused on finding companies and sectors that we believe are poised for outperformance regardless of the benchmark weightings. EPC has adapted our investment

process to accommodate the effects of high frequency trading and elevated levels of volatility. EPC's investment process incorporates both technical analysis and fundamental research as part of our decision making process. As a result, EPC has implemented various analysis tools and has introduced investments such as Exchange Traded Funds (ETFs) and Equity Options for certain strategies in an attempt to mitigate some of the volatility affecting today's markets.

EPC's traders execute the orders and monitor the markets for investment opportunities relaying the information to our investment management team throughout the day. EPC considers this function to be value added due to their experience and knowledge of the markets and ability to execute thinly traded stocks on a best execution basis.

## **Investment Strategies - Equity**

### **Micro Cap Value**

The Micro Cap Value strategy invests in the smallest publicly traded domestic equities that are both fundamentally undervalued and financially robust. The Micro Cap Value strategy focuses on companies within the market capitalization range of the Russell Micro-cap Value index. Management defines value based on the price of a stock relative to its assets and financial robustness as companies that have high cash reserves with low or no outstanding debt. As a result, the Micro Cap Value strategy tends to have a low price/book ratio and our company holdings tend to have a low debt/total capital ratio, relative to the overall market.

Due to the illiquid nature of micro cap securities EPC does not tailor its strategy based on individual client needs. Nevertheless, a client may impose certain investment restrictions on the client's account by giving EPC written notice, and may change those restrictions by written notice, which notice is deemed effective when confirmed received by EPC. Such investment restrictions could adversely affect the account's performance. EPC reserves the right to reject or terminate a client if it believes the restrictions imposed by the client are so restrictive that the account cannot achieve its stated investment objectives. However, prior to such rejection or termination, the client will be given the opportunity to modify the restrictions.

Listed below are the steps taken to discover, research and purchase/sell a security in our Micro Cap Value Strategy:

- **Discovering Potential Investment Candidates:** Screening software is used to find companies that trade at/or below our internally calculated book value with low or no long-term debt. Adjustments are made given current market conditions.
- **Research Process:** When we find a potential new investment candidate in our screening process we conduct an initial research process. In this phase of the research we are looking for a number of key criteria (low price/adjusted tangible book, no or little financial leverage, low margins and low price/sales relative to competitors, insider buying, life cycle of restructuring efforts, etc.)

If we are still interested in the prospective security the next step is to understand what has gone wrong and why everyone dislikes the stock. The process begins by reading all available public commentary (recent articles, chat boards, Wall Street research, etc.). Subsequently, we would complete a full review of the company's most recent public filings to make sure there are not any material concerns; this review will often conclude with a meeting with the company's management team to ask any pertinent questions. If the candidate makes it through this phase we will build the appropriate financial models and set price targets.

Once this phase is complete, we present the company to the portfolio management team and make a group decision as to our overall level of conviction in the security and its appropriate portfolio weight.

- **Monitor Current and Future Potential Holdings:** In this phase we monitor those securities that we have decided to purchase. Position weights are determined based on the market price of the security relative to the fundamentals of the business. Additionally, we continue to gather additional information on those securities the team has decided not to buy. In instances, where the only hesitation for purchase is the relationship between market price and intrinsic value, we set entry buy level and wait patiently.

#### **Relationship of the key information to the firm's investment philosophy:**

- All of the information obtained throughout our research process is used in our final decision as to which securities should be held for our clients. The primary objective is to

hold those securities that have the least financial risk and greatest upside price potential relative to the long term intrinsic value of the company's assets.

**Length of time to phase-in an account:**

- Micro-cap stocks tend to be illiquid and a client account phase-in can take up to six months. Additionally, EPC's model portfolio may hold a number of securities that are close to our price target and do not justify the trade cost relative to the potential future appreciation. The phase-in process will tend to be shorter in declining markets when current and prospective investment opportunities are plentiful.

**Product Specific Risks:**

- **Stock Market Risk.** As with any separate account or mutual fund manager that invests in common stocks, EPC's Micro-cap Value Strategy is subject to market risk – the possibility that common stock prices decline over short or extended periods of time. As a result, the value of your investment with EPC will fluctuate with the market, and you could lose money over short or long periods of time.
- **Micro-cap Risk.** Micro-cap equities are illiquid and have historically underperformed in periods of market declines.
- **Concentrated Portfolio Risk.** Once a portfolio is fully phased-in, it will often hold 25 to 35 positions. This is considered a concentrated portfolio that increases the risk of security selection.
- **Security Selection Risk.** EPC's estimate of a company's current worth may prove to be inaccurate, or this estimate may not be recognized by other investors, which could lead to portfolio losses.
- **Investment Style Risk.** The returns from the types of securities in which the Micro Cap Value strategy invests may underperform returns from the various general securities markets or different asset classes. This may cause your investment in EPC's Micro Cap Value strategy to underperform other investment vehicles that invest in different asset classes.
- **Opportunity Cost Risk.** EPC tends to hold large cash positions, within the Micro Cap Value strategy, when the management team cannot identify securities that meet their

investment criteria. This creates a risk that our client accounts may underperform in periods of equity price appreciation.

### **Small Cap Value**

The Small Cap Value strategy focuses on companies within the market capitalization range of the Russell 2000® index. The companies, in which EPC actually invests on behalf of clients, may from time to time have higher or lower market capitalizations. In addition, more aggressive accounts may be invested to a greater degree in companies with lower market capitalizations while more conservative accounts may be invested in companies with higher market capitalizations.

