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This brochure provides information about the qualifications and business practices of Milepost Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Please note, where this brochure may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training. Additional information about the firm is also available at www.adviserinfo.sec.gov.

Item 2 Material Changes

The purpose of Item 2 is to disclose material changes that have been made to this Brochure since the last annual update of this Brochure.

Item 4 of this Brochure was updated to reflect assets under management.

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Item 4 Investment Advisory Business

Milepost Capital Management LLC ("MCM") started operations in 2016 to advise banks, savings and loan or thrift institutions, trust companies and credit unions on their investment portfolios. Within the bounds of investment guidelines established for each client, MCM identifies suitable securities, negotiates price, helps clear and settle the transaction, monitors securities held in custody and reports on securities performance. MCM also helps ensure the portfolio suits the asset and liability needs of the client, and supports the client's financial, accounting and regulatory reporting. Clients may impose restrictions on investing in certain securities or types of securities (investment guidelines). MCM also provides regular reports to clients on developments in the economy, markets and banking. MCM may also provide occasional special reports on selected topics.

MCM is a limited liability company formed under the laws of the State of Delaware and is owned by Mr. Steven Abrahams, CEO, and C. Brian Egnatz, CIO. Prior to establishing MCM, Mr. Abrahams was a Managing Director and Head of MBS and Securitization Research with Deutsche Bank and previously was a Senior Managing Director with Bear Stearns. Mr. Egnatz was previously a Managing Director and Chief Investment Officer with HSBC Bank N.A. and previously was Head of the North America Investment Portfolio at JP Morgan Chase.

Milepost does not participate in wrap fee programs.

As of June 17, 2016, the firm had \$100,000,000 in non-discretionary assets under management.

Item 5 Fees and Compensation

The annual fee for the firm's core investment services is 15 basis points of the market value of each client's account. Core investment services include the following:

Investment advice. MCM provides investment advice reflecting the asset and liability needs of each client, including investments approved by the client, the target investment allocation and approved tolerance, the relative value of available securities and the expected contribution of selected securities to the client's portfolio performance.

Summary balance sheet modeling. MCM models the client's asset and liabilities as reflected by regulatory call reports and projects risk and return, including net interest income, net interest margin, return on assets, return on equity, the economic value of equity, and the duration of the economic value of equity, among other measures.

Estimates of impact from prospective new assets and liabilities. MCM projects the impact of new assets, new liabilities or both on balance sheet risk and return as estimated from regulatory call report data.

Investment execution. MCM sources assets from primary and non-primary dealers as designated by the Federal Reserve Bank of New York based on the availability of suitable securities in sufficient volume and at fair market value.

Reporting. MCM provides clients with a website where the client can monitor advised assets at any time and see securities held, their estimated fair market value, cash paid or received, asset allocations and other security and portfolio attributes.

Research. MCM provides periodic reports on developments in economics, rates and funding markets, securitized products and corporate and municipal debt markets.

Fees are charged quarterly in advance or in arrears based upon the asset values on the last day of the previous calendar quarter. The first advisory fee will be assessed on a pro-rata basis taking into account the time for which the account was not managed by the firm. If a client's investment management agreement is terminated or a withdrawal is made from a client account during a quarter, the fee payable to the Firm will be calculated based on the value of the assets on the termination date or withdrawal date and prorated for the number of days during the quarter in which the investment management arrangement was in effect.

Fees to the firm are generally not negotiable. The firm, however, has the right to reduce or waive the management fee charged to any client account.

Fees are either automatically deducted from the account, as authorized in writing by the client, or billed at each quarter end. For accounts from which fees are automatically deducted, the quarterly statement provided to the client by the qualified custodian shows fees for services provided.

For certain premium services, client may contract with MCM at an hourly rate which will be agreed upon with the client in advance. Premium services include the following:

Proprietary balance sheet modeling. MCM models the client's assets and liabilities based on the client's proprietary data on loans, securities and other assets and on deposits and other funding.

Proprietary balance sheet on demand. MCM allows clients to use a model of their proprietary assets and liabilities and estimate the impact of new loans, new securities or new liabilities under various scenarios.

Financial, accounting and regulatory data feeds. MCM can arrange for secure electronic transfer of investment portfolio data into clients' financial, accounting or regulatory reporting systems.

Investment education. MCM can do research on existing or prospective investments, market conditions, the investment implications of accounting or regulatory changes or on other special topics and prepare and deliver reports to the client.

