

# **Continuous Capital, LLC**

220 East Las Colinas Blvd., Suite 1200

Irving, TX 75039

(817) 391-6110

## **Form ADV Part 2A**

**(“Brochure”)**

March [ ], 2018

This Brochure provides information about the qualifications and business practices of Continuous Capital, LLC. If you have any questions about the contents of this Brochure, please contact us at (817) 391-6110 or [christy.sears@resolutemanagers.com](mailto:christy.sears@resolutemanagers.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Continuous Capital, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Continuous Capital, LLC is a registered investment adviser. Use of the term “registered investment adviser” or the description of Continuous Capital, LLC as “registered” does not imply a certain level of skill or training.

## **ITEM 2 - MATERIAL CHANGES**

This Item is used to provide clients with a summary of material new and/or updated information to the Brochure. This is Continuous Capital's initial Brochure. Any material changes made between annual updates of the Brochure will be disclosed in this section.

### ITEM 3 - TABLE OF CONTENTS

Item 1 – Cover Page.....	i
Item 2 - Material Changes.....	ii
Item 3 - Table of Contents .....	iii
Item 4 - Advisory Business.....	1
Item 5 - Fees and Compensation.....	1
Item 6 - Performance-Based Fees and Side-By-Side Management.....	2
Item 7 - Types of Clients .....	3
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....	3
Item 9 - Disciplinary Information .....	7
Item 10 - Other Financial Industry Activities and Affiliations.....	7
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	8
Item 12 - Brokerage Practices.....	9
Item 13 - Review of Accounts .....	10
Item 14 - Client Referrals and Other Compensation .....	11
Item 15 - Custody.....	11
Item 16 - Investment Discretion .....	11
Item 17 - Voting Client Securities .....	12
Item 18 - Financial Information.....	13

#### **ITEM 4 - ADVISORY BUSINESS**

Continuous Capital, LLC (“Continuous Capital”), a Delaware limited liability company, was formed on January 25, 2018 and is an indirect wholly-owned subsidiary of Resolute Investment Holdings, LLC (“Resolute”), which is owned primarily by Kelso Investment Associates VIII, L.P., KEP VI, LLC and Estancia Capital Partners L.P. Continuous Capital is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”) and provides investment advisory services to institutional clients principally through separate accounts and pooled investment vehicles.

Continuous Capital manages long-term equity strategies for separate accounts and pooled investment vehicles in international markets on a discretionary basis. Continuous Capital seeks to manage each client’s account within the investment objectives, policies and restrictions provided by the client as well as the client’s liquidity needs. The performance of each account may vary based on the circumstances of each account and Continuous Capital’s customization of such accounts.

Continuous Capital may tailor its advisory services to the individual needs of its clients and thus may give advice and take action with respect to any client or accounts that may differ from action taken on behalf of other clients or accounts. Clients may submit reasonable guidelines or restrictions on investments in certain securities or security types to be adhered to by Continuous Capital when it selects securities and determines amounts for investment. Investment guidelines and restrictions must be provided to Continuous Capital in writing.

Continuous Capital’s advisory agreements with clients typically contain provisions that may act as a waiver, release or limitation of certain rights that clients may have against Continuous Capital arising from its services. In substance, the agreements generally state that Continuous Capital and its personnel and affiliates are not liable for any loss arising out of Continuous Capital’s advice or for any other act or omission taken with respect to its services, except for any act or omission which constitutes willful misfeasance, bad faith or gross negligence in the performance of its duties, or reckless disregard of its obligations and duties under the agreement. Notwithstanding the liability limiting nature of these provisions, federal and state securities laws may impose liabilities on Continuous Capital under certain circumstances. Therefore, nothing in those or any other provisions in the agreements will have the effect of waiving, releasing or limiting any rights a client may have under such laws or under any other laws that are not permitted to be waived by contract.

