

## **Brochure**

(Part 2A for Form ADV)

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March 9, 2020

**This brochure provides information about the qualifications and business practices of Asymmetric Capital Management, LLC (“ACM” or “Adviser”). If you have any questions about the contents of this brochure, please contact us at (858) 467-5415. 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 ACM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**ACM is currently registered as an investment adviser with the SEC. This registration does not imply a certain level of skill or training. Adviser may refer to itself as a “registered investment adviser” in materials distributed to current and prospective clients. As a registered investment adviser with the SEC, Adviser is subject to the rules and regulations under the Investment Advisers Act of 1940, as amended, the Investment Company Act of 1940, and other applicable federal securities laws. Registration as an investment adviser with the SEC is not an indication that Adviser or its directors, officers, employees or representatives have attained a particular level of skill or ability.**

## Item 2. Material Changes

This item discusses only specific material changes that are made to the Brochure and provides clients with a summary of changes.

The material changes since ACM's last Annual Amendment Brochure filing are as follows

- Item 4: As of December 31, 2019, ACM manages \$212,973,924 on a discretionary basis and \$0 on a non-discretionary basis.

We recommend that all new and existing clients read this new brochure in its entirety. Clients and Investors may receive a complete copy of our brochure by contacting our firm at (858) 467-5415 or at [bmaher@asymmetriccap.com](mailto:bmaher@asymmetriccap.com).

Additional information about ACM is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4. Advisory Business

### *Advisory Firm*

ACM registered as a Delaware limited liability company in October 2016. ACM's principal owners are C. William Maher, Chief Operating Officer and Chief Compliance Officer of ACM, as well as Peter Johnson, Consultant to ACM. ACM currently provides investment management services and discretionary investment advice to clients through separately managed accounts and may also provide non-discretionary investment consulting services to certain institutions and high net worth individuals (collectively, "Clients").

### *Advisory Services Generally*

ACM's investment management services include determining the investment objectives of a Client, determining appropriate asset allocation across a Client's investment strategies, executing trades, and monitoring existing and prospective investments in light of each Client's objectives and risk parameters.

### *Advisory Services to Separately Managed Accounts*

Investments for a separately managed account Client are managed in accordance with the Client's investment objectives, strategies, restrictions and guidelines as set forth in the documents governing ACM's relationship with such Client or as otherwise communicated to ACM by the Client. Depending on the nature of the relationship, these services may be offered on a discretionary or non-discretionary basis and may include the investment and reinvestment of securities, cash and cash equivalents, futures and options held in a Client's account. If a Client wishes to impose certain restrictions on investing in certain securities or types of securities, or is prohibited by applicable law from investing in such securities or types of securities, ACM will address those requests on a case-by-case basis.

ACM offers:

- 1) Risk Managed strategies: These strategies are meant to replicate risk managed multi asset indices created by ACM (see additional descriptions and disclosures throughout this Brochure). The objective is to provide upside participation with possible downside protection. Currently, ACM offers strategies for Risk Managed Equity, Risk Managed High Yield, Risk Managed MLP and Risk Managed Preferreds.
- 2) Opportunistic Income Strategy: ACM advises clients regarding investments in income producing assets such as Master Limited Partnerships ("MLPs"), bonds, and closed end funds which may trade at a discount.
- 3) Dynamic Rebalancing Strategy.

For almost all its strategies ACM deploys an active, systematic rebalancing ("ASR") methodology to harvest short-term volatility on its target allocations in a disciplined manner, never making any market or sector forecasts.

### *Wrap Fee Programs*

ACM does not sponsor any wrap fee programs or utilize any wrap fee programs for clients. However, ACM intends to (but does not at the moment) have third party adviser relations that use and sponsor wrap fee programs that incorporate the ACM strategy as SMA accounts into the wrap fee program. Investment management provided to sub-advised wrap fee clients is substantially the same as that provided to non-

wrap fee clients. However, practical restraints to the management of wrap fee accounts may exist. Most notably, the smaller asset value of certain wrap fee accounts and IRA accounts may result in slightly different returns due to investment limitations imposed by options restrictions, administrative restrictions, and wrap fees imposed by wrap fee sponsors. For sub-advised clients and wrap fee clients whose accounts are managed by ACM pursuant to a wrap-fee, consulting, or other referral program, advisory and wrap fee services may be provided by the third-party broker-dealer, investment adviser, trust company or other financial services provider who sponsors the program and advises the client. Under these arrangements, the financial services provider typically interviews the client or has the client complete a written questionnaire, assesses the client's financial situation and financial needs and determines whether the investment styles and services offered by ACM and the ACM investment strategy would be appropriate for the client before ACM is retained to manage the client's account. The financial services provider also normally is responsible for determining and notifying ACM of any changes in the client's investment objectives or personal or financial circumstances that should be considered in managing the account. Similar to ACM clients, sub-advised clients have ACM imposed account restrictions such as a minimum investment levels and option approval levels. If clients cannot meet these restrictions or fall out of certain restriction thresholds, then ACM reserves the right to terminate the management of the account.

#### *Regulatory Assets Under Management*

As of December 31, 2019, ACM manages \$212,973,924 on a discretionary basis and \$0 on a non-discretionary basis.

## **Item 5. Fees and Compensation**

### **GENERAL INFORMATION ABOUT ADVISORY FEES**

ACM charges a negotiable asset-based fee ranging between .20% and 1% per annum based on an annualized percentage of total monies invested, as authorized per client agreement, applied on a daily, monthly, or quarterly basis. On rare occasions, fee paying arrangements may differ from those stated above. As described in Item 6 below, ACM may charge incentive fees for certain clients. While ACM believes these standard fees are reasonable, services similar to those provided by ACM may be available for lower fees from other sources. ACM clients do not pay fees in advance. Clients may terminate their contract at any time and will only pay fees through the end of the day in which they terminate their contract.