The Small Cap Value strategies begin with the search for companies for which EPC believes the stock is trading at a significant discount to what we perceive to be the true worth of the company. These companies usually have either fallen into disfavor among investors or are, in EPC's opinion, under-researched. Two different but complementary methods are used to facilitate this search. The first method is economic sector driven (top-down). EPC identifies broad sectors of the equity market it believes may be under-valued, and then seeks to identify individual companies within those sectors that meet EPC's investment criteria. The second method focuses on attempting to discover inefficiently priced stocks regardless of how their respective sectors are valued (bottom-up). These two approaches are combined in varying proportions depending on market conditions.

Regardless of which approach is used to identify investment candidates, EPC then applies fundamental research analysis to those candidates. Generally, direct contact with management is augmented with periodic discussions with analysts, industry experts, customers, suppliers and competitors. The objective of this process is to position clients in a portfolio of these overlooked stocks in anticipation of the market's initial discovery or renewed appreciation of their investment value.

The universe from which EPC's Small Cap Value investment team selects is essentially that of domestic companies within the market capitalization range of the Russell 2000® index. We use common stocks and occasionally preferred stocks, convertible bonds, or ETFs. There is no use



of equity options in this strategy. However, EPC may hold option positions of securities held in the Small Cap Value strategy in other strategies that EPC manages, where equity options are used as part of the strategy. Initial investment in individual positions in the Small Cap Value strategy are typically between 1-3.5% and are augmented based on the increased confidence level in our projections, and seldom exceeds 5%. The sector weightings are determined by the number of individual opportunities and the prospect for reaccelerating earnings within the sector, typically not to exceed a maximum of 25%. A large equity institutional portfolio invested in the Small Cap Value strategy will typically have 35-40 individual holdings.

The strategy utilizes the Russell 2000® Index as the benchmark. EPC generally requires a minimum investment of \$100,000 to open an individually managed account. EPC reserves the right to waive this minimum.

### **Large Cap Globally Dominant**

The Large Cap Globally Dominant strategy concentrates primarily on companies with market capitalizations in excess of \$5 billion. The majority of investments in the Large Cap Globally Dominant strategy are in companies that sell products or services globally, dominate their industries, and generally have industry leading returns on invested capital coupled with strong balance sheets. The remaining holdings consist of companies with the potential to grow into globally dominant companies.

The core principal of the Large Cap Globally Dominant strategy is the belief that companies with apparent and sustainable competitive advantages in multiple international marketplaces represent ideal investment candidates. We begin the search for companies appropriate for this strategy with a top down approach involving the identification of attractive sectors and global regions. We then identify securities within the most attractive sectors and global economies, looking primarily for companies with leadership positions in their respective markets. We believe that the exceptional financial strength and global reputations of the multinational companies that we target allow them to leverage lower input costs abroad and establish their brands on a global scale. We feel that by targeting strength and quality, along with a global presence in our investment candidates we can increase the opportunity for outsized and stable returns over time.

When investing in companies domiciled outside the U.S., the Large Cap Globally Dominant strategy typically utilizes ADRs. Investments in companies domiciled outside of the U.S. may be subject to additional risks. These risks are addressed in further detail in the “equity risk control” section below.

Large Cap Globally Dominant portfolios will typically have between 30-40 individual holdings. Initial individual positions in the Large Cap Globally Dominant strategy are typically in the range of 2-4%, and seldom exceed 4%. The sector weightings are determined by the number of individual opportunities and the prospect for reaccelerating earnings within the sector, typically not to exceed a maximum of 25%.

Investments in the Large Cap Globally Dominant strategy may be with companies domiciled outside of the U.S. and therefore traded on a foreign exchange, this strategy may be subject to additional risks and costs. These additional risks may include country specific risk factors such as currency risk, geopolitical risk, foreign policy risk, etc.

The strategy utilizes the S&P 500 and S&P Global 100 Indices as benchmarks. EPC requires a minimum investment of \$100,000 to open an individually managed account. EPC reserves the right to waive this minimum.

EPC does offer an enhanced version of this strategy which utilizes equity options to help protect the portfolio in declining markets, while also capturing additional premium in flat or gradually rising markets. Option investing requires additional understanding of risk to the investor and will require additional documentation of the clients understanding of the risks associated with equity option trading.

### **All Cap Equity**

The All Cap equity strategy seeks to combine the best aspects of both the Small Cap Value and the Large Cap Globally Dominant strategies into a strategy which varies the average market cap of the portfolio in response to changing market circumstances. As a result, the range of market capitalizations will vary over a market cycle and at different times will extend from \$100 million to several hundred billion dollars.

The All Cap Equity strategy uses the analytical methods of both the Small Cap Value and Large Cap Globally Dominant Equity strategies with an emphasis on each at different times in a perceived market cycle. Both individual strategies have merit for long term investors, but for clients who do not have sufficient financial assets to run multiple equity accounts or for whom a more flexible core investment approach is desirable, the all cap approach has been created as an alternative solution.

The objective of this strategy is to vary the average market cap of the portfolio over a market cycle to take advantage of what EPC believes is the greater appreciation potential of small cap stocks early in a bull market cycle and to raise the market cap in the late stages of a market cycle by increasing the average market cap in order to better preserve portfolio value in the event of a subsequent market decline.

The strategy utilizes the Russell 3000® Index as the benchmark. EPC generally requires a minimum investment of \$100,000 to open an individually managed account. EPC reserves the right to waive this minimum.