#### **ITEM 5 - FEES AND COMPENSATION**

Continuous Capital calculates investment advisory fees based upon a percentage of the value of clients’ assets under management. The specific manner in which fees are charged by Continuous Capital is established in a client’s written agreement with Continuous Capital. Depending upon the client’s type of account, fees are generally charged monthly or quarterly in arrears. Continuous Capital does not require prepayment of advisory fees.

For certain client accounts, advisory fees are prorated for contributions and withdrawals of assets made to or from the account during the applicable period. Accounts initiated or terminated during a billing cycle will be charged a prorated fee. An agreement with a separate account client may be terminated at any time upon written notice pursuant to the terms of the agreement. Upon termination of any account, any earned, unpaid fees will be due and payable to Continuous Capital.

Continuous Capital's standard fee schedule for separate accounts is generally at the annual rate of 1.00% of the first \$50 million in average daily assets under management and 0.80% of average daily assets under management over \$50 million. The fees are calculated on a 365-day basis based on market value. Continuous Capital may agree to lower or waived fee rates in certain circumstances, including situations when: there is a likelihood of significant growth of assets in the account; the prospective client is in a new industry or marketplace; or the client is an affiliate of Continuous Capital. A single client and its affiliates with assets in more than one investment vehicle managed by Continuous Capital and/or its affiliates may have its assets aggregated for fee calculation purposes and/or be charged a lower fee rate with respect to assets maintained in one or more accounts.

Continuous Capital may send an invoice directly to the client for payment or to the custodian of the client account for deduction from the client's account. The custodian will deduct advisory fees only based upon a written authorization from a client permitting the fees to be paid directly from the account. Clients should receive from their custodian an account statement at least quarterly. Clients who have authorized the automatic deduction of Continuous Capital's advisory fees from their account should review the custodial account statement for accuracy.

In addition to Continuous Capital's fees, clients will incur brokerage commissions, dealer spreads, transaction fees, ticket charges and other related costs and expenses in connection with transactions in their accounts. See Item 12 below for more information about brokerage. Clients may also incur charges imposed by custodians, broker-dealers, prime brokers, and other third parties that may include items such as custodial fees, account maintenance fees, activity or inactivity fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer fees, electronic fund transfer fees, termination fees, postage and handling charges, exchange fees, interest to cover short positions, and other fees and charges on accounts or transactions. These fees, charges and/or commissions are exclusive of and in addition to the management and other fees paid to Continuous Capital, and Continuous Capital will not receive any portion of those charges.

Continuous Capital expects to primarily invest clients in equity securities that are economically tied to international markets, including emerging market countries, but may also recommend investments in mutual funds or exchange-traded funds to provide broad exposure to such markets. Clients investing in mutual funds or exchange-traded funds will also bear indirectly as fund shareholders their proportionate share of the fund's internal expenses, which include management fees paid to the fund's adviser. These internal fees and charges are known as the fund's expense ratio. Each fund's expense ratio will vary over time and is disclosed in its prospectus. Continuous Capital does not receive sales charges from mutual funds or exchange-traded funds as a result of recommending such securities.

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

Although Continuous Capital generally calculates its advisory fees as a percentage of assets under management, Continuous Capital may also enter into a performance fee arrangement with a client pursuant to individualized negotiations with such client. Continuous Capital will structure performance fee arrangements in accordance with applicable law and regulatory requirements. Performance-based fee arrangements may create an incentive for Continuous Capital to recommend investments that are riskier or more speculative than those which would be recommended under a different fee arrangement. Side-by-side management of accounts with and without performance-based fees could motivate Continuous Capital to favor accounts for which it receives performance-based compensation over other accounts for which such compensation is not otherwise payable.

As of the date of this Brochure, Continuous Capital does not have any performance-based fee arrangements, but should it agree to manage such accounts in the future, Continuous Capital will address and/or manage the conflicts described above through its investment allocation policy and full and fair disclosure of such performance-based compensation in this Brochure. With respect to the allocation of investment opportunities, it is Continuous Capital's policy to treat all clients fairly relative to one another. To this end, Continuous Capital regularly monitors the allocation of investment opportunities and trades with the aim of ensuring that no client or group of clients is unfairly favored relative to others over time.