### **ADVISORY FEES FOR SEPARATELY MANAGED ACCOUNTS**

The advisory fees paid by a Client to ACM will be detailed in the investment advisory agreement with that Client and will be subject to negotiation with the Client. A Client may therefore pay more or less than other Clients for the same or similar management services. Except as otherwise negotiated with the Client or described herein, fees generally will be calculated based on the aggregate market value of all assets under management within the separate account, including allocations to cash. Asset values for fee-billing purposes generally will be based on market prices (as determined or provided by the separate account's custodian or other relevant independent third party) on the relevant valuation date. Client fees can be either directly debited from the separate account or invoiced and paid separately by the Client.

Advisory fees are expected to be paid quarterly in arrears, based on market values as of the relevant valuation date(s), and adjusted for contributions to and withdrawals from the separate account. Advisory fees may be calculated and accrued or paid more or less frequently or in a different manner, as specified in the relevant investment advisory agreement.

These fees are paid by the qualified custodian that is holding the Client's funds and securities; provided the Client supplies written authorization permitting the fees to be paid directly from the account. Clients also pay brokerage commissions to the custodian/brokerage firm for each transaction including the purchase and sale of any exchange traded fund or mutual fund invested in and any and all option trades. ACM does not share in any portion of these fees. Additionally, the client pays the exchange traded fund expenses and mutual fund fees, which are built into the price of the fund and charged daily by the fund company. These additional fees and expenses are described in each fund's prospectus and may include administration, custody, distribution, shareholder servicing, and transfer agency fees. The advisory fee also does not cover debit balances or related margin interest or SEC fees or other fees or taxes required by law.

### **WRAP FEE ACCOUNTS**

As stated in Item 4, ACM plans to participate in several "wrap-fee" accounts programs, which are sponsored by unaffiliated investment advisory and/or brokerage Firms (each a "Sponsor" and 6 collectively, the "Sponsors"). As a Client in such a Program, you should carefully review the Sponsor's Appendix 1 of the Sponsor's Form ADV, for complete details regarding the Program. As a Client participating in these Programs, you should be aware that you may be charged various Program fees in addition to the advisory fee charged by ACM. All such fee disclosures will be provided in the Program Sponsor's ADV Part 2A, Appendix 1.

### **NOTICE TO CALIFORNIA CLIENTS**

Pursuant to the California Code of Regulations Subsection (j) of Rule 260.238, ACM hereby discloses that a Client may receive lower fees from other sources for comparable services.

## Item 6. Performance-Based Fees and Side-by-Side Management

As noted under *Item 5: Fees and Compensation*, in addition to or in lieu of asset-based advisory fees, ACM may charge performance-based fees (i.e., Incentive Fees) to certain clients. Such Incentive Fees will only be charged to clients who meet the definition of “qualified client” as defined in Rule 205-3(d) of the Advisers Act. All such fees will only be charged in accordance with the provisions of Rule 205-3 of the Advisers Act.

Specifically, ACM may charge a periodic (either a quarterly or an annual) Incentive Fee equal to a percentage of the realized (or at times unrealized) appreciation of the client’s account (as reasonably determined in good faith by ACM and possibly as adjusted for any withdrawals from or additions to the account made during the period). The Incentive Fee is negotiable and may vary by account.

ACM will be eligible to receive an Incentive Fee as of a period end (or earlier date, if the Incentive Fee is being paid as a result of a withdrawal from the client’s account) only if the appreciation in the client’s account for the period exceeds any depreciation in the client’s account that has not been previously recouped (the “High Watermark”). The High Watermark for the client’s account shall be initially set at zero and adjusted for additions to and withdrawals from the client’s account. Upon any withdrawal of assets from the client’s account during or prior to a period end, the Incentive Fee will be determined and paid immediately to ACM.

Subject to the foregoing, the Incentive Fee for the relevant period generally shall equal 5% of the realized gains of the account.

Performance-based compensation payable to ACM may be larger than otherwise would be the case if the fee was an asset-based advisory fee because the amount of the Incentive Fee will be based on the account’s performance. Performance-based fee arrangements may result in a conflict of interest because the receipt of such performance-based compensation may create an incentive for ACM to (1) make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee structure and (2) use margin and/or leverage in the client’s account. Such fee arrangements also may create an incentive for ACM to favor higher fee paying accounts over other accounts in the allocation of investment opportunities and could cause the portfolio manager to devote a disproportionate amount of time to the management of accounts that pay performance-based fees. ACM’s side-by-side management of accounts that are charged an asset-based advisory fee and accounts that are charged an Incentive Fee is governed by ACM’s internal policies and procedures, which are designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent the conflicts described above from influencing the allocation of investment opportunities among clients. Performance-based fee structures could also create an incentive for ACM to overvalue certain assets held by clients. ACM has adopted policies designed to promote fair, accurate and current valuations of securities and portfolios. ACM utilizes, to the fullest extent possible, the most recent prices reported by the qualified custodians and/or largest securities exchange on which such securities are traded for timely valuation information for clients’ securities and portfolios.

## **Item 7. Types of Clients**

ACM's Clients may include endowments, sovereign wealth funds, public or private pensions, foundations, registered mutual funds, ETFs, institutions, and high net worth individuals.

Minimum account sizes for separate Client accounts vary depending on the type of investment advisory services to be performed and in certain circumstances may be negotiable. Generally, ACM's minimum account size is \$500,000 which may be waived at the sole discretion of the Adviser.



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

### METHODS OF ANALYSIS

In making investment decisions on behalf of Clients, ACM utilizes third party research in addition to software, database and statistical models and the internal research of its employees and advisory affiliates. ACM's investment decisions on behalf of Clients reflect ACM's experience and judgment in the relevant markets.

