

Privus Financial, LLC

6900 North Dallas Parkway, Ste 500
Plano, TX 75024

Phone (972) 233-3323
Fax (972) 943-0670

December 15, 2017

Form ADV Part 2A Brochure

Privus Financial, LLC is a registered investment adviser. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Privus Financial, LLC. If you have any questions about the contents of this brochure, please contact us at (972) 233-3323. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Privus Financial, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes - Item 2

The purpose of this page is to inform you of any material changes since the previous version of this brochure. We review and update our brochure at least annually to make sure that it remains current.

This is our firm's first brochure; therefore, we have not made any material changes.

Table of Contents - Item 3

Contents

Advisory Business - Item 4	4
Fees and Compensation - Item 5	6
Performance-Based Fees and Side-By-Side Management - Item 6	7
Types of Clients - Item 7.....	7
Methods of Analysis, Investment Strategies and Risk of Loss - Item 8.....	8
Disciplinary Information - Item 9	10
Other Financial Industry Activities or Affiliations - Item 10.....	10
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Item 11.....	12
Brokerage Practices - Item 12.....	12
Review of Accounts - Item 13	14
Client Referrals and Other Compensation - Item 14	14
Custody - Item 15.....	14
Investment Discretion - Item 16	15
Voting Client Securities - Item 17.....	15
Financial Information - Item 18	15
Requirements of State-Registered Advisers - Item 19.....	16
Miscellaneous	16

Advisory Business - Item 4

Privus Financial, LLC (hereinafter "Privus") is a registered investment advisor based in Plano, Texas. We are a limited liability company, organized under the laws of the State of Texas. We have been providing investment advisory services since 2017. Jason Matthew Kos and Michael Anthony Hall are the Principal Owners of Privus.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly registered as investment adviser representatives.

Currently, we offer the following investment advisory services, personalized to each individual client:

- **Wealth Management Services**
- **Pension Consulting Services**

Wealth Management Services

Privus' comprehensive wealth management service combines family office and ongoing portfolio management services.

Family office services are designed to help clients organize their finances. An Associated Person of Privus meets with the prospective client to obtain information about the client's financial, investment, and estate situation. Upon completion of an analysis of this information and the client's needs, Privus may recommend some or all of the administrative and family resource development services listed below:

- Analysis of your current financial condition;
- Recommendations to achieve your financial objectives;
- Consulting on non-securities related investments;
- Estate planning coordination;
- Financial statement preparation;
- Tax management coordination;
- Organization of banking, legal and accounting matters;
- Bill paying services;
- Charitable giving/foundation management coordination; and,
- Performance Reporting.

As part of its overall wealth management service, Our firm offers continuous discretionary portfolio management services. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions are made based upon your stated investment objectives. You may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment advice is tailored to meet your needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

Privus mainly uses equity securities, exchange traded funds, mutual funds, corporate debt securities, U.S. government securities, municipal securities, options strategies and limited partnerships such as hedge funds and private equity funds in its portfolio management programs.

However we construct your investment portfolio, we will monitor your portfolio's performance on a continuous basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

Delegation to sub-advisers: We may use one or more sub-advisers to manage all or a portion of your account. All sub-advisers that we recommend to clients must be registered as investment advisers with either the Securities and Exchange Commission or with the appropriate state authority(ies). You may be required to sign an individual agreement with the sub-adviser or a tri party agreement with the sub-adviser and Privus.

The sub-adviser will actively manage the client's portfolio and will assume investment discretionary and trading authority over the managed account. Privus will not actively manage the assets in any account managed by the sub-adviser. However, Privus will assume discretionary authority to hire and terminate sub-advisers and reallocate the client's assets to other sub-advisers, when such action is deemed to be in the best interest of the client. In some circumstances, Privus may also obtain investment discretion or trading authority over client assets managed by the sub-adviser.

Pension Consulting Services

Privus provides several pension consulting services on a stand-alone basis or in combination with other services. While the primary clients for these services will be pension, profit sharing, and 401(k) plans, Privus will also offer these services, where appropriate, to businesses, individuals, trusts, estates, and charitable organizations. Pension consulting services are generally comprised of four distinct services. Clients may choose to use any or all of these services.