## **ITEM 7 - TYPES OF CLIENTS**

Continuous Capital provides investment advisory services to institutional clients, which may include corporations and investment companies.

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

The methods of analysis and investment strategies used by Continuous Capital in formulating advice or managing assets for clients are described below. Investing in securities involves risk of loss that clients should be prepared to bear.

### **INVESTMENT STRATEGIES AND METHODS OF ANALYSIS**

Continuous Capital manages long-term equity strategies that invest in international securities markets, primarily in emerging market countries. Continuous Capital applies a fundamental research process that is designed to identify companies that are undervalued. The process screens companies using quantitative factors, such as:

- price-to-earnings ratio - current share price relative to per-share earnings,
- dividend yield - ratio of annual dividends paid to the stock price on a per-share basis,
- price-to-book ratio - per-share market price relative to per-share equity book value, and
- price-to-cash flow ratio - share price relative to a company's cash flow.

Continuous Capital seeks to diversify investments across industries. Portfolio managers also evaluate the identified companies based on a combination of qualitative factors and additional fundamental research to select securities for client portfolios.

The strategy seeks long-term capital appreciation by investing primarily in equity securities of companies that are domiciled in or tied economically to countries with emerging securities markets. Continuous Capital will determine emerging market countries based upon various factors, including reference to third party sources, such as the World Bank or published indexes, or through independent analysis of a country. Exposure to emerging markets may be obtained by investing directly in the securities of non-U.S. issuers or by investing in depositary receipts, which are securities typically issued by a bank and that represent an interest in a foreign security deposited with the bank. Examples of depositary receipts that Continuous Capital may invest in are American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs). To gain exposure to certain companies, Continuous Capital may invest in derivative instruments such as participatory notes, which are similar to depositary receipts in that they provide exposure to foreign securities through a financial institution. Continuous Capital

may purchase and sell foreign currencies in connection with settling securities transactions in foreign markets.

Continuous Capital may consider selling a security when it is no longer considered undervalued by a portfolio manager or when a portfolio manager has identified a more attractive investment.

## **PRINCIPAL RISKS**

Investing in securities involves risk of loss. Continuous Capital does not represent or guarantee that its services or methods of analysis can or will predict future results or insulate from loss due to market corrections or declines. Continuous Capital cannot offer guarantees or promises that financial goals or objectives will be met. Past performance is not an indication of future performance. The principal risks of the investment strategies that Continuous Capital offers are set forth below:

### **Emerging Markets Risk**

In addition to the risks of investing in foreign securities in general, the risks of investing in the securities of companies domiciled in emerging market countries include: increased political and/or social instability, economies based on only a few industries and/or reliance on international aid, unstable currencies, runaway inflation, highly-volatile securities markets, unpredictable shifts in policies relating to foreign investments, delays and disruptions in securities settlement, lack of investor protection against parties who fail to complete transactions, and the potential for government seizure of assets or nationalization of companies. Certain emerging market countries may impose restrictions on foreign investment and repatriation of investment income and capital. In addition, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, nationalization or the creation of government monopolies. The currencies of emerging market countries may experience significant declines against the U.S. dollar, which could lead to devaluation of investments made in those currencies.

### **Equity Securities Risk**

Equity securities represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Equity securities may take the form of shares of common stock of a corporation, membership interests in a limited liability company, limited partnership interests, or other forms of ownership interests. Equity securities also include, among other things, preferred stocks, convertible securities and warrants. The value of a company's equity securities may fall as a result of factors directly relating to that company, such as decisions made by its management or lower demand for the company's products or services. The value of an equity security may also fall because of factors affecting not just the company, but also companies in the same industry or in a number of different industries, such as increases in production costs. The value of a company's equity securities may also be affected by changes in financial markets that are relatively unrelated to the company or its industry, such as changes in interest rates or currency exchange rates or adverse circumstances involving the credit markets. In addition, because a company's equity securities rank junior in priority to the interests of bond holders and other creditors, a company's equity securities will usually be more vulnerable than its bonds and other debt to actual or perceived changes in the company's financial condition or prospects. To the extent a strategy invests in equity-related instruments it will also be subject to these risks.