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

### INVESTMENT STRATEGIES

#### A) RISK MANAGED STRATEGIES

RISK MANAGED STRATEGIES are multi asset strategies with income components that are designed to allow investors to possibly participate in the upward price movement of US all cap equities or other ETFs linked to High Yield bonds/ MLPs and Preferred while potentially reducing downside risk. ACM manages client assets using a proprietary defined approach (called the "active systematic rebalancing approach" or ASR) whereby ACM increases asset weightings in a declining market and reduces asset weightings in a rising market and opportunistically uses options to create risk reward trade-offs that are not typically offered in other financial products. The investment thesis that underpins the ASR:

- Select assets which have proven to have a negative correlation especially on the downside.
- Focus on broadly diversified index funds to gain exposure.
- Set targeted exposures for each of the assets.
- Rebalance the allocations based on pre-determined rules, which generally involves taking gains in a rising market and buying in a falling market. Thereby harvesting small gains on a daily or a regular basis.
- Eliminate human emotion in the decision-making process.

The core philosophy of Risk Managed strategies are: (1) no one can accurately predict with any consistency what the markets are going to do in the short term or long-term, (2) equity markets are likely to rise over the long term due to increasing profits stemming from population growth, technological innovation, and increased productivity, (3) market forecasting, market timing, manager selection, and stock selection are investment strategies that generally have below average results when compared to the general market indexes, and (4) there is a need for investors to participate in the long term growth of the market while at the same time enacting effective downside protection.

ACM's management philosophy of Risk Managed strategies utilizes statistical probabilities and trade management rules as a basis for absolute risk management and risk reduction using multiple layers of hedging techniques across multiple time horizons with the goal of maximizing gains and minimizing losses. The downside risk is managed:

- By having at least one asset in the portfolio where one asset which is gaining value when the other component is losing value.
- Opportunistically buy options positions to protect the downside.

The main objective of the Risk Managed strategies:

1. Provide an improved return on an absolute and risk adjusted basis compared to a typical long only investor in a US all cap Equities, High Yield bonds, Preferreds or MLPs.
2. Provide greater downside protection compared to a traditional diversified asset allocation strategy (e.g. mixture of stocks, fixed income securities and mixed asset classes).
3. Provide dividend and interest income in up, down, & flat markets.
4. Provide a level of protection to clients in large market downturns.

A typical portfolio for a Risk Managed Equity Strategy consists of:

The equity exposure is arrived at by investing in highly liquid ETFs like SPY/VOO, IVV, IWM or SPX futures or opportunistically buying call options on these investments. Investments in broad based indices are included to attempt to reduce company and sector risk through diversification across multiple companies and sectors. Holding a core long position in the index attempts to eliminate futile attempts in manager selection, market timing or stock selection. The hedged portion of the strategy typically invests in products linked to the VIX and 20+ year Treasuries. Generally, VIX has had a very pronounced negative correlation with the S&P500. In times of large equity market or high yield bond market declines, the investments in VIX are expected to generate substantial profits to placate the possible losses in the equity market. Investment in long-term Treasuries generally acts as a good hedge against deflation and in pronounced equity market decline the Treasuries tend to appreciate in price as a flight to safety asset. Typical portfolios of Risk Managed High Yields and Risk Managed Preferreds would consist of an index of high yield bonds and preferreds with VIX as a hedge overlay. Typical portfolios of Risk Managed MLPs would invest in an index of MLPs with the price of oil as a hedge overlay.

## REBALANCING

ACM's ASR approach is used to rebalance the exposures on each of the assets, always buying in a falling market and taking gains in a rising market. ACM does not make any market forecasts in deciding on the scale and the frequency of rebalancing, it is all rules based. Decision-Making Process Portfolios being managed according to Risk Managed strategies are primarily managed by David Van Benschoten, CIO, Strategist and Portfolio Manager. Strategic decisions such as a substantial change in the ASR approach (e.g. allocations and rebalancing levels) will require the approval of the Investment Committee. Because of regulatory requirements or broker requirements, there may be restrictions imposed on IRA accounts versus regular accounts. Some of these restrictions may impact the use of some ETF or ETNs, while others prevent the utilization of option trading strategies or use index options such as SPX versus ETF options such as SPY for the equity hedge. As a result of these differences and restrictions, there may be small tracking differences between accounts. Portfolio management and risk control are implemented and integrated into the portfolio management process by the proprietary risk management software and embedded rules. Additional oversight includes day-to-day oversight of ACM's compliance, internal controls, policies, and procedures by ACM's Portfolio Managers, Investment Committee and the Chief Compliance Officer. Most of the dividends received will constitute qualified dividends and as a result will be taxed at the lowest rate. In addition, the hedging and option writing components of the strategy attempt to seek the benefit of securities contracts that qualify as §1256 contracts when appropriate and thus are taxed at the preferable tax rate regardless of the length of the holding period.

## RISKS

All investments carry with them certain risks, including potential loss of principal. The portfolio uses ETFs/futures and options which all have risks.

ETF Risk: ETFs are subject to investment advisory and other expenses, which will be indirectly paid by the Clients. As a result, the cost of investing with ACM will be higher than the cost of investing directly in ETFs and may be higher than other mutual funds that invest directly in stocks. ETFs are subject to specific risks, depending on the nature of the fund.

Option Risk: Purchased options may expire worthless. Written call and put options may limit the participation in equity market gains.

### *B) OPPORTUNISTIC INCOME STRATEGIES*

OPPORTUNISTIC INCOME strategies involve buying closed end funds invested in MLPs which trade at a discount and thinly traded bonds issued by high quality issuers. The assets are rebalanced using a proprietary defined approach (ASR) whereby ACM is increasing asset weightings in a declining market and reducing asset weightings in a rising market. In certain cases, the bonds are held to maturity.

The main objectives of the Opportunistic Income strategies:

1. Provide returns from uncorrelated/ alternative assets such as MLPs and thinly traded high credit rated bonds.
2. Provide dividend and interest income in up, down, & flat markets.
3. Provide diversification, however no specific downside protection strategy is put in place.