Investment Policy Statement Preparation (hereinafter referred to as "IPS"):

Privus will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Privus then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

Selection of Investment Vehicles

Privus will review various investments, consisting of one or all of the following: individual equities, bonds, other investment products, and mutual funds (both index and managed) to determine which of these investments are appropriate to implement the client's Investment Policy Statement. The number of investments to be recommended will be determined by the client, based on the client's Investment Policy Statement.

Monitoring of Investment Performance

Client investments will be monitored continuously based on the procedures and timing intervals outlined in the Investment Policy Statement. Although Privus will not be involved in any way in the purchase or sale of these investments, Privus will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

Employee Communications

For pension, profit sharing, and 401(k) plans where the individual account participant exercises control over assets in his/her own account (hereinafter "self-directed plans"), Privus also provides educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by Privus and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

Other pension consulting services are available on request. All of our pension consulting services, whether general or customized, will be outlined in a written agreement that shows the services that will be provided and the fees that will be charged for those services.

Assets Under Management

Privus is a newly formed investment adviser; therefore, it does not currently have reportable assets under management.

Fees and Compensation - Item 5**Wealth Management Services Fees**

Privus charges an annual fee of up to 1.25% of the market value of the assets under management. Portfolio management fees may be negotiable depending on factors such as the amount of assets under management, range of investments, and complexity of your financial circumstances, among others. Since this fee is negotiable, the exact fee paid by you will be clearly stated in the advisory agreement signed by you and us.

Portfolio management fees are billed quarterly, in advance, and are based on the value of your portfolio at the end of the preceding quarter. If you provide written authorization to us, the advisory fee will be deducted from your account held with a non-affiliated qualified custodian. The qualified custodian will provide you with an account statement at least quarterly. This statement will detail all account activity, including the advisory fees deducted from your account(s).

At the inception of investment management services, the first pay period's fees will be calculated on a pro-rata basis. The management agreement between you and Privus will continue in effect until either party terminates the management agreement in accordance with the terms of the management agreement. Privus' annual fee will be pro-rated through the date of termination and any remaining balance will be refunded to the client within 30 business days.

Pension Consulting Services Fees

The compensation arrangement for these services will be a percentage of the plan assets. Services will be negotiated on a case-by-case basis. The exact fee paid by the client will be clearly stated in the pension consulting agreement signed by the client and us.

If you choose to have Privus' fee deducted directly from your account, you must provide authorization. The qualified custodian holding your funds and securities will send you an account statement on at least a quarterly basis. This statement will detail account activity. Please review each statement for accuracy. Privus will also receive a copy of your account statements from the custodian.

Additional Fees and Expenses

A fee of .10% or 10 basis points is payable to Sanders Morris Harris LLC ("SMH"), an affiliated securities broker-dealer, and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). SMH will provide trade execution. Pershing, LLC, ("Pershing"), an unaffiliated qualified custodian, will provide custodial services.. Privus may recommend sub-advisers who have an existing trading relationship with SMH. When determining which sub-adviser to recommend, Privus will not take the sub-adviser's existing trading relationship with SMH into account.

Although clients do not pay a separate transaction charge for transactions in their account, clients should be aware that SMH pays Pershing transaction charges each trade. The transaction charges paid by SMH may vary based on the type of transaction (e.g., mutual fund, equity, or fixed income security). Because Privus is affiliated with SMH,

and SMH pays the transaction charges in program accounts, there is a conflict of interest. Clients should understand that the cost to SMH of transaction charges might be a factor that Privus considers when deciding which securities to select and how frequently to place transactions in a program account.

Fees for sub-advisers and additional investment managers are not included in the Privus wealth management fee. Fees for individual portfolios will vary depending upon the mix of sub-advisers and additional investment managers chosen. Individual sub-adviser and additional investment manager fees can range between .30% and 1.00%.