### **Foreign Currency Risk**

Currency risk is the risk that foreign currencies will decline in value relative to the U.S. dollar, resulting in the dollar value of an investment being adversely affected. The firm's strategies will be subject to

currency risk as a result of their investments in securities or other vehicles either denominated in and/or receiving revenues in foreign currencies.

### **Foreign Investing Risk**

Investing in foreign companies either directly or via ADRs, which represent ownership in a foreign security but are traded on U.S. exchanges, poses additional risks since political and economic events unique to a country or region can affect those markets and their issuers while not necessarily affecting the U.S. economy or similar issuers located in the United States. In addition, investments in foreign companies generally are denominated in a foreign currency and thus changes in the value of a currency compared to the U.S. dollar may positively or negatively affect the value of the investments. These currency movements may occur separately from, or in response to, events that do not otherwise affect the value of the security in the issuer's home country. Foreign companies may not be registered with the U.S. Securities and Exchange Commission and are generally not subject to the regulatory controls imposed on U.S. issuers; consequently, there is generally less publically-available information about foreign securities than domestic securities. Additionally, income from foreign securities may be reduced by a withholding tax at the source, thereby reducing income received from the securities comprising the portfolio. Foreign securities may also be more difficult to value; while ADRs provide an alternative to purchasing a foreign security in its local market or currency, investments in ADRs continue to be subject to many of the same risks associated with investing directly in foreign securities.

### **Investment Company Risk**

To the extent that an account is invested in shares of investment companies, such as mutual funds and exchange-traded funds, the client will indirectly bear fees and expenses charged by the funds in addition to the advisory fees charged by Continuous Capital. In addition, the account will be subject to the risks associated with the underlying investments in those funds. Continuous Capital must rely on the fund to achieve its investment objective. If the fund fails to achieve its investment objective, the value of the account's investment will decline, adversely affecting its performance. Exchange-traded funds also are subject to risks that do not apply to conventional funds: (1) the market price of their shares may trade at a discount or premium to their net asset value; (2) an active trading market for their shares may not develop or be maintained; or (3) trading of their shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

### **Large Capitalization Companies Risk**

The securities of large market capitalization companies may underperform other segments of the market because such companies may be less responsive to competitive challenges and opportunities, such as changes in technology and consumer tastes. Large market capitalization companies may be unable to attain the high growth rates of successful smaller companies, especially during periods of economic expansion.

### **Liquidity Risk**

Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing a sale of such illiquid securities at an advantageous time or price, or possibly requiring the disposition of other investments at unfavorable times or prices in order to satisfy a strategy's obligations. Investment strategies that involve securities of companies with smaller market capitalizations, non-U.S. securities, restricted securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, a strategy, due to limitations on investments in illiquid

securities and the difficulty in purchasing and selling such securities or instruments, may be unable to achieve its desired level of exposure to a certain issuer or sector.

### **Management and Operational Risk**

Continuous Capital will apply investment techniques and risk analyses in making investment decisions for the strategies, but there can be no guarantee that these will produce the desired results. The strategies are also subject to the risk that deficiencies in the internal systems or controls of a service provider will cause losses for the strategies or hinder operations. For example, trading delays or errors (both human and systemic) could prevent a strategy from purchasing a security expected to appreciate in value. Additionally, legislative, regulatory, or tax developments may affect the investment techniques available to Continuous Capital in connection with managing the strategies and may also adversely affect the ability of the strategies to achieve their investment objectives.

### **Market Risk**

The value of the securities in which Continuous Capital invests may decline in value in reaction to tangible or intangible events and conditions independent of a security's particular underlying circumstances. These risks include political, regulatory, market and economic developments, including developments that impact specific economic sectors, industries or segments of the market.