EPC offers a concentrated version of the All Cap equity strategy. The All Cap Concentrated strategy will typically limit the total number of names in the portfolio to 8-12 while the size of the initial investments will range from 4% to 10%. This is primarily intended for smaller accounts where this type of portfolio concentration is appropriate.

EPC also offers an enhanced version of the All Cap equity strategy which is similar to the concentrated version described above, but has the ability to write covered calls on the individual securities in the portfolio like our Enhanced Income strategy and also has the ability to short stocks and ETFs in order to increase returns and hedge for market volatility.

### **Risk of Loss - Equity**

EPC does not use formally structured risk control software. We believe the inherent focus on value investing and the emphasis on thoroughly researched and high-quality investment ideas aids in the construction of lower risk portfolios. In addition to the inherently lower risk profiles of the stocks of companies we typically invest in, we also adhere to the following rules of thumb:

- We attempt to control risk by ensuring sufficient company and industry diversification. Generally a sector is not weighted above 25%-30% of the portfolio, and an individual stock is rarely weighted more than 4% of the portfolio.
- The use of internally generated and disciplined research and price-targeting systems helps minimize negative surprises in individual companies.
- Utilizing traditional quantitative and technical trading methods.
- Barring an exogenous domestic or global event, such as a terrorist attack or something similar in nature that shocks the markets in unison, EPC employs a fifteen percent downside principle for individual investment ideas. In other words, when a stock declines below expectations, typically by a fifteen percent rule of thumb, we re-research the story to reaffirm our commitment. If it is determined that the company will still meet our expectations, we will typically buy more, but if the review does not resolve the pertinent questions, the stock will be sold.

EPC's strategy is to invest in individual companies that collectively make up a diversified portfolio. Companies typically have specific risk to their operations that can have an impact on each investment. By performing research in-house and analyzing each company on its own merits, we make every attempt to pinpoint potential risks that may impact the performance of that particular investment. Sometimes those risks become greater over time and if the company does not address them adequately we make every attempt to either reduce or exit the position.

The Micro Cap Value, Small Cap Value, All Cap and Enhanced Income strategies are, at times, subject to additional risks due to the thinly traded nature of some securities within the market cap range of the Russell 2000® and Russell 3000® Indices. The lack of liquidity in some names within the portfolio can produce more volatility when both purchasing and selling a security; it may also create circumstances where more time is needed to fully execute the respective order. This phenomenon can also be enhanced in times when exogenous events impact the markets in unison. With respect to executing the orders to manage this risk in a more fluid manner please refer to the "Trade Allocations: Equity Accounts" section of this Brochure. EPC also attempts to limit the additional liquidity risk by diversifying our investments into companies with higher markets capitalizations and more tradable shares within the Russell 2000®.

Small value investing tends to have higher volatility especially during periods of severe market decline when investors tend to be more risk averse. The All Cap strategy seeks to address this issue by capitalizing on the investment potential of small cap value stocks when they are particularly depressed after a bear market cycle and to emphasize larger cap globally dominant companies in the later stages of a bull market in order to take advantage of their greater liquidity and reduced volatility. Assessing when an equity market is in its early or late stages is a highly unpredictable effort due to the often emotional and volatile changes in broad investor psychology. EPC will make every effort to time this transition successfully, but there is no assurance that EPC will be successful in that regard.

The Large Cap Globally Dominant strategy sometimes involves investing in companies domiciled outside the U.S. We typically utilize ADRs when investing in such non-U.S. based companies. Investing in these internationally domiciled companies involves taking on additional country-specific risk. Specifically, the risks associated with investing in non-domestic companies include geopolitical risks, policy changes, currency fluctuations, unexpected government nationalizations, etc. We attempt to control these risks by maintaining a diverse portfolio with limited exposures to any single country or region outside the U.S.

The enhanced version of the Large Cap Globally Dominant strategy invests similar to that of the Large Cap Globally Dominant strategy but, it also utilizes equity options to protect the portfolio in periods of market volatility while also attempting to enhance the returns generated from traditional investment names in the portfolio. Every attempt is taken to try and limit the drop in portfolio value by increased volatility in the overall portfolio, but EPC cannot guarantee that the Equity Option hedges will mitigate the drop in the markets in either the short or long term.

### **Methods of Analysis - Fixed Income**

EPC's fixed income approach is based on the premise that the fixed income markets are not standardized and that an active approach can enhance returns and manage risk. EPC uses a balance of quantitative and qualitative management techniques to identify inefficient valuations of market sectors and individual securities, and pursues incremental returns above market performance through a combination of careful security selection, market knowledge, broad market access, and efficient trading. EPC generally requires a minimum investment of

\$250,000 to open an individually managed fixed income account. EPC reserves the right to waive these minimums.

EPC's fixed income research process is a combination of top-down and bottom up research. The top-down process consists of formulating an economic outlook, anticipating interest rate trends, and finding market opportunities. The bottom-up process consists of company analysis, corporate issue selection, individual security selection, and active portfolio management coupled with a sell discipline. Further, EPC's fixed income research process entails both a qualitative and quantitative component. From a quantitative perspective, we seek companies with solid financials, acceptable total debt ratios and favorable interest-coverage ratios. Qualitative factors involved in the fixed income investment selection process include an analysis of the specific industry, credit ratings, the individual company's competitive position within the industry and its fundamentals. Reviewable fundamentals include changes in management, cost and debt reduction efforts, and pricing power. As for any investment product, fixed income investments bear certain risks. We attempt to limit our client's risk exposure by conducting sound and detailed research, but not all risks can be eliminated.