All fees paid to Privus for investment advisory services are separate and distinct from the fees and expenses charged to shareholders by mutual funds or exchange traded funds. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

You could invest in a mutual fund directly, without the services of Privus. In which case, you would not receive the services provided by Privus, which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and the fees charged by Privus to fully understand the total amount of fees to be paid by you to evaluate the advisory services being provided.

General Information on Advisory Services and Fees

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

While the firm endeavors at all times to offer Clients its specialized services at reasonable costs, the fees charged by other advisers for comparable services may be lower than the fees charged by Privus.

We shall never have physical custody of any client funds or securities, as the services of a qualified and independent custodian will be used to custody client funds and securities. We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given us written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).

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

Performance-based fees are based on a share of capital gains on or capital appreciation of the client's assets. Our Associated Persons and we do not accept performance-based fees.

Types of Clients - Item 7

We generally offer investment advisory services to individuals and pension and profit sharing plans.

We require a minimum of \$500,000 to establish an advisory relationship. At our sole discretion, we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

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

The following are different methods of analysis that we may use when providing you with investment advice:

- **Fundamental Analysis** – fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.
- **Technical Analysis** – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall.

In addition, Privus pays a contracted fee to Tectonic Advisors, LLC an affiliated SEC registered investment adviser, for due diligence services, investment research regarding investment managers/sub advisers, mutual funds, ETFs, product and investment model recommendations and general oversight of investment products or programs recommended by Privus to its clients. Please refer to Item 10 below for important disclosures about our affiliation with Tectonic Advisors.

We may use one or more of the following investment strategies when advising you on investments:

- **Long Term Purchases** – securities held for over a year.
- **Short Term Purchases** – securities held for less than a year.
- **Trading** – securities are sold within 30 days.
- **Short Sales** – short selling is the selling of a stock that the seller doesn't own. More specifically, a short sale is the sale of a security that isn't owned by the seller, but that is promised to be delivered.
- **Margin Transactions** – Margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period of time that the loan is outstanding.
- **Covered Options** – covered option is a strategy in which an investor writes an option contract while at the same time owning an equivalent number of shares of the underlying stock.

The investment advice provided along with the strategies suggested by Privus will vary depending on your specific financial situation and goals. The below section does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for everyone. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Investing in securities involves risk of loss that you should be prepared to bear.

General Investment Risk: All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for everyone. Investments,

unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

Loss of Value: There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political, and economic developments, and government, economic, or monetary policies.

Interest Rate Risk: Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

Credit Risk: Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Foreign Exchange Risk: Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

Margin Risk: When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your broker-dealer. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the broker-dealer of your account. The securities purchased in such an account are the broker-dealer's collateral for its loan to you.

If the securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and, as a result, a brokerage firm is required to take action, such as issue a margin call and/or sell securities or other assets in your accounts, in order to maintain necessary level of equity in the account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any Margin Account that may be established as a part of our Investment Management Services and held by your broker-dealer. These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The broker-dealer can force the sale of securities or other assets in your account.
- The broker-dealer can sell your securities or other assets without contacting you.
- You may not be able to choose which securities or other assets in your margin account are liquidated or sold to meet a margin call.
- The broker-dealer may move securities held in your cash account to your margin account and pledge the transferred securities.

You may not be entitled to an extension of time on a margin call.

Risks Associated with Investing in Options: Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. Placing certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Risks Associated with Investing in Equities: Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

Risks Associated with Investing in Exchange Traded Funds (ETF): Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

Recommendation of Particular Types of Securities

As disclosed under the Advisory Business section in this brochure, we recommend all types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with that investment.

Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or of the integrity of our management. Neither we nor our management persons have a history of material legal or disciplinary events.

Other Financial Industry Activities or Affiliations - Item 10

Some of the owners of Privus have an ownership interest in Tectonic Holdings LLC, an entity that owns the following financial industry affiliates:

- Sanders Morris Harris LLC
- Tectonic Advisors LLC
- Miller-Green Financial Services LLC
- HWG Insurance Agency, LLC

Such individuals receive additional indirect compensation in the form of a share of profits from these entities. In order to address this conflict, Privus has adopted a code of ethics that obliges all associated persons to; (i) deal fairly with all clients when making investment decisions; (ii) to uphold their fiduciary duty at all times; and (iii) to put the client's interest first. Clients are not required to use the services of affiliates recommended by Privus. We

have provided further detail about these affiliates in the below paragraphs.