### **Mid-Capitalization Companies Risk**

Investments in mid-capitalization companies generally involve greater risks and the possibility of greater price volatility than investments in larger, more established companies. Mid-capitalization companies often have narrower commercial markets and more limited operating history, product lines, and managerial and financial resources than larger, more established companies. As a result, performance can be more volatile and they face greater risk of business failure, which could increase the volatility of a portfolio. Generally, the smaller the company size, the greater these risks. Additionally, mid-capitalization companies may have less market liquidity than large capitalization companies, and they can be sensitive to changes in interest rates, borrowing costs and earnings.

### **Portfolio Turnover Risk**

Frequent trading, or turnover, of client holdings will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains, both of which can negatively impact a client's overall investment as compared to investments in strategies with low turnover.

### **Small Capitalization Companies Risk**

Investing in the securities of small capitalization companies involves greater risk and the possibility of greater price volatility than investing in larger capitalization and more established companies. Since smaller companies may have limited operating history, product lines, and financial resources, the securities of these companies may lack sufficient market liquidity, and they can be particularly sensitive to expected changes in interest rates, borrowing costs and earning.

### **Value Stocks Risk**

Investments in value stocks are subject to the risk that their intrinsic value may never be realized by the market or that their prices may go down. This may result in the value stocks' prices remaining undervalued for extended periods of time. While a strategy's investments in value stocks may limit its downside risk over time, the strategy may produce more modest gains than other riskier strategies as a trade-off for this potentially lower risk. A strategy's performance also may be affected adversely if value

stocks become unpopular with or lose favor among investors. Different investment styles tend to shift in and out favor, depending on market conditions and investor sentiment.

#### **ITEM 9 - DISCIPLINARY INFORMATION**

Continuous Capital is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Continuous Capital or the integrity of Continuous Capital's management. Continuous Capital has no information applicable to this Item.

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

Continuous Capital is affiliated with other investment advisers and a broker-dealer through their common ownership by Resolute. Continuous Capital's affiliates may from time to time invest in a Continuous Capital strategy to establish or maintain a strategy's track record. Such investments may be made on a fee-waived basis.

Certain affiliated investment advisers sponsor and manage investment companies. Continuous Capital has an incentive to direct its clients' investments to the affiliated funds in order to generate fees for the affiliates. To avoid any conflict of interest arising from that relationship, Continuous Capital will not invest client accounts in affiliated funds. Certain affiliated investment advisers are also commodity pool operators, and Continuous Capital will not invest client accounts in the affiliated commodity pools.

The affiliated broker-dealer limits its activities to distribution and marketing services for the affiliated funds. As such, the affiliated broker-dealer does not execute securities transactions or perform any other services for unaffiliated third parties.

Certain officers and directors of Continuous Capital serve as directors, officers and employees of Continuous Capital's affiliates ("Dual Officers"). The Dual Officers provide management services, corporate governance and day-to-day oversight of Continuous Capital's operations. The Dual Officers do not receive additional compensation from Continuous Capital for the performance of their services. In addition, certain Dual Officers are registered representatives of the affiliated broker-dealer, investment adviser representatives of the affiliated advisers and/or principals of the commodity pool operator.

Continuous Capital receives corporate and operational support from employees of an affiliate pursuant to a services agreement that provides for Continuous Capital to pay its affiliate a fee for such services. The services include corporate accounting, human resources, information technology, marketing, legal counsel and compliance.

Pursuant to a solicitation agreement, Continuous Capital may pay referral fees to an affiliated investment adviser for each solicited client that enters and maintains a contractual intermediary relationship or that remains a client of Continuous Capital. Please see Item 14 for more information on the compensation arrangements related to client referrals.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **CODE OF ETHICS**

Continuous Capital has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 of the Advisers Act. Continuous Capital has designed the Code to inform the firm’s directors, officers and employees under the supervision and control of Continuous Capital (“Supervised Persons”) of their duty to place client interests above their own personal interests. The Code addresses potential conflicts of interest generally and specifically in four main areas related to its officers and employees: 1) personal securities trading, 2) receipt and provision of gifts and entertainment involving parties associated with Continuous Capital, 3) investment personnel serving as directors of publicly-traded companies, and 4) political contributions.