Item 6 Performance-Based Fees and Side-By-Side Management

The firm does not manage accounts on an incentive or performance-based fee basis.

Item 7 Types of Clients

The firm offers investment supervisory services to banks, savings and loan or thrift institutions, trust companies and credit unions on their investment portfolios. MCM imposes no minimum account size for opening or maintaining an account.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

The MCM invests on behalf of clients based on a few core principles:

The client first. MCM manages each client's portfolio as a separate account under investment guidelines designed to deliver targeted returns with acceptable risk. MCM helps the client develop these guidelines considering other assets and liabilities on the balance sheet, market conditions and other business objectives.

Alignment. MCM works as a fiduciary, sitting on the same side of the table as the client. Our fixed fee structure encourages safe, sound investing. MCM focuses on keeping the process transparent and under the ultimate control of the client.

Research. MCM research on developments in the economy, markets and banking form the basis for views about potential returns available to clients and risks facing their portfolio. These views inform our advice to clients.

Execution. MCM works to provide our clients with the most efficient pricing and liquidity available. MCM focuses on relationships with the most expert and competitive securities dealers and uses those relationships for the benefit of clients.

MCM uses multiple sources to research and analyze potential investments including research material prepared by other people and corporate rating services reports. Individual investments are researched using publicly available information including regulatory filings, annual and quarterly reports, financial statements, prospectuses, economic reports and other relevant data. The firm typically invests in securities that it believes offer attractive upside potential with acceptable risk. Investments are made in debt securities, depending on the particular strategy and client needs.

MCM uses various investment strategies including; Long-term purchases and fundamental analysis in US Treasury Debt Securities, US Agency Debt Securities, US Agency Mortgage-Backed Securities, US Agency and Private Commercial Mortgage-Backed Securities, Asset-Backed Securities, Corporate Debt Securities Municipal Debt Securities and Commercial Paper. However, depending on the client's objectives, time horizon, and risk tolerance other securities will be considered and may be purchased or sold.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in accounts advised by the Firm. These risk factors include only those risks the Firm believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Firm. The below risk factors may not be applicable to all clients.

- **Interest Rate Risk:** The value of debt obligations will typically fluctuate with interest rate changes. These fluctuations can be greater for debt obligations with longer maturities. When interest rates rise, debt obligations will generally decline in value and you could lose money as a result.
- **Credit Risk:** Credit risk is the risk that the issuer of the debt obligation will be unable to make interest or principal payments on time. A decrease in an issuer's credit rating may cause a decline in the value of the debt obligations held.
- **Call and Prepayment Risk:** Call risk is the risk that a bond issuer will redeem its callable bonds before they mature. Prepayment risk is the risk that loans backing mortgage-backed securities or similar securities will repay principle ahead of schedule. Call risk is greater during periods of falling interest rates because the bond issuer can call the debt and reissue the debt at a lower rate. Prepayment risk is also greater during periods of falling interest rates because homeowners can prepay their loans and take out new loans at lower rates.
- **When-Issued Securities, Delayed Delivery Securities and Forward Commitments Risk:** MCM may purchase or sell securities that it is entitled to receive on a when issued basis. When-issued and delayed delivery securities and forward commitments involve the risk that the security will lose value prior to its delivery. There also is the risk that the security will not be issued or that the other party to the transaction will not meet its obligation.
- **Structural risk:** residential and commercial mortgage-backed securities and asset-backed securities often use rules to allocate principal and interest from underlying loans and

consequently allocate interest rate and credit risk to different security classes. MCM will evaluate the structure of these securities to determine if the security classes offer sufficient return for likely risks.

- **Reinvestment Risk:** reinvestment risk covers the risk that a portfolio may not be able to reinvest principal and interest from a bond at the same yield prevailing at the original time of purchase. Falling interest rates may require reinvestment at lower yields, while rising interest rates may allow reinvestment at higher yields.
- **Other Fundamental Risks:** Fundamental analysis is a general assessment based upon various factors including expected cash flow, market structure, and history. For government and agency debt, MCM will evaluate monetary and fiscal policy, inflation, and other factors. For MBS, CMBS and ABS, MCM will evaluate the credit quality of the underlying loans and the structure of these securities. For corporate debt, MCM will analyze the financial condition, capabilities of management, earnings, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients.