Sanders Morris Harris LLC

Sanders Morris Harris LLC ("SMH") is a dually registered broker dealer and investment adviser related to Privus through common control and ownership. As a broker dealer, SMH executed securities transactions for advisory clients of Privus. Additionally, certain Associated Persons of Privus hold their securities licenses with SMH.

Clients of Privus are charged .10% (10 basis points) for ticket charges, and other customary trading expenses for their transactions through SMH. Pershing, LLC, ("Pershing"), an unaffiliated qualified custodian, will provide custodial services. SMH also receives 12b-1 fees/trailing commissions on certain mutual fund transactions, and overrides from product providers for utilizing their financial products in client portfolios.

Privus does not make any representation that the brokerage services are at the lowest cost available and clients may be able to obtain similar services and/or products at a more favorable rate from other brokerage firms. Privus and its Investment Adviser Representatives have a fiduciary obligation to the clients to provide investment services while putting the client's interest ahead of the interest of the firm, and where conflicts of interest exist, they must (i) be disclosed, if not material considering the overall relationship and services, or (ii) eliminated. In other words, certain conflicts are "disclosable" and certain conflicts should just be avoided, based on Privus' determination on a case-by-case basis.

Tectonic Advisors LLC

In addition, Privus pays a contracted fee to Tectonic Advisors, an affiliated SEC registered investment adviser, for due diligence services and investment research regarding investment managers/sub advisers, mutual funds, ETFs, product and investment model recommendations and general oversight of investment products or programs recommended by Privus to its clients. Tectonic Advisors provides similar services to other affiliates. The fee is paid from the Wealth Management Services fee paid to Privus by Clients and is not an additional fee.

This presents a conflict of interest because Privus has an incentive to use Tectonic Advisors over other investment advisors for due diligence services and investment research. In order to address this conflict, Privus has adopted compliance procedures that oblige the firm to deal fairly with all clients, to uphold its fiduciary duty at all times; and to put the client's interest first.

Certain investment adviser representatives of Privus may also serve as investment adviser representatives of Tectonic Advisors, and advice given to other Privus clients or clients of Tectonic Advisors may differ from advice given to or for clients of Privus, including the nature and type of securities purchased and sold and the timing of such transactions.

Miller-Green Financial Services LLC

Miller-Green Financial Services LLC is an SEC registered investment adviser. Miller-Green Financial Services LLC operates independently and does not share clients with Privus.

HWG Insurance Agency, LLC

HWG Insurance Agency, LLC ("HWG") is an insurance agency based in Houston, Texas. Privus expects that clients to whom it offers advisory services may occasionally purchase insurance products from HWG. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the commissions earned for placing the client in insurance products. Clients to whom the firm offers advisory services are informed that they are under no obligation to use HWG for insurance services and may use the insurance brokerage firm and agent of their choice.

Cain, Watters & Associates

Cain, Watters & Associates is an SEC registered investment advisor and a Certified Public Accountancy firm,

affiliated with Privus through common control and ownership. Specifically, a number of Privus' owners have a direct ownership interest in CWA. Tax and Accounting services for Privus clients will be performed by CWA. However, clients of Privus are not expected to become investment advisory clients of CWA.

Certain investment adviser representatives of Privus may also serve as investment adviser representatives of CWA, and advice given to other Privus clients or clients of CWA may differ from advice given to or for clients of Privus, including the nature and type of securities purchased and sold and the timing of such transactions.

T Bank

Privus is affiliated with, T Bank, National Association ("T Bank"), through common control and ownership. Specifically, a number of Privus' owners have an indirect ownership interest in T Bank. T Bank, a member of the Federal Deposit Insurance Corporation, is a full service bank engaged in traditional lending, cash and/or treasury management and other services. The firm expects that clients to whom it offers advisory services may also be clients of T Bank. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from all fees earned by T Bank. Clients who receive advisory services are informed that they are under no obligation to use T Bank for banking services and may use the banking institution of their choice.