The Code significantly restricts the personal trading of all officers and employees with access to non-public portfolio information (“Access Persons”). Except in limited circumstances, the Code requires that Access Persons obtain pre-approval of their personal securities trades from Continuous Capital’s Chief Compliance Officer. In determining whether to approve an Access Person’s trade request, the Chief Compliance Officer considers the significance of the requested trade and recent activity in the security on behalf of client accounts. Significant trades by an Access Person at or near the same time that Continuous Capital is trading on behalf of a client account could adversely affect the price that the client account obtains on the transaction. As such, portfolio managers employed by Continuous Capital are prohibited from purchasing or selling the same or an equivalent security within seven days around a purchase or sale by that portfolio manager on behalf of a client account.

The Code also requires that Supervised Persons comply with Continuous Capital’s policy on the use of material non-public information, which is intended to prevent the use of such information for personal or client benefit. Certain other prohibitions in the Code apply to portfolio managers and investment personnel with the intent of preventing or mitigating potential conflicts between their personal interests and those of client accounts. For example, the following activities are generally prohibited: investment personnel recognizing a profit on the purchase and sale (or sale and purchase) of the same (or equivalent) security within sixty calendar days; portfolio managers trading a security that is a significant position in a client account under their management; and investment in initial public offerings by investment personnel.

All Access Persons must report their personal securities trades and holdings on a regular basis. The Chief Compliance Officer reviews the reports for compliance with the Code. All Supervised Persons are required to report any violation of the Code of which they are aware to Continuous Capital’s Chief Compliance Officer. The Code provides for an executive officer, in consultation with the Chief Compliance Officer, to determine appropriate sanctions for violations, up to and including termination of employment.

Continuous Capital provides the Code to each Supervised Person upon hire and annually, at which time Supervised Persons certify in writing that they agree to comply with the Code. Continuous Capital will provide a copy of the Code to any client or prospective client upon request.

## **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Continuous Capital may manage accounts for its affiliates, directors, officers and employees. These accounts may or may not be required to pay advisory fees to Continuous Capital. Whether fee-paying or not, all such accounts are considered proprietary accounts. Continuous Capital may have an incentive to favor proprietary accounts over other client accounts. Continuous Capital may also have an incentive to disproportionately allocate less liquid investments and partially-filled orders to proprietary accounts.

Continuous Capital implements a trade aggregation policy that requires proprietary accounts to be traded alongside other discretionary client accounts. All trades on proprietary accounts shall be aggregated with client trades (to the extent permitted by clients) and allocated in accordance with the trade allocation procedure. The Chief Compliance Officer shall analyze at least on a quarterly basis any partially-filled trade orders to ensure that the allocation method was fair and equitable.

## **ITEM 12 - BROKERAGE PRACTICES**

### **SELECTION OF BROKERS AND DEALERS; BEST EXECUTION**

Continuous Capital has discretion to select brokerage firms for security transactions. Continuous Capital recognizes its fiduciary duty to seek best execution of clients' transactions. Best execution is defined by the SEC as the "execution of transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an adviser should consider the full range and quality of a broker-dealer's services, including execution capability, commission rate, financial responsibility and responsiveness, among other things.

Continuous Capital has selected a third-party broker-dealer to act as agent for the execution of client trades. Each client incurs standard transaction costs associated with acquiring and selling securities, including brokerage commissions and exchange fees. Continuous Capital's management team periodically reviews brokerage execution reports in order to evaluate the quality of the broker-dealer's services.

Continuous Capital does not permit clients to direct their transactions to particular broker-dealers.