EPC operates with an investment team approach. Recognizing that fixed income clients are very different from one another and each client has different investment and income objectives; the investment team, concentrates on overall market and individual company analysis. The portfolio management team typically selects investments from domestic bond offerings greater than \$100 million for corporate bonds and greater than \$50 million for agency bonds, there is no use of derivatives in this strategy.

A typical fixed income institutional portfolio will have a minimum of 20 or more different names. Individual fixed income positions seldom exceed 5% of the total. EPC's fixed income portfolios are not built around the benchmark sector weights or bond positions. Although constantly aware of the benchmark weightings, we do not measure tracking error as a management tool in the decision making process.

## **Investment Strategies - Fixed Income**

### **Core Bond**

The Core Bond strategy is the most flexible bond strategy offered by EPC. The strategy focuses on a total return investment objective using a broad array of fixed income products including, but not limited to, government bonds, U.S. dollar denominated investment grade and high yield corporate bonds, bond derivative products and ETFs. Allocation among these various asset types can vary significantly over time. The strategy has a flexible duration target which is tailored to the needs of each client. As a result, the strategy may use either the Barclays Capital Aggregate Bond Index or the Barclays Capital Intermediate Government/Credit Bond Index as a benchmark.

### **Fixed Income Risk Controls**

Clients should be aware of certain risks involved with investing in fixed income products. Fixed income products bear market risk, interest rate risk, inflation risk, reinvestment risk, and infrequent liquidity and default risk. Markets are cyclical and do not always favor one particular investment. Markets are also subject to central bank activities, and various shocks – domestic or international, financial, political, or regulatory. Interest rates can change unfavorably and may be impacted by the economic cycle. Inflation can reduce the value of bonds and their income. Changes in interest rates and market conditions can make it difficult to find suitable re-investments if bonds mature or are called. At times, bonds of smaller issues may be thinly traded and a reasonable and fair market price may be difficult to obtain. Lastly, individual bonds (issued by corporations or municipalities) have specific risks to their operations and business models that could adversely affect individual investment. Due to new investment products being offered to market participants, bond prices can be heavily impacted by the lack of liquidity over the short term which can positively or negatively affect individual bond prices unrelated to the fundamentals of the company.

EPC's strategy is to invest in individual bonds that make up a well-diversified fixed income portfolio, often involving more than just one particular fixed income asset class. From time-to-time EPC will also use ETFs to take advantage of market anomalies and that we feel are better done as ETFs instead of individual fixed income securities. By performing in-house research

and continuously analyzing markets and individual companies' municipalities we try to highlight potential risks in the near- and long-term. These risks can become greater over time or may not be addressed in an acceptable manner, in which case EPC is prepared to develop an informed and quick exit strategy to avoid further downside risk.

## **Investment Strategies – Multi Asset**

### **Enhanced Income**

Enhanced Income portfolios will typically have between 25-40 individual holdings depending on market conditions. Initial individual positions in the Enhanced Income strategy are typically in the range of 1.5% to 3% and seldom exceed 5%. The sector weightings are determined by the number of individual opportunities and the prospect for reaccelerating earnings within the sector, typically not to exceed a maximum of 25%. Portfolios will vary with market conditions, shifting between equity and fixed income investments. The Enhanced Income strategy will utilize various equity strategies to minimize volatility and provide additional income. The covered call writing using equity options in this strategy are done on the individual holdings of the strategy and not on the indexes used as the benchmark for this strategy which may differ from other multi-asset absolute return strategies. This strategy is generally limited to accounts of \$300,000 or more.

EPC will generally utilize the Barclays Capital Government/Credit Bond Index as the benchmark for this strategy. However, depending on specific client goals and circumstances, EPC may use different benchmarks as EPC and the client deem appropriate.

### **Tactical Asset Allocation - Exchange Traded Funds (ETF's)**

Eagle Peak's Tactical Asset Allocation strategy shifts the percentage of assets held in various asset classes based on potential future risk and return. The strategy invests across all publicly traded investment options (e.g. U.S. and Int'l equities, U.S. and Int'l bonds, global commodities and all other alternative asset classes). EPC's allocation model starts with a static global allocation and is adjusted by the investment management team based on valuation, potential growth and all known risks. This strategy only uses low cost Exchange Traded Funds ("ETFs") to minimize total client fees.



### **Risk of Loss – Multi Asset**

EPC does not use formally structured risk control software. We believe the inherent focus on value investing and the emphasis on thoroughly researched and high-quality investment ideas aids in the construction of lower risk portfolios. EPC utilizes the same risk mitigating practices as the equity and fixed income strategies for the multi asset strategies.

### **Item 9 – Disciplinary Information**

EPC does not have any material facts regarding any legal or disciplinary events that would be material to your evaluation of EPC or the integrity of EPC's management.

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

EPC does not participate in any other financial industry activities and EPC does not have any affiliations.

### **Item 11 – Code of Ethics**

EPC has adopted a Code of Ethics for the firm. EPC ascribes to the highest standards of ethical conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees of EPC must acknowledge and adhere to the terms of the Code of Ethics upon employment with EPC and then annually thereafter, or as amended.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of EPC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The active members involved in managing the day to day investment activity of EPC are not allowed to own individual securities unless they are part of a strategy run by EPC and its investment team where they are managed like any other account. It is our belief that this eliminates any potential conflicts and puts our clients first. Employees are only allowed to own and trade Exchange Trade Funds (ETFs) and Mutual

Funds. Employee trading is continuously monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between EPC and our clients.