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

Description of Our Code of Ethics

Privus has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Privus' policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Privus' Code of Ethics is available upon request at (972) 233-3323.

Personal Trading Practices

At times, Privus and/or its related persons may take positions in the same securities as clients, which may pose a conflict of interest with clients. Privus and its related persons will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (e.g., a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (e.g., a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price) would not be disclosed at the time of trading.

Brokerage Practices - Item 12

Privus generally recommends Sanders Morris Harris LLC ("SMH"), our affiliated broker-dealer, and member of FINRA and the SIPC for trade execution and Pershing, LLC ("Pershing") for custodial services. Privus has chosen SMH and Pershing on the basis of a number of factors, including quality of service, fees, reputation, accountability, and security of assets. The fees and commissions charged by SMH and/or Pershing may be higher or lower than other broker dealers or custodians, depending on the type of transaction. Privus considers the services provided by SMH and Pershing to be high-quality and the fees charged to be comparable or favorable to those charged by other broker-dealers or custodians. Please refer to Item 10 above for additional important disclosures about our affiliation with Sanders Morris Harris LLC.

Research and Other Soft Dollar Benefits

Privus receives additional benefits from SMH and Pershing such as electronic delivery of client information, electronic trading platforms, institutional trading support, proprietary and/or third party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisory clients. Additionally, SMH provides the firm with certain services such as back office support, trade execution, report preparation, and billing.

The receipt of additional benefits gives us an incentive to require that you maintain your account with SMH and Pershing based on our interest in receiving additional services from these broker dealers rather than your interest in receiving the best value and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of SMH and Pershing as broker dealer and custodian is in the best interests of our clients. Our belief is primarily supported by the scope and quality of services SMH and Pershing provide to our clients and not services that benefit only us.

To mitigate the existence of this conflict, on a periodic basis, we conduct a best execution review considering the full range and quality of SMH's and Pershing's services, including execution quality, commission rate, the value of research provided, financial strength and responsiveness to our requests for trade data and other information. Our obligation is not necessarily to get the lowest price but to obtain the best qualitative execution.

Brokerage for Client Referrals

We do not receive client referrals from custodians or broker-dealers in which we have an institutional advisory arrangement. Also, we do not receive other benefits from custodians or broker-dealers in exchange for client referrals.

Directed Brokerage

Clients may direct brokerage to a specified broker/dealer other than the firm recommended by Privus. It is up to the client to negotiate the commission rate, as Privus will not. The client may not be able to negotiate the most competitive rate. As a result, the client may pay more than the rate available through the broker/dealer used by Privus. Where the client does not otherwise designate a broker/dealer, Privus recommends a broker/dealer with competitive commission rates.

Trade Aggregation

While individual client advice is provided to each account, client trades can be executed as a block trade. Trades using SMH may be aggregated and done in the name Privus. The executing broker will be informed that the trades are for the account of Privus' clients and not for Privus itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution. We will not aggregate a client's order if in a particular instance we believe that aggregation would cause the client's cost of execution to be increased. SMH will be notified of the amount of each trade for each account. Privus and/or its Associated Persons may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

Review of Accounts - Item 13

Portfolio Management Account Reviews

Privus monitors client account holdings on a continuous basis and conducts formal account reviews at least annually. Informal reviews are conducted at least monthly. Accounts are reviewed by the Associated Person assigned to the account.

Additional reviews may be offered in certain circumstances. Triggering factors that may stimulate additional reviews include, but are not limited to, changes in economic conditions, changes in the client's financial situation or investment objectives, or upon client request.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. Privus also provides performance reports at regular intervals.