## REBALANCING

ACM's ASR approach is used to rebalance the exposures in its portfolios, always buying in a falling market and taking gains in a rising market. ACM does not make any market forecasts in deciding on the scale and the frequency of rebalancing, it is all rules based. The decision-making process of the Opportunistic Income strategy is primarily controlled by the CIO, Strategist and Portfolio Manager, David Van Benschoten. Strategic decisions, such as a substantial change in the ASR approach or taking a very concentrated position (e.g. allocations and rebalancing levels) will require the approval of the Investment Committee.

## RISKS

All investments carry with them certain risks, including potential loss of principal. The portfolio uses ETFs/bonds/closed end funds/ETNs are all subject to risk.

ETFs/Closed end funds/ETN are subject to investment advisory and other expenses, which will be indirectly paid by the Clients. As a result, the cost of investing with ACM will be higher than the cost of investing directly in these instruments and may be higher than other mutual funds that invest directly in stocks.

ETFs are subject to specific risks, depending on the nature of the fund. Investment in ETNs involves taking credit risk of the issuer of the instrument. Investments in thinly traded bonds carry illiquidity risks, which

means bonds cannot be sold at any price. No negatively correlated assets are included in the strategy, therefore this strategy can have a major drawdown in case income producing assets are subject to price correction.

### *C) DYNAMIC REBALANCING STRATEGY*

The DYNAMIC REBALANCING strategy involves rebalancing the allocation to equities and bonds using S&P 500 mini futures and listed futures on long bonds. There is a targeted initial allocation between equities and bonds which is set in place in collaboration with each Client. Allocations are rebalanced back to the targeted allocation using futures. Generally, there is a minimum threshold before the rebalancing is triggered. The assets are rebalanced using a proprietary defined approach (ASR) whereby ACM increases asset weightings in a declining market and reducing asset weightings in a rising market. The main objective of the Dynamic Rebalancing strategy is to harness small gains from the volatility of bonds and equity without taking any excessive risk by staying within the pre-determined targeted allocation (e.g. always buying low and selling high). The decision-making process of the Dynamic Rebalancing strategy is primarily controlled by the CIO, Strategist and Portfolio Manager, David Van Benschoten. Strategic decisions such as a substantial change in the ASR approach or significantly changing the targeted allocation or significant changes in threshold require written approval from the Client.

### **RISKS**

Derivatives such as futures have certain disadvantages and risks. Futures require the posting of initial and variation margin. Therefore, a portion of risk capital must be preserved for this purpose rather than being allocated to a manager. ACM utilizes no additional leverage and more than \$1 in cash is backing each \$1 held in futures contracts. Liquid futures may not exist for published benchmarks which may result in tracking error. Also, some intra-period mispricing may occur. Some investment strategies require a cash investment equal to the desired amount of exposure.

Futures Contract Risk: the risk that, while the value of a futures contract tends to correlate with the value of the underlying asset that it represents, differences between the futures market and the market for the underlying asset may result in an imperfect correlation. Futures contracts may involve risks different from, and possible greater than, the risks associated with investing directly in the underlying assets. The purchase or sale of a futures contract may result in losses in excess of the amount invested in the futures contract.

*Clients need to be aware that investing in securities involves risk of loss that Clients and Investors need to be prepared to bear.*

### **RISK OF LOSS**

Any investment or investment strategy involves some risk of loss that Clients should be prepared to bear. Examples of such risks are:

**Derivatives.** Some of the instruments that ACM will invest in on behalf of its Clients, such as swaps and forward contracts, are known as derivatives. Generally, derivatives are financial instruments or contractual arrangements whose economic results depend upon, or are derived by reference to, other securities, commodities, or other assets or items, the relative values of two or more assets, certain economic or other activities (including credit), or other matters. Some derivatives are standardized securities or instruments, such as futures or options (and some swaps) traded on recognized exchanges. Others are individually negotiated, non-standardized contractual arrangements with one or more counterparties, such as most swaps, forwards, and contracts for differences. Terms, conditions, and characteristics of derivatives vary

widely, and new structures and products are constantly developed. Such products are often very complex, involve significant leverage, are often dependent upon credit and other considerations affecting the ability or willingness of the counterparties with whom the Adviser deals to perform as anticipated, and in general involve a high degree of risk (including the possibility of total loss). Moreover, certain derivative contracts, such as swaps and forward contracts are generally illiquid and difficult to value. The over-the-counter derivative markets are not generally regulated significantly by any U.S. or non-U.S. governmental or regulatory authorities. Participants in these markets are not required to make continuous markets in the contracts they trade.

**Futures.** Futures markets are highly volatile. Price movements of futures markets are influenced by such factors as: changing supply and demand relationships; weather; governmental actions and interventions and agricultural, trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and speculative frenzy and emotions of the marketplace. The profitability of an investment strategy run by ACM will depend on the ability of ACM to analyze correctly the futures markets as well as the securities markets.

Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to a Client. For example, if at the time of purchase 10% of the price of the futures contract is deposited as initial margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission. Thus, like other leveraged investments, any purchase or sale of a futures contract may result in losses that exceed the amount initially deposited as margin with respect to that contract. Futures interests may be illiquid.

**Options.** ACM may engage in the trading of options, such as options on securities, futures contracts, and equity indices, both on and off exchanges, on behalf of its Clients. Such trading involves risks substantially similar to those involved in trading futures contracts or margined securities, in that options are speculative and highly leveraged. Specific market movements of the securities or commodity interests underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the item underlying the option, which the writer must purchase or deliver upon exercise of the option.