Further, the Policies are designed to restrict physical access to material nonpublic information, to Personnel who need to know such information to perform their duties, to prohibit Personnel from communicating material nonpublic information to third parties, and to Personnel who do not need to know the information. EPC may make charitable contributions to entities that are EPC clients or may be affiliated with EPC clients.

Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Eagle Peak Capital, Inc.'s Chief Compliance Officer, Lisa House, at 800.488.4075 or [clientservices@eaglepeakcapital.com](mailto:clientservices@eaglepeakcapital.com).

### Privacy Notice

EPC is committed to maintaining the confidentiality of your personal information. One section of the Gramm-Leach-Bliley Act (GLB Act) passed in November 1999 requires us to provide you with this notice and we welcome the opportunity to express EPC's commitment to the confidentiality, integrity, and security of our client's personal information.

In response to the privacy requirements of the GLB Act, the SEC issued Regulation S-P, which required mandatory compliance by July 1, 2001. Regulation S-P imposes complex and affirmative obligations on SEC registered broker/dealers, investment advisers and investment companies. Regulation S-P prohibits the sharing of non-public personal information with any non-affiliated third party unless the firm has provided notices of its privacy policies and an opt-out notice for consumers or customers to opt-out of the disclosure of such information.

As a client of EPC, you provide us with certain personal information, which may include your social security number, account number(s), income, assets, account transactions, employment information, mailing address and other contact information and other information that we receive from one or more of the following sources: (1) EPC's investment advisory agreement; (2) your government issued I.D, or driver's license; (3) information received from you in written, telephonic, or electronic communications with us including your contact information; or (4)

information received from your custodian, broker, or financial consultant. We limit the collections and use of personal information to the minimum that we need in order to deliver quality service and fulfill regulatory requirements.

Access to information about you and your account(s) is restricted to EPC employees and to companies that provide necessary services to EPC in the ordinary course of business including your custodian, broker or financial consultant, and certain nonaffiliated third parties. Such parties may include EPC's auditors, attorneys, persons or entities that are assessing EPC's compliance with industry regulatory and composite performance construction standards or entities providing software or other technology used in the process of managing client account(s) and/or fulfilling regulatory requirements. At your request, information may be made available to your own accountants, attorneys, and agents entrusted by you for the performance of their duties on your behalf.

Since these entities and individuals need access to the information in order to services and administer your account(s) with us, the Act and Reg. S-P permit us to share the information. To comply with applicable laws and regulations, EPC maintains physical, electronic, and procedural safeguards to protect your personal information. EPC does not disclose non-public personal information about clients or former clients to nonaffiliated third parties, except as described previously or permitted or required by law. Therefore, it is not necessary for us to provide disclosure to you in this Privacy Notice of the "Opt-Out Notice" that is set forth in the Act.

EPC will notify all current clients of any material changes to our Privacy Notice. If you have any questions regarding this Privacy Notice please contact EPC at 800.488.4075 or [clientservices@eaglepeakcapital.com](mailto:clientservices@eaglepeakcapital.com).

Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Eagle Peak Capital, Inc.'s Chief Compliance Officer, Lisa House, at 800.488.4075 or [clientservices@eaglepeakcapital.com](mailto:clientservices@eaglepeakcapital.com)

## **Item 12 – Brokerage Practices – Soft Dollars - Client Referrals – Directed Brokerage**

EPC has complete discretion over the selection of the broker to be used and the commission rates to be paid, unless otherwise directed by a client. In selecting a broker for any transaction or series of transactions, EPC may consider a number of factors, including, for example:

- The broker's ability to help EPC achieve best execution;
- The availability of an offsetting active buyer when EPC is selling and a corresponding seller when EPC is buying; the firm's ability to find a contra party on a specific transaction;
- The capacity to trade without disturbing the market by minimizing market impact;
- The ability to execute "step-out" transactions (see "Aggregated Securities Transaction" section);
- The overall direct net economic result to client accounts;
- The availability of the broker to stand ready to execute possibly difficult transactions in the future;
- The ability to effect the transaction where a large block or other complicating factors are involved;
- The firm's electronic transaction processing capability;
- The financial strength and stability of the broker; and,
- Other matters involved in the receipt of brokerage and research services without having to demonstrate that any such factor directly benefits an individual client.

Additionally, EPC may purchase from a broker or allow a broker to pay for certain research and brokerage services, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports (daily, weekly, or monthly), consultations, company performance measurement data, data on issuers, news wire charges, access to analyst conference calls or meetings, access to research conferences, conference call transcripts, order routing systems, order management systems, electronic trade routing systems, analysts' earnings estimates, portfolio management systems, quotation services, computer software, and the like (a "commission sharing" relationship). As of inception (December 01, 2016) EPC has not paid for any services under third party commission sharing arrangements.

EPC may allocate the costs of products used for both research/brokerage and non-research/brokerage purposes, between their research/brokerage and non-research/brokerage uses, and use commission sharing arrangements to pay only for the portion allocated to research/brokerage uses. EPC may pay a brokerage commission to a broker in excess of that which another broker might charge for the same transaction in recognition of the value of the brokerage or research provided by that broker. In such a case, however, EPC determines in good faith that such commission is reasonable in relation to the value of such brokerage or research, viewed in terms of either the specific transaction or EPC's overall responsibilities to the portfolios over which EPC exercises investment authority. An account may, however, pay higher brokerage commissions than are otherwise available. Additionally, the research and other benefits resulting from EPC's brokerage relationship may benefit all accounts managed by EPC including both equity and fixed income accounts or EPC's operations as a whole, including accounts that have directed EPC to use a broker that does not provide commission sharing services.