### **RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

When client brokerage activity is used to obtain research or brokerage services, the adviser receives a benefit because the adviser does not have to produce or pay for the research or brokerage services itself out of its own resources. Services obtained through client brokerage are referred to as having been paid for with soft dollars. This poses a conflict of interest for the adviser to the extent it creates an incentive for the adviser to select a broker-dealer based on the adviser's interest in receiving the research or brokerage services. In addition, research and brokerage services obtained through client brokerage activity may be used to service other of the adviser's client accounts and thus, not allocated proportionately to the accounts whose brokerage transactions paid for the benefits. This poses a conflict of interest among clients to the extent that clients that did not bear any of the cost for the information may nonetheless benefit from the information obtained.

Continuous Capital does not have any soft dollar arrangements.

## **ORDER AGGREGATION**

Continuous Capital has adopted a trade aggregation policy designed to ensure fair treatment of clients when two or more client accounts participate simultaneously in a purchase or sale of the same security.

Aggregation of orders may result in lower commissions, a more favorable net price, and/or more efficient execution than if each client's order was placed separately. However, there may be instances in which order aggregation results in a less favorable transaction than might have been obtained for a client by trading separately. Moreover, when orders are not aggregated, there may be circumstances when purchases or sales of portfolio securities for one or more clients will have an adverse effect on other clients.

Continuous Capital permits trade aggregation only if the portfolio manager determines, on an individual basis that the securities order is:

- in the best interests of each client participating in the order;
- consistent with Continuous Capital's duty to obtain best execution; and
- consistent with the terms of the investment management agreement of each participating client.

Continuous Capital will generally aggregate orders for the same security across all accounts in a strategy. When orders are aggregated, each participating account will receive the weighted average share price for all transactions in a particular security effected to fill such orders on a given business day. Each account participating in the aggregated order will pay its pro rata share of the brokerage commission charged to the executed trade.

Proprietary accounts will be traded alongside other client accounts and thus may be included in aggregated trades.

If Continuous Capital is unable to acquire sufficient quantity of a security to fill the trade, the quantity obtained will be allocated among the participating client accounts using a pro-rata allocation based upon the size of the intended trade. If the portfolio manager deems that pro-rata allocation would not be fair and reasonable to all of the accounts that are involved in the order, he/she may determine to allocate other than pro-rata. Any exception to the pro-rata allocation policy is to be promptly reported to the Chief Compliance Officer.

## **OTHER BROKERAGE MATTERS**

Continuous Capital does not engage in principal or agency cross transactions.

## **ITEM 13 - REVIEW OF ACCOUNTS**

The portfolio managers are primarily responsible for ensuring that client portfolios adhere to Continuous Capital's strategy as well as any client-imposed investment restrictions. Prior to transmitting trade orders for execution, a portfolio manager confirms that recommended trades are appropriate on an account-by-account basis. If any recommended trades are deemed inappropriate for an account, the portfolio manager removes that account from the trade and documents the reason. After trades are executed, a portfolio manager performs a review of each account to ensure that portfolio weights are in line with the target weights. On a periodic basis, the portfolio managers conduct performance dispersion review among accounts in the same strategy.

The Chief Compliance Officer performs independent portfolio reviews to ensure that client accounts are managed to their mandates and monitoring procedures are implemented.

The frequency of client reports depends upon the nature of the account and each client's requirements. Some clients receive reports on a monthly basis, while others receive reports quarterly or on a less frequent basis. Client reports are in writing and generally provide account performance and information about Continuous Capital's investment strategy.

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

Continuous Capital has engaged an affiliated investment adviser to solicit and refer financial intermediaries and other clients who desire to utilize the advisory services provided by Continuous Capital. Pursuant to the solicitation agreement, Continuous Capital will pay its affiliate a percentage of all investment advisory fees it receives from the solicited client. Continuous Capital will continue to pay its affiliate for so long as the solicited client either maintains a contractual intermediary relationship with Continuous Capital or remains a client.

Continuous Capital and its Supervised Persons are permitted to receive gifts of nominal value, books, occasional meals or entertainment, or reimbursement or subsidies in connection with attendance at conferences sponsored by consultants, investment managers or vendors. Continuous Capital has implemented policies and procedures intended to monitor for conflicts of interest that may arise as a result of receipt of these items. Such policies include limits on employees' receipt of gifts and business entertainment from parties that do business, or that seek to do business, with Continuous Capital.