**Equity Securities.** It is expected that a portion of the investments owned by Client accounts will consist of equities and equity derivatives. The value of these instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, Client accounts may suffer losses if they invest in equity instruments of issuers whose performance diverges from expectations or if equity markets generally move in a single direction and the Client accounts are not hedged against such a general move. The price of equity securities and other instruments in which Client accounts may invest may be affected by factors affecting securities markets generally, such as real or perceived adverse economic conditions, supply and demand for particular instruments, changes in the general outlook for corporate earnings, interest rates or adverse investor sentiment generally. Even non-directional trading strategies may be exposed to market risk with respect to individual investments or the portfolio as a whole. Failure of a marketplace to function properly for any reason, including outside events affecting the marketplace or market participants, may adversely affect Client accounts. Investing in equity derivatives exposes Clients to risks that issuers will not fulfill their contractual obligations, such as, for example, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

**Debt Securities.** A debt security, sometimes called a fixed income security, is a security consisting of a certificate or other evidence of a debt (secured or unsecured) on which the issuing entity or governmental body promises to pay the holder thereof a fixed, variable, or floating rate of interest for a specified length of time, and to repay the debt on the specified maturity date. Some debt securities, such as zero coupon bonds, do not make regular interest payments but are issued at a discount to their principal or maturity value. Debt securities include a variety of fixed income obligations, including, but not limited to, government securities, municipal securities, and mortgage-backed securities.

Debt securities are subject to a variety of risks, such as interest rate risk, income risk, call/prepayment risk, inflation risk, credit risk, country risk and currency risk. The reorganization of an issuer under the federal or other bankruptcy laws may result in the issuer's debt securities being cancelled without repayment, repaid only in part, or repaid in part or in whole through an exchange thereof for any combination of cash, debt securities, convertible securities, equity securities, or other instruments or rights in respect of the same issuer or a related entity. Fixed income securities generally are not traded on exchanges. The over-the-counter market may be illiquid and there may be times when no counterparty is willing to purchase or sell certain securities. The nature of the market may make valuations difficult or unreliable.

**Hedging.** ACM may hedge some or all of the exposure of its Clients by taking long and short positions across a broad-range of securities and derivative instruments in the fixed income, currency, commodity, and equity asset classes. ACM may also utilize both over-the-counter and exchange-traded instruments (including derivative instruments such as total return, interest rate, credit, swap, option, futures, and forward contracts), both for trading and risk management purposes. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the value of such position or prevent losses if the value of such position declines. Rather, it establishes other positions designed to gain from such decline, thus seeking to moderate the decline in the value of the position for which such hedge was acquired. Consequently, such hedging transactions also limit the opportunity for gain if the value of the hedged positions should increase.

In the event of a breakdown in the intended relationship between a position in a hedging instrument and the portfolio position or exposure that it is intended to moderate, the desired protection may not be achieved, and the applicable Client may be exposed to risk of loss. In fact, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs. ACM may determine, in its sole discretion, not to hedge against certain risks, and certain risks may exist that cannot be hedged. Furthermore, ACM may not anticipate a particular risk or may hedge the wrong risk so as to make the hedge ineffective.

**Development and Implementation of Trading Systems.** The use of quantitative trading systems and trading strategies in trading activities involves special risks, both in the development of the trading systems and in their implementation. The accuracy of the trading signals produced by the trading systems is dependent on a number of factors, including, without limitation, the analytical and mathematical foundation of the trading systems, the accurate incorporation of such principles in a complex technical and coding environment, the quality of the data introduced into the trading systems and the successful deployment of the trading systems' output into the investment process.

Although ACM uses good faith efforts to carry out the development and implementation of its quantitative trading systems correctly and effectively and conducts initial live testing of newly developed quantitative trading systems and certain changes to existing trading systems in a proprietary incubation account before trading such systems or deploying such changes on behalf of Client accounts, there can be no assurance that it will successfully do so. Errors may occur in designing, writing, testing, monitoring and/or implementing such calculations and programs, including errors in the manner in which such calculations

and programs function together. Such errors may result in, among other things, the execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly gather and organize available data, and/or the failure to take certain hedging or risk reducing actions. These errors, including errors that appear in software codes from time to time, may be difficult to detect, may not be detected for long periods of time, or may never be detected. The degradation or impact caused by errors may be compounded over time. Such errors could, at any time, have a material adverse effect on the performance of Client accounts.

Software development and implementation errors and other types of trading system or human errors are an inherent risk of employing complex quantitatively-based trading systems in investment and trading processes. Trading systems may operate or be operated erroneously and the interactions among trading systems may make it difficult to detect the source of any weakness or failure in such trading systems before material losses are incurred. For example, it may be difficult or impossible to distinguish unexpected trading results due to market activity from unexpected trading results due to an error in the applicable calculation or trading systems. The mathematical calculations and trading systems utilized by ACM are subject to inherent limitations and, like all approaches to investing, are almost always susceptible to being improved upon as experience is gained, strategies are refined, and markets change.

**Effectiveness of Trading Systems.** The success of the Clients' trading activities will depend on the effectiveness of ACM's trading systems. There can be no assurance that the trading systems are currently effective or, if currently effective, that they will remain effective. New products or initiatives are generally tested for implementation with and effectiveness of the trading system and integration with all involved third parties. Even if all of the assumptions underlying the trading systems were met exactly, the trading systems can only make a prediction, not afford certainty. Moreover, the effectiveness of such trading systems may diminish over time, including as a result of market changes and the changes in behavior of other market participants. There is no guarantee that such trading systems will continue to be effective in changing market conditions, and past performance is no indication of future performance or returns. Further, most statistical procedures cannot fully match the complexity of the financial markets and, as such, results of their application are uncertain.

Because the financial markets are constantly evolving, most trading systems eventually require replacement or enhancement. There is no guarantee that any new trading system or changes to an existing trading system will be implemented on a timely basis or that it will be successful. The use of a trading system that is not effective or not completely effective could, at any time, have a material adverse effect on the performance of Client accounts.