EPC places client trades through brokerage firms with which it has established commission sharing arrangements. EPC's client trading generates credits on behalf of EPC with the brokerage firms that in turn, are used to pay for research and brokerage products and research and brokerage services provided by third-party vendors to EPC.

EPC's relationships with brokerage firms that provide commission sharing services may influence EPC's judgment and create conflicts of interest, both in allocating brokerage business between firms that provide commission sharing services and firms that do not, and in allocating the costs of mixed-use products between their research and non-research uses. These conflicts of interest may be particularly influential to the extent that EPC uses commission sharing arrangements to pay expenses it would otherwise be required to pay itself.

Brokers that EPC selects to execute client securities transactions may from time to time refer clients to EPC. This creates a conflict of interest in that EPC may have an incentive to refer its clients' brokerage business to brokers to which it might not otherwise direct its brokerage transactions. However, it is EPC's policy not to place discretionary trades with brokers in

exchange for client referrals, and EPC regularly reviews the commission rates paid by its discretionary clients to determine that they are competitive.

### **Directed Brokerage**

If a client directs EPC to use a specific broker (a "directed brokerage account"), it is the client's responsibility to negotiate commission rates and other transaction costs with that broker. EPC is not authorized to, and will not, negotiate such rates and costs. Clients in wrap fee programs should be aware that EPC will cause all transactions for participants in a wrap fee program to be cleared with the sponsoring broker. As a result, EPC treats wrap fee arrangements as directed brokerage accounts. A client that has a directed brokerage account may not obtain rates as low as it might obtain if EPC had discretion to select brokers other than those chosen by the client and the client may not participate in aggregate securities transactions and may trade after such aggregate transactions and receive less favorable execution. Also, certain brokers require that trade orders be sent via non-traditional means rather than more traditional means such as the telephone or a FIX routing network. Trade orders sent via e-mail or fax are more subject to error and delay which may adversely impact client trades. As a result, clients who direct their trades to a specific broker should review the broker's trading practices as EPC cannot change the manner in which various broker dealers are willing to accept orders. For fixed income securities, the broker selected by the client may not have available securities that EPC might buy for the client's account if EPC had the discretion to select brokers for that account. Additionally, EPC may not obtain the same prices from directed brokers as it might obtain from brokers that it has the discretion to select.

If a client has chosen a directed brokerage account, the client should periodically review and determine whether in light of all the services provided by the broker, including but not limited to, manager selection, performance measurement and custodial services, the brokerage commissions rate and/or mark-ups or mark-downs charged by the broker (i) are in the best interests of the client, and (ii) if the client is subject to the Employee Retirement Income Security Act of 1974 as amended (ERISA), are for the exclusive purpose of providing benefits to participants and beneficiaries of the client, and will not constitute, or cause the client to be engaged in a "prohibited transaction" as defined in ERISA. A client may choose or change the broker it directs EPC to use at any time on written notice to EPC.

### **Aggregated Securities Transactions**

EPC may aggregate securities purchase and sell orders for a client with similar orders being made at the same time for other accounts managed by EPC, or with accounts of Affiliates and Personnel. If a client's order is aggregated with other orders, the client will be charged or credited, as the case may be, the average transaction price per share for all securities purchased or sold for that order through a particular broker on the same day. If an aggregate order is executed through more than one broker each client that participates in the order will receive the average price per share calculated for one of those brokers allocated as described in the "Trade Allocations" Section. As a result of EPC's aggregation of orders, the price a particular client pays or receives for the securities purchased or sold may be less favorable to the client than it would be if similar transactions were not being executed concurrently for other accounts.

If the directed broker for a directed brokerage account or the sponsoring broker for a wrap account permits such aggregation without notice, EPC at its discretion may aggregate an order for that account with other orders executed through a broker other than the sponsoring or directed broker. The executing broker then waives any execution costs. This is commonly known as a "step-out." Clients with directed brokerage pay only the commission or fee charged by their broker. They do not pay an additional fee or commission to the executing broker.

EPC generally does not execute step-outs under the following circumstances:

- EPC does not expect there to be sufficient shares in an aggregate order to allocate to both the discretionary accounts and the directed or wrap accounts that would participate in the order;
- The directed or sponsoring broker with respect to an account does not accept step-outs without notice;
- EPC believes that the directed or sponsoring broker does not have the administrative capabilities to process the step-out efficiently or timely;
- An insufficient number of clients have directed EPC to use a broker or have selected a wrap fee arrangement, so that it is not economically feasible for EPC to aggregate orders for clients who choose that broker or wrap fee arrangement;
- A small order that does not impact the market; and

- The additional costs of executing a step-out offset the advantages of the step-out.

Accounts that do not participate in aggregate orders as described above will trade after aggregate orders and may receive less favorable execution, particularly if market movements work against the client. When an equity order is created and if it contains accounts with directed brokerage agreements, EPC determines the random execution of the order and notes it on the trade order memorandum. EPC's Head Trader utilizes an excel based formula to determine the random execution order to ensure that no single brokerage firm is either first or last. This rotation of accounts will include the MDAs that EPC may be participating in to ensure that no account, broker or MDA is continually advantaged or disadvantaged over any other account. Each individual MDA program holds its own place in the rotation and those programs are treated like any other account at EPC. However, accounts traded after aggregate orders are generally traded on a rotational basis so that no one account is continually advantaged or disadvantaged over other accounts that do not participate in aggregate orders.