#### **ITEM 15 - CUSTODY**

If clients provide Continuous Capital with the authority to deduct advisory fees directly from the client's custodian account, Continuous Capital shall be deemed to exercise limited custody over the client's funds or securities. However, Continuous Capital would not have physical custody of any of the client's funds or securities, which are held by the client's qualified custodian.

For accounts that Continuous Capital manages on behalf of affiliates, Continuous Capital may be deemed to have custody of the accounts due to the Dual Officers having authority to withdraw assets from the accounts.

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets. Such statements will indicate the amount of advisory fees deducted from the account in each billing period. Continuous Capital urges you to carefully review the custodian's statements and compare them to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **ITEM 16 - INVESTMENT DISCRETION**

Continuous Capital accepts discretionary authority to manage accounts on behalf of its clients. Continuous Capital's authority typically appears in the investment management agreement it executes with the client and is generally limited by the stated investment objectives, policies and restrictions for the particular client account.

As noted previously, Continuous Capital performs advisory services for a variety of clients in a variety of accounts and arrangements. At times, a conflict of interest may arise among clients or accounts. Accounts may compete for limited investment opportunities. In addition, the advice given and the action taken with respect to any given advisory client's account may differ from advice given or the timing and nature of action taken with respect to another client's account, even an account with a similar investment strategy and objectives. This may result from a variety of circumstances, among them restrictions placed on the account by the client, the timing of cash flows into and out of the account or other characteristics of the account. Although Continuous Capital takes reasonable steps to avoid it when possible, action taken with respect to securities in one account may adversely impact the value of securities held by another account.

#### **ITEM 17 - VOTING CLIENT SECURITIES**

Continuous Capital is responsible for voting proxies with respect to securities held in client accounts for those clients who have explicitly delegated their proxy voting authority to Continuous Capital under an active investment management agreement.

Continuous Capital has adopted the proxy voting guidelines of an independent third party proxy advisor for all proxy issues. The same proxy advisor has also been engaged to administer Continuous Capital's proxy voting. Continuous Capital has directed the proxy advisor to follow the voting guidelines and apply them to each applicable proxy proposal or matter that seeks shareholder vote. To the extent that the proxy advisor voting guidelines do not address a proxy proposal, such proposal will be referred to Continuous Capital's Management Committee. 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, Continuous Capital will consider both sides of each proxy issue.

Conflicts of interest may arise during the voting process when the best interest of a client conflicts with Continuous Capital's interest. For example, if a proxy issuer is a client of Continuous Capital, Continuous Capital may have an incentive to vote in the proxy issuer's favor to the detriment of its other clients. Given that Continuous Capital's investable universe focuses on emerging markets, it is unlikely that Continuous Capital will have a proxy issuer as a client.

A conflict of interest may also arise if the portfolio manager has a personal relationship with the proxy issuer or some other relationship that would conflict the proxy voting decision. To mitigate the potential for such a conflict, Continuous Capital does not permit its portfolio managers to serve on the board of directors of public companies.

If Continuous Capital determines that a material conflict of interest exists, the following procedures shall be followed:

- Continuous Capital may rely on the independent proxy voting service's recommendation.
- Continuous Capital may disclose the existence and nature of the conflict to the client and seek directions from the client on how to vote.
- Continuous Capital may abstain from voting, particularly if there are conflicting client interests (for example, where client accounts hold different securities in a competitive merger situation).

A copy of Continuous Capital's proxy voting policies and procedures is available upon request using the contact information located on the first page of this Brochure. A client may also contact Continuous Capital to receive a detailed record of any proxies voted on its behalf.

#### **ITEM 18 - FINANCIAL INFORMATION**

Continuous Capital does not require or solicit prepayment of fees by any client six months or more in advance. This item requires an adviser to make certain disclosures that are not applicable to Continuous Capital, because it has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, and it has not been the subject of a bankruptcy petition at any time during the past 10 years.