Client Referrals and Other Compensation - Item 14

As disclosed under Item 12 above, Privus has a brokerage and clearing arrangement with Sanders Morris Harris LLC ("SMH"), our affiliated broker-dealer, and Pershing, LLC ("Pershing"). The firm may receive additional benefits from these entities. Please refer to Item 10 above for important disclosures about our affiliation with Sanders Morris Harris LLC.

Privus and its related persons do not compensate, directly or indirectly, any person or entity, who is not our supervised person, for client referrals.

Custody - Item 15

Associated Persons of Privus may serve as trustees to certain accounts for which we provide investment advisory services. Our capacity as trustees gives us custody over these client relationships. These accounts will be held with a bank, broker-dealer, or other independent, qualified custodian. If any Associated Person acts as trustee for any of your advisory accounts, you will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. You should carefully review account statements for accuracy.

Further, at the request of some clients, Privus has obtained third party funds transfer and check signing authority for bill payment services. In doing so, we are deemed to have custody over client funds and securities.

We have retained an independent certified public accountant to conduct an annual surprise examination of client funds and securities.

Client assets are held at qualified custodians, which means the custodian provides statements directly to the clients at their address of record. The custodian will not verify the calculation of the advisory fees. Clients are urged to review custodial account statements for accuracy.

Investment Discretion - Item 16

Privus offers Portfolio Management Services on a discretionary basis. Clients must grant discretionary authority in the management agreement. Discretionary authority extends to the types and amounts of securities to be bought and sold in client accounts. Apart from the ability to withdraw management fees, Privus does not have the ability to withdraw funds or securities from the client's account. The client provides Privus discretionary authority via a limited power of attorney in the management agreement and in the contract between the client and the custodian.

If you wish, you may limit our discretionary authority, for example, by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

Voting Client Securities - Item 17

Proxy Voting

Privus will determine how to vote proxies based on its reasonable judgment that the vote will produce favorable financial results for its clients. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. However, Privus will consider both sides of each proxy issue. Consistent with Privus' paramount commitment to the financial investment goals of its clients, social considerations will not be considered absent contrary instructions by a client.

Conflicts of interest between Privus or a principal of the firm and the firm's clients in respect of a proxy issue conceivably may arise, for example, from personal or professional relationships with a company or with the directors, candidates for director, or senior executives of a company that is the issuer of client securities.

If the Chief Compliance Officer determines that a material conflict of interest exists, the following procedures shall be followed:

- (a) Privus may disclose the existence and nature of the conflict to the client(s) owning the client securities, and seek direction on how to vote the proxies;
- (b) Privus may abstain from voting, particularly if there are conflicting client interests (for example, where client accounts hold different client securities in a competitive merger situation); or
- (c) Privus may follow the recommendations of an independent proxy voting service in voting the proxies.

Privus keeps certain records required by applicable law in connection with its proxy voting activities for clients and it shall provide proxy-voting information to clients upon their written or oral request. A copy of Privus' proxy-voting policies is available to clients upon request.

Financial Information - Item 18

We are required in this Item to provide you with certain financial information or disclosures about Privus', financial condition. Privus does not require the prepayment of over \$1,200, six or more months in advance. Additionally, Privus has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.

Requirements of State-Registered Advisers - Item 19

This section is not applicable because our firm is SEC registered.

Miscellaneous

Trade Error Correction Procedures

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the firm generally seeks to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any losses resulting from error correction will be placed in Privus' error correction account. Gains will be credited to the client or donated to charity.

Confidentiality

Privus views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, it has instituted policies and procedures to ensure that customer information is kept private and secure. Privus does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, Privus may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

Privus restricts internal access to nonpublic personal information about its clients to those employees who need to know that information in order to provide products or services to the client. Privus maintains physical and procedural safeguards that comply with state and federal standards to guard a client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be Privus' policy never to sell information about current or former customers or their accounts to anyone. It is also Privus' policy not to share information unless required to process a transaction, at the request of the client, or as required by law.

A copy of Privus' privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the agreement(s) for services. Thereafter, Privus will deliver a copy of the current privacy policy notice to its clients upon any material changes to its privacy policies and practices. If you have any questions regarding your privacy, please contact us at (972) 233-3323.