Advisory recommendations are based on the client's financial situation at the time the services are provided and are based on financial information disclosed by client to the firm. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is not an indication of future performance. Investing in securities involves risk of loss that clients should be prepared to bear. As a client's financial situation, goals, objectives, or needs change, such client must notify the firm promptly.

Item 9 Disciplinary Information

Neither the firm nor its personnel have any disciplinary, regulatory, criminal, civil or otherwise reportable history to disclose at this time.

Item 10 Other Financial Industry Activities and Affiliations

MCM rents office space from Inter Audi Bank, a client, and may receive the use of other office services. MCM compensates Inter Audi Bank for these services. The shared office space and use of services presents a potential conflict of interest and MCM has an incentive to give this client preferential treatment for trade execution. MCM believes that the conflict is mitigated primarily by MCM's policy of allocating investments pro-rata across portfolios. It is also mitigated by the nature and liquidity of the types of securities that it recommends.

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

MCM may invest in personal portfolios in similar strategies to its clients. The firm has adopted a Code of Ethics to specify and prohibit certain types of transactions deemed to create actual conflicts of interest, the potential for conflicts, or the appearance of conflicts.

MCM and its associated persons may trade in the same securities traded for clients. However, it is the policy of the firm not to give preference to orders for the firm and/or personnel associated with the firm regarding such trading. The firm and/or its employees and members may personally invest in US Treasury and US Agency Mortgage-Backed Securities similar to those purchased for client trading accounts and may own US Treasury and US Agency Mortgage-Backed Securities similar to those subsequently purchased for client accounts. If a security is purchased or sold for client accounts and the firm and/or its employees or members on the same day, the firm and/or its employees or members will pay or receive the same price as the client account, or the client account will receive the more

favorable price. If purchased or sold on different days, it is possible that the firm and/or employees' or members' personal transactions might be executed at more favorable prices than were obtained for clients.

MCM and/or its employees and members may buy or sell different investments, based on personal investment considerations, which the firm may not deem appropriate to buy or sell for clients. It is also possible that the firm and/or its employees and members may take investment positions for their own accounts that are contrary to those taken on behalf of clients. The firm and/or its employees and members may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. This can occur when securities that are not suitable for clients at the time of purchase are purchased by the firm and/or its employees and members. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest. Conversely, the firm and/or its employees and members may liquidate a security position that is held both for their own account and for the accounts of firm clients, sometimes in advance of clients. This occurs when personal considerations (i.e., liquidity needs, tax-planning, industry/sector weightings) deem a security sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as a conflict of interest. The firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

Item 12 Brokerage Practices

The firm is not obligated to obtain the best net price or lowest brokerage commission on any particular transaction. Rather, applicable law requires investment managers to use their reasonable best efforts to obtain the most favorable execution for each transaction executed on behalf of client accounts. Therefore, the firm evaluates brokerage services offered on the basis of some or all of the following criteria:

- Execution capability
- Transaction fees and charges
- Effective communications
- Distribution capabilities
- Use of electronic efficiencies
- Whether the broker follows a particular security
- Custodial capabilities and costs
- Ability to execute and settle trades efficiently
- Client reporting capabilities
- Financial stability
- General reputation

Based upon an evaluation of some or all of these factors, the firm may execute client trades through broker-dealers that charge fees that are higher than the lowest available fees. The firm may select broker-dealers whose fees may be greater than those charged for similar investments if the firm determines that brokerage services and research materials provided by that broker-dealer warrant the payment of higher fees. The firm may aggregate orders of more than one client if it is determined that aggregation is in the best interests of the clients. Trade aggregation is usually sought to obtain lower commissions and costs or a better transaction price. The firm does not aggregate securities transactions for client accounts unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the investment objectives and guidelines for the client accounts participating in the trade.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client on a pro rata basis, based upon the ratio of the amount of particular issue of securities allocated to the account to the overall amount of that issue purchased. It is the firm's policy that trades are not allocated in any manner that favors one group of similarly situated clients over another. Client transactions may be aggregated according to custodial relationship in consideration of execution charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different brokers may be priced differently.

When the market for certain securities is thinly traded it may not be possible to aggregate orders for all clients. Under such situations the Registrant will use a different allocation method that the Registrant believes to be fair. One such method is a rotational process whereby the Registrant may allocate a trade to one or more clients and then allocate the next trade opportunity to clients that did not participate in the earlier allocation.