**Frequent Trading Costs.** The strategies used by ACM may require frequent trading. Therefore, portfolio turnover and brokerage commissions and certain other expenses of Client accounts may exceed those of other investment funds of comparable size and thus affect returns. Brokerage commissions, fees, taxes, and other transaction costs may be substantial, regardless of the performance of Client accounts.

## **Item 9. Disciplinary Information**

ACM has had no legal or disciplinary events arise in connection with the firm's provision of services to Clients. Additional information can be found at the SEC's public disclosure website, which can be accessed at [www.advisorinfo.sec.org](http://www.advisorinfo.sec.org).



## **Item 10. Other Financial Industry Activities and Affirmations**

ACM is not registered nor does it have an application pending to register as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities. While ACM is currently exempt from registration as a commodity trading adviser and commodity pool operator, it may be required to register in the future.

However, Lorenzo Paloscia, ACM's Research and Development Manager, is also an owner and investment adviser representative of an investment adviser separately registered with the state of Connecticut (LEM Financial Group, LLC (CRD# 289283)). Mr. Paloscia is also co-owner and operator of LEM Commodities LLC, an Independent Introducing Broker registered with the CFTC and member of the NFA. As such, Mr. Paloscia's time is often split between the firms, as he is compensated for his services by each. Clients at LEM Commodities may hold or be advised to hold the same positions or inverse positions in the same commodities as ACM clients. Clients should be aware that such an arrangement involves a possible conflict of interest. However, ACM always acts in the best interest of the Client. ACM's Code of Ethics was written in part to ensure that Mr. Paloscia and ACM always act in the best interest of the clients.

In addition, Mr. Van Benschoten is a 36% owner of The Advocate Group, LLC, an SEC registered investment adviser, located in Minnetonka, MN. The Advocate Group, LLC provides financial planning and investment advisory services for clients, nearly all of whom are high-net worth individuals or families. Mr. Van Benschoten is not an employee of The Advocate Group, LLC. Mr. Van Benschoten receives distributions from his capital contributions to the firm. Mr. Van Benschoten was employed by The Advocate Group, LLC from 2010 to 2017 and currently provides consulting services to The Advocate Group, LLC. ACM has no affiliation with The Advocate Group, LLC or its other employees. Clients at The Advocate Group may hold or be advised to hold the same positions or inverse positions in the same securities as ACM clients. Clients should be aware that such an arrangement involves a possible conflict of interest. However, ACM always acts in the best interest of the Client. ACM's Code of Ethics was written in part to ensure that Mr. Van Benschoten and ACM always act in the best interest of the clients.

ACM may also periodically enter into agreements to directly compensate another person or firm for Client promotion and servicing, commonly referred to as "Referral Agreements." These Referral Agreements are governed by Rule 206(4)-3 under the Advisers Act. The fees paid by the Clients to us will not increase as a result of any Referral Agreement. In addition, the compensation of certain ACM personnel whose job responsibilities are related primarily to marketing, sales, or business development is determined in large part on the amount of new client fees generated by their efforts. Referral Agreements are more specifically discussed in Item 14.

Through the Firm's Code of Ethics and Compliance Policies and Procedures, the arrangements described above are structured in a way as to minimize the potentiality for conflict of interest with Clients.

To obtain more information on our Adviser relationships, please contact us via phone (858-467-5415) or email at [bmaher@asymmetriccap.com](mailto:bmaher@asymmetriccap.com).

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

## CODE OF ETHICS

The following is a summary of our Code of Ethics (“Code”) adopted by ACM. An existing or prospective Client may obtain a copy of the Code by contacting ACM at (858) 467-5415, or contacting us via e-mail at [bmaher@asymmetrictcap.com](mailto:bmaher@asymmetrictcap.com).

**General Principles.** The Code addresses, among other things, the following: (i) general principles that address ACM’s fiduciary obligations to its Clients; (ii) provisions requiring ACM to provide all access persons with a copy of the current Code and any subsequent amendments, and all access persons to provide ACM with a written acknowledgement of their receipt of the Code and any amendments thereto both upon employment with ACM and on an annual basis thereafter; and (iii) provisions restricting the purchase and sale, by access persons for their own accounts, of securities that have been purchased or sold for Client accounts as described below.

The Code is based upon the principle that directors, officers and employees of ACM have a fiduciary duty to place Client interests first and to conduct all personal securities transactions in a manner that does not interfere with Client transactions or otherwise take unfair advantage of the relationship of the director, officer or employee to Clients. In addition, the personal securities transactions of personnel must be effected in such a way so as to avoid a conflict between the personal interests of ACM personnel and the interests of ACM’s Clients.

Further, personnel must avoid actions or activities that allow such a person, or a member of his or her family, to profit or benefit from his or her position with ACM, or otherwise call into question such person’s independent judgment.

As a matter of business policy, ACM wants to avoid even the appearance that ACM, its associated persons or others receive any improper benefit from information about Client trading or accounts or from our relationships with our Clients or with the brokerage community. ACM expects all Associated Persons to comply with the spirit of the Code, as well as the specific rules contained in the Code. ACM treats violations of this Code (including violations of the spirit of the Code) very seriously. Violation of either the letter or the spirit of this Code may result in ACM taking disciplinary measures.

ACM does not conduct ‘Principal’ transactions, does not engage in Cross-Trades between advisory clients, and does not participate in Agency Cross Transactions.

**Insider Trading Policy.** ACM may from time to time perform services for, or solicit business from, a variety of companies, including issuers of securities, that ACM recommends for purchase or sale by, or in which ACM effects transactions for the account of, Clients. In connection with providing these services, ACM and its affiliated persons may come into possession from time to time of material nonpublic or other confidential information about any such company which, if disclosed, could affect an investor’s decision to buy, sell, or hold securities in such company. Under applicable law, ACM and its affiliated persons may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such other person is a Client. Accordingly, should ACM or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any company, ACM may be prohibited from communicating such information to Clients,

and ACM will have no responsibility or liability for failing to disclose such information to Clients as a result of following its policies and procedures designed to comply with applicable law.