### **Trade Allocations**

Allocations of securities purchased or sold in aggregate orders are made in a manner that EPC considers equitable and consistent with its fiduciary obligations to all its clients.

### **Equity Accounts**

Generally, larger capitalization companies are available in such sufficient quantities that EPC can fill most aggregate orders for those securities without the need for different allocation methods. However, because the securities of the smaller capitalization companies often are thinly traded, EPC is not always able to execute enough of these securities to completely fill aggregate orders on the same day. If an order is partially filled, EPC generally allocates the securities purchased or sold either pro rata or randomly, this is done on a rotational basis so that no account is systematically favored over another. The allocation method is selected once the trading desk receives the executions for the day whereby they determine the best method to treat all accounts fairly and equitably. The only reason(s) that EPC would not follow the random or pro-rata allocation methodology in a rotational manner would be:

- The participating accounts have different tax positions;
- The participating accounts have different investment strategies;



- The participating accounts have different risk parameters;
- The commission costs of allocating small quantities of securities to certain participating accounts would be too great;
- The position size requirements of the participating accounts relative to the amount of available securities; and
- The amount of cash in each of the participating accounts.

EPC does not engage in equity principal or agency cross transactions. EPC will always allocate partial executions to affect as many accounts as possible with the lowest transaction fee which may or may not follow the rules mentioned above.

### **Fixed Income Accounts**

Generally, United States Government securities purchased for fixed income accounts are available in such sufficient quantities that EPC can fill most aggregate orders for those securities without the need for allocation. However, EPC is not always able to completely fill aggregate orders for corporate and municipal bonds and mortgage-backed securities because those securities trade in secondary and/or auction markets that are subject to limited liquidity, availability and price sensitivity. If an aggregate order for fixed income securities is partially filled, EPC may allocate the securities purchased and sold pro rata based on the participation of each client account in the order. However, when a pro rata allocation would result in inefficient and inappropriate positions for accounts, the order may be allocated on a different basis, provided that, over time, all client accounts receive fair and equitable treatment. Permissible factors for consideration when allocating fixed income securities purchased or sold in an aggregate order on a different basis than pro-rata include:

- The amount by which holdings of the securities in the participating accounts deviate from the targeted portfolio characteristics EPC has established for the account;
- The diversification in the participating accounts with respect to the securities, the issuers of the securities, and the sector to which the securities relate;
- The position size requirements of the participating accounts relative to the amount of available securities; and
- The amount of cash in each of the participating accounts.

From time to time, it may be appropriate for one client or group of clients to purchase a particular security and another client or group of clients to sell the same security. In that event, at the discretion of the portfolio management team, a buy and sell may be placed through the same broker to affect the sale and purchase. It is expected that EPC will rely on the input of various broker dealers to determine the best price to trade this particular block of securities in order to be fair and equitable to all parties. This type of transaction and pricing evaluation is done with a goal to minimize market impact of the transaction and improve the price received by both sides of the trade. A discounted commission or mark-up is negotiated with the broker and the price is fixed between the bid/asked quotations at the time. The trade is placed through a broker. The benefit of a reduced commission or mark-up payable to the broker applies to both the buyer and seller of the security. Such "cross trades" are not made for ERISA accounts.

### **Item 13 – Review of Accounts**

Portfolios are under the continuous review of the investment team for changes in market conditions, individual client circumstances, events affecting a particular security, and changes in the political/economic environment. Additionally, portfolios are reconciled on a month end basis, at minimum, to the position and cash balances of the custodian on record.

EPC's investment team manages the Micro-cap Value, Small Cap Value, Large Cap Globally Dominant, All Cap, All Cap Enhanced, All Cap Concentrated, Enhanced Income, Tactical Asset Allocation ("ETF"), and Core Bond portfolios utilizing a portfolio modeling system that enhances their ability to provide continuous investment management as opposed to a periodic review. The portfolio modeling process provides suggested adjustments for client accounts based on various factors including, but not limited to, investment objectives, phasing in or out of the individual investments to accommodate deposits and withdrawals, gradual transition of deposited securities to EPC-favored securities, income requirements, tax considerations, and ethical or social investment guidelines.

Additionally, EPC's fixed income portfolios are reviewed by the investment team taking into consideration client objectives, risk parameters, portfolio concentrations, and volatility

## **Client Reporting**

### **Class Action Litigation**

EPC does not initiate class action claims on behalf of clients. This does not affect the client's eligibility to participate in class action suits. EPC does not accept responsibility in matters relating to class actions, including approval of class settlements, bankruptcies or otherwise and will not complete or submit any paperwork on behalf of clients with regard to such matter. Depending upon custodial relationships, class action filings may be done by the custodian or the client.

### **Required Minimum Distribution (RMD)**

EPC is not responsible for certain functions completed by or with the custodian/broker, i.e. calculation of the required minimum distribution. We recommend that clients consult a qualified tax professional.

### **Tax Reporting**

EPC does not offer or provide tax, legal, or accounting advice, nor is EPC responsible for tax reporting to clients. Dividends, interest, and capital gains generated in a Client's account may be subject to taxation. Implementation of or change to the investment strategy may create a taxable event for the client. Cost basis, as provided by the client or custodian, upon opening a new account with EPC is shown on quarterly reports for informational purposes only and should not be used for tax preparation. All tax, legal, or accounting related inquiries should be directed to a qualified tax professions or legal counsel.