The firm does not recommend that clients hold accounts with specific broker-dealers. Further, the firm, in certain circumstances may permit clients to direct the firm to place transactions with another brokerage firm of a client's choosing. If the firm is so directed, the client should note that the firm may be unable to achieve most favorable execution of client transactions. Directing brokerage may cost the client more money, since the client may pay higher brokerage commissions because the firm may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

While the firm does not participate in any formal soft dollar arrangements, the firm does receive research from broker dealer or banks. Consistent with obtaining best execution, transactions for a client's account may be effected through these brokers, dealers, or banks. This research or services may assist the Firm in its investment decision-making process. Such research generally will be used to service all of the Firm's clients. MCM receives a benefit because MCM does not have to produce or pay for the research, products or services. MCM may have an incentive to select a broker-dealer or custodian based on MCM's interest in receiving the research or other product or services, rather than on our client's interest in receiving most favorable execution.

Should the firm ever take part in a soft dollar arrangement, such transactions for clients where such soft dollar transactions will be effected shall be in compliance with Section 28(e) of the Securities Exchange Act of 1934.

When selecting or recommending broker-dealers MCM may receive client referrals from a broker-dealer or custodian. MCM has an incentive to select or recommend a broker-dealer or custodian on the MCM's interest in receiving client referrals rather than on our clients' interest in receiving most favorable execution. In 2015, MCM did not direct a client transaction to a particular broker-dealer in return for client referrals.

The client may direct MCM to use a particular broker, dealer, or bank (subject to MCM's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such an event, the client will negotiate terms and arrangements for the account with that broker-dealer, and MCM will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other brokers, dealers, or banks with orders for other accounts managed by MCM. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Item 13 Review of Accounts

MCM will review client accounts at least quarterly, or more frequently if market conditions or client needs warrant. A Designated Principal will review each client's accounts for suitability, execution and service. Reviews will take place at regularly scheduled meetings that include all staff assigned to the client account. The review will evaluate suitability against client investment guidelines. The review will evaluate execution against market prices, where available, around the time of any transactions. The review will evaluate service based on the quality of response to client needs.

MCM may choose to review accounts outside of regularly scheduled quarterly meetings if market conditions materially change the potential risk or return in the client portfolio, or if changing client needs warrant a material change in portfolio positions.

Reviewers include:

Steven Abrahams, Chief Executive Officer

C. Brian Egnatz, Chief Investment Officer

Michael Lahoud, Senior Risk Officer

Item 14 Client Referrals and Other Compensation

The firm may pay referral fees to third parties for client referrals. The fees charged to clients are not impacted by the payment of referral fees. MCM has entered into agreements with various independent solicitors that refer investors for investment advisory services. Any such agreements must be handled in accordance with the provisions of Rule 206(4)-3 under the Investment Advisers Act of 1940. See Item 10 for further information.

Item 15 Custody

Other than the client authorized direct deductions of fees from accounts, the firm does not maintain nor accept custody of client funds or securities. Clients will receive account statements from the custodian and are encouraged to review such statements carefully.

Item 16 Investment Discretion

Clients authorize the firm to have discretion within the bounds set by an investment management agreement over which securities to buy and sell for client accounts, the amounts of securities to be bought and sold, the broker or dealer to be used for execution, and the commission rates to be paid to a broker or dealer for such execution. Clients will sign an investment management agreement identifying allowable classes of securities, the target allocation to these securities and a maximum and minimum allocation. The agreement grants the firm investment discretion within the maximum and minimum allocation. Typically, investments will be in publicly traded debt securities. The client's investment guidelines and/or limits will be agreed upon with each client commensurate with the signing of an investment management agreement. Clients are free to update the investment management agreements from time to time, including allowable securities, target allocations and minimum and maximum allocations, as their needs or market conditions change.

Item 17 Voting Client Securities

It is firm policy not to vote proxy solicitations received on behalf of clients from the issuers of securities held in client accounts. Clients will receive voting materials directly from the broker-dealer and/or the transfer agent of record.

Item 18 Financial Information

Pursuant to Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to disclose certain information about their business practices that might serve as material to the client's decision in choosing an investment adviser. As of the date of this filing, the firm does not require the pre-payment of fees of more than \$500 six months or more in advance, or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients. The firm has not been the subject of a bankruptcy petition at any time.

Item 19 Requirements for State Registered Advisers

Item 19 is not applicable to MCM.