ACM has adopted an “Insider Trading” policy, which prohibits the misuse of material nonpublic information by ACM and all of its access persons. In addition, the Code contains restrictions on using inside information to engage in any personal transactions, to “tip” or to otherwise disclose any material nonpublic information. Any ACM officer, director, employee or other access person who fails to observe the above-described policies risks serious sanctions, including, but not limited to, dismissal and personal liability.

**Restrictions on Personal Securities Transactions.** The Code requires access persons to provide certain reports, including initial and annual reports, listing all securities covered by the Code for which the access person had any direct or indirect beneficial ownership as well as lists of brokers, dealers and bank accounts in which the securities are held. Access persons must also pre-clear certain securities transactions.

**Gifts and Entertainment.** Access persons are prohibited from accepting personal gifts of more than a “de minimis” (\$100) fair market value from any person or entity (including Clients and vendors) that does business with, or on behalf of, ACM.

**Principle of Fair Allocation of Investment Opportunities.** Portfolios for which ACM acts as an advisor are governed by the principle of fair allocation of investment opportunities. This applies to all portfolios advised by ACM. Trades are allocated on a basis believed to be fair and equitable; no participating Client account will receive preferential treatment over any other. The portfolio management team takes steps to ensure that no participating Client account will be systematically disadvantaged by the aggregation, placement, or allocation of trades. Transactions are generally allocated promptly, usually on the trade date, and no reallocations are permitted from one account to another except where the original allocation was made in error. No allocations will be made to a personal account of the portfolio management team or any access person (as defined in ACM’s Code of Ethics).

In order to ensure fairness in the allocation of investment opportunities among the Client accounts it manages, ACM allocates investment opportunities with consideration to the prime determinants of market exposure, cash availability, sector exposure, and suitability of such investments for each Client account. In determining the suitability of each investment opportunity for a Client account, consideration is given to a number of factors, the most important being the Client account’s investment objectives, guidelines, and strategies, existing portfolio composition, and cash levels.

ACM adheres to the following principles in allocating investment opportunities among Clients:

- Investment instruments including derivative instruments will not necessarily be allocated pro rata, given that the Client accounts’ investment objectives and guidelines, cash levels and portfolio compositions may be different;
- In Client accounts having similar investment objectives, guidelines, and portfolio composition and where investments are not allocated pro rata, the Client accounts will be managed over time with a goal of achieving “performance parity”; and
- Given different inception dates and historical cash flows, each Client account may hold the same position with a different cost base, or hold different positions.

Generally, a company issuing securities in an initial public offering (“IPO”) will have a limited operating history and thus IPO investments might be considered speculative. The principle of fair allocation of

investment opportunities will be applied to IPOs, with special attention being given to the suitability of investments vis á vis the Client accounts' investment objectives and guidelines.

#### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Personal transactions in securities by officers and employees and certain consultants or third party service providers of ACM who (i) have access to nonpublic information regarding the purchase or sale of securities on behalf of Clients, (ii) are involved in making securities recommendations to Clients or (iii) who have access to such non-public recommendations (“access persons”) are subject to the restrictions and procedures set forth in the Code with respect to participation or interest in client transactions and personal trading. All ACM employees are currently identified as access persons under the Code and, thus, all personnel are subject to the Code's restrictions and requirements.

ACM is not obligated to refrain from investing in securities held in the Client accounts that it manages except to the extent that such investments violate the Code. From time to time, employees and certain consultants of ACM or its affiliates may have interests in securities owned by or recommended to Clients. Our Code ensures that this conflict is addressed by employees placing the interests of Clients before their own interests. We ensure personal trades of our personnel do not impact trades for Clients and that our Clients receive preferential treatment.

ACM and its affiliates, including its access persons, may invest for their own accounts and for the accounts of Clients in various instruments that are senior, *pari passu* or junior to, or have interests different from or adverse to, the instruments that are owned by Client accounts.

Furthermore, ACM and its affiliates may in the future serve as an investment adviser to other funds and client accounts and may make investment decisions for their own accounts and for the accounts of others, including other funds and client accounts that may be different from those that are made by ACM on behalf of Client accounts. When making investment decisions where a conflict of interest may arise, ACM endeavors to act in a fair and equitable manner as between its Clients and other clients.

All employee transactions are reviewed by the Compliance Department to ensure that any conflicts can be identified and addressed. ACM collects and maintains records for all employees pertaining to their investments, securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve potential conflicts of interest. Investment Advisor Representatives and supervised persons must be especially careful to make sure that such trading activities are: 1. not conducted in advance of client transactions in similar securities. 2. not based upon inside information or research analyst reports that the adviser prepared. 3. not otherwise in violation of applicable securities laws or fiduciary duties owed to clients.

## Item 12. Brokerage Practices

Generally, ACM is engaged with respect to Client accounts on a discretionary basis and is authorized to make the following determinations in accordance with each Client's specified investment objectives without consultation of or consent from the Client consultation:

- Which instruments to buy or sell;
- The total amount of instruments to buy or sell;
- The broker or dealer through which instruments are bought or sold;
- The commission rates at which transactions in instruments for Client accounts are effected; and
- The prices at which instruments are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

### **BEST EXECUTION**

As an investment advisory firm, ACM has a fiduciary duty to seek best execution for Client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the Client. ACM's primary objectives when placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as price, size of order, difficulty of execution, confidentiality and skill required of the broker. ACM may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker.