Additionally, on a quarterly basis, clients generally receive a written statement via regular mail which includes the following reports: 1) a portfolio summary, 2) a portfolio appraisal, 3) a purchase and sale report and, 4) a quarterly performance history. Clients may also receive periodic letters from the portfolio management team discussing EPC's outlook for current and future market conditions. Additionally accounts will receive annual realized gain and loss reports during the third or fourth calendar quarter or upon request; income and expense (interest, dividends, and fees) reports are provided upon request. Included in the quarterly report disclosure is a request for clients to advise EPC if there have been any material changes

to the clients' investment objective, financial condition, and/or prior investment instructions. In an effort to capture any material changes that were not disclosed throughout the year to EPC by the client; EPC includes an annual Client Suitability Questionnaire, with the fourth quarter client mailing, requesting the client review their financial outlook and provide EPC an update in the event material changes occurred.

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

EPC may engage solicitors to whom it pays cash or a portion of the advisory fees paid by clients referred to it by those solicitors. A client introduced by a solicitor may pay a higher fee than clients who are not introduced by a solicitor. In such cases, this practice is disclosed in writing to the client and EPC complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, to the extent required by applicable law.

EPC may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, or other brokerage firms to maintain custody of clients' assets and to effect trades for their accounts. EPC is independently owned and operated and not affiliated with Schwab or any other brokerage firm. Schwab provides EPC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional and is not otherwise contingent upon EPC committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For EPC's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

While as a fiduciary, EPC endeavors to act in its clients' best interests; EPC's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to EPC of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. Similar services may also be provided by other brokerage firms recommended to clients by EPC.

EPC may pay a cash marketing incentive to certain individuals based on new clients that they obtain.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains their investment assets. EPC urges you to carefully review these custodial statements and to compare your custodial records to the account statements that we may provide to you. Clients' custodians report all tax related matters to the Internal Revenue Service ("IRS"). Therefore, EPC urges clients to use your custodial statements for tax purposes. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

EPC has outsourced its portfolio reconciliation and reorg responsibilities to Clearwater Analytics. EPC will rely on Clearwater Analytics for the accuracy of positions and pricing of securities on a daily basis. Clearwater Analytics uses some of the industry's premier pricing sources such as S&P Capital IQ, and has additional pricing methodologies for discrepancies'. EPC will closely monitor these activities and has in place our own reconciliation team with decades of experience to work with the team at Clearwater. The data will be made available to EPC either fully or partially reconciled at the beginning of each business day before the market opening.

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

EPC has full discretion over the selection of securities and quantities to be bought and sold, within the parameters of the clients' investment objective, without obtaining specific client

consent. Nevertheless, a client may impose certain investment restrictions on the client's account by giving EPC written notice, and may change those restrictions by written notice, which notice is deemed effective when confirmed received by EPC. Such investment restrictions could adversely affect the account's performance. EPC reserves the right to reject or terminate a client if it believes the restrictions imposed by the client are so restrictive that the account cannot achieve its stated investment objectives. However, prior to such rejection or termination, the client will be given the opportunity to modify the restrictions.

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

EPC has adopted policies and procedures to ensure that it votes client proxies in the best interest of clients who have delegated their proxy voting responsibility to EPC.

EPC has established a Proxy Voting Committee to make voting decisions. Brokers and custodians have been notified and are required to forward all proxy materials to EPC in hard copy format. Further, EPC's investment team will be responsible for providing research reports to the Committee for issues to be voted upon. EPC will be responsible for maintaining all proxy related material such as voting records, research and proxy voting committee minutes. If clients wish to rescind this delegation of voting authority they must contact their broker/custodian as well as notify EPC of the change; at this point proxy materials would be delivered to clients from the broker/custodian, transfer agent, or other party. Clients should note that events causing the broker/custodian to require new paperwork for an existing account may cause the proxy voting authority to default back to the client.

EPC will not be responsible or liable for failing to vote any proxies where EPC did not receive the proxies or related shareholder communications in a timely manner.

Given the size and nature of EPC's business it is rare when a conflict of interest arises. Further, by consistently applying the guidelines across proxy proposals potential conflicts of interest are minimized. However, in the event that a conflict of interest is identified the proxy voting committee will abstain.

EPC bases its final voting decisions on a pre-established set of policy guidelines which take into account the objective analysis of the economic interests of shareholders. This process helps ensure that proxies are voted in the best interests of clients and minimizes conflicts of interest in voting decisions.

To obtain a complete copy of EPC's Proxy Voting Principles and Guidelines, and/or information regarding how EPC voted proxies with respect to securities held in client accounts, clients may contact EPC's Compliance Department at:

Eagle Peak Capital, Inc.  
Attn: Compliance Department  
601 W. Main Avenue, Suite 900  
Spokane, WA 99201  
Phone: 800.488.4075  
E-mail: [clientservices@eaglepeakcapital.com](mailto:clientservices@eaglepeakcapital.com)

EPC's Proxy Voting Principles and Guidelines Statement is available on EPC's Web site ([www.eaglepeakcapital.com](http://www.eaglepeakcapital.com)) in the "Legal Disclosures" section.

#### **Item 18 – Financial Information**

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

#### **Item 19 – Other Information**

##### **Unsupervised Securities**

Securities and other portions of client accounts that are designated as “unsupervised” by the client are neither managed nor charged a management fee. EPC assumes no responsibility for these assets.

We request that clients advise EPC in the event that there are any changes in their investment objectives, financial situation, or whether they wish to impose or modify restrictions on the management of their account.