ACM plans to trade Client accounts through multiple brokerage firms, including: Wedbush Securities, Interactive Brokers, TD Ameritrade, Charles Schwab, Pershing, Wallach Beth Capital, Merrill Lynch, Merlin Securities, TJM Investments, JP Morgan Chase, Convergenx, Goldman Sachs, IA Englander and Bloomberg ("The Brokers"). All of which are members of the Financial Industry Regulatory Authority Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). While ACM believes that The Brokers provide Best Execution, the commission rates charged by them may be higher or lower than those charged by other broker-dealers. Factors which ACM considers in recommending any broker-dealer to Clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by a broker-dealer may be higher or lower than those charged by other financial institutions. The commissions paid by ACM's Clients comply with ACM's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified financial institution might charge to affect the same transaction where ACM determines that the commissions are reasonable in relation to the value of the brokerage services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a financial institution's services, including among others, the value of research provided, investment and trade execution capability, capability and compatibility of software and technology services, commission rates, and responsiveness. ACM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. Transactions may be cleared

through other financial institutions with ACM and financial institutions that have entered in to agreements for prime brokerage clearing services. ACM periodically and systematically reviews its policies and procedures regarding its recommendation of financial institutions in light of its duty to obtain best execution.

### **DIRECTED BROKERAGE**

The Client may direct ACM in writing to use a specific financial institution to execute some or all transactions for the client. Generally, ACM does not accept Clients insisting on directed brokerage. In the situation that ACM does accept directed brokerage, the Client will negotiate terms and arrangements for the account with that financial institution, and ACM may not seek better execution services or prices from other financial institutions or be able to “batch” client transactions for execution through other financial institutions with orders for other accounts managed by ACM (as described below). As a result, the Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, ACM may decline a Client’s request to direct brokerage if, in ACM’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **BLOCK TRADING**

ACM will aggregate orders with respect to the same security purchased for different Clients when applicable and available. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account’s participation in the transaction. The exception to this is when a new account is received or an account has a redemption request. In that case, the purchase and/or sale of securities is performed for that Client only. To the extent that ACM determines to aggregate Client orders for the purchase or sale of securities, ACM generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the SEC. The effect of the aggregation may operate in some circumstances to a particular Client’s disadvantage. Adjustments to the allocation may be made to avoid de minimis allocations to Client accounts or to avoid deviations from pre-determined holding limits established for any Client account. ACM does not receive any additional compensation or remuneration due to the aggregation.

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

ACM reserves the right to take advantage of soft dollar benefits when and if appropriate under its discretionary authority. Circumstances of utilizing soft dollar benefits may exist when it is consistent with the duty to obtain best execution, to direct brokerage transactions for Client accounts to broker-dealers who provide ACM with research and brokerage services pursuant to a “safe harbor” under Section 28(e) of the Securities Exchange Act of 1934, as amended (“1934 Act”), and related SEC interpretive materials. Section 28(e) permits ACM, under certain circumstances, to cause Client accounts to pay brokers and dealers a commission for effecting portfolio transactions in excess of the commission another broker or dealer would have charged to effect such transactions.

Broker-dealers typically provide a bundle of services, including research and execution. The services provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third party but provided by the broker-dealer). ACM may use soft dollars to acquire either type of service. It is not generally possible to place a dollar value on the special executions or on the research services ACM receives from broker-dealers effecting transactions in portfolio securities. Accordingly, ACM may pay broker-dealers commissions for effecting portfolio transactions in excess of amounts other broker-dealers would have charged for effecting similar transactions if ACM determines in good faith that such amounts are

reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or ACM's overall duty to its discretionary accounts.

In determining whether a service or product qualifies as research or brokerage, ACM must evaluate whether the service or product provides lawful and appropriate assistance to it in carrying out its investment decision-making responsibilities. Brokerage and research services that may be provided under Section 28(e) include: (1) furnishing advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (2) furnishing analyses and reports and sponsoring seminars or conferences concerning industries, issuers, securities, economic factors and trends, portfolio strategy, and the performance of accounts; and (3) effecting securities transactions and performing functions incidental thereto (such as clearance, settlement, and custody). Examples of services which ACM may pay for with Client commissions include certain market publications and commentaries, research and data reports, economic forecasts, Bloomberg, Multex, and similar Section 28(e) permitted services.

The receipt of research in exchange for soft dollars benefits creates a conflict of interest which ACM recognizes. If utilized, ACM will only leverage the use of soft dollars for those services which are within the safe harbor. Moreover, any research services received by ACM are in addition to, and not in lieu of, services required to be performed by ACM under its investment management agreements.

However, ACM may receive "mixed use" services, or those that can be used for both research and "non-research purposes," such as for firm administration or marketing. In such cases, ACM may have a conflict of interest in allocating the costs of such services between those that primarily benefit ACM and those that primarily benefit Clients and determining which portion may be paid for with soft dollars. ACM makes a good faith allocation of the costs of such services used for non-research purposes and pays for such portion from its own funds.

As a general matter, brokerage and research services are used to service all of ACM's discretionary accounts. However, each and every brokerage or research service may not be used for the benefit of each and every account managed by ACM, and brokerage commissions paid by one account may be used to pay for brokerage and research services that may not be used to service that account. ACM does not usually attempt to allocate the relative costs or benefits of research among Client accounts because it believes that, in the aggregate, the research it receives benefits Clients and assists ACM in fulfilling its overall duty to its Clients.

ACM will not enter into any agreement or understanding with any broker-dealer which would obligate ACM to direct a specific amount of brokerage transactions or commissions in return for such services. However, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent.

## **Item 13. Review of Accounts**

David Van Benschoten, CIO, and Bill Maher, the COO and CCO, and members of the investment team monitor accounts on a continuous basis and will conduct an internal review of accounts on at least a quarterly basis. Triggering factors that may stimulate a review include, but are not limited to, significant market corrections, significant performance dispersions as compared to other accounts, large deposits or withdrawals from an account, substantial changes in the value of a Client's portfolio and a change in the Client's investment objectives. All Clients receive and are responsible for reviewing and comparing their monthly brokerage statements from their custodian. ACM sends out written reports annually which include: time weighted returns, a summary of transactions for the year, including fees & expenses, dividends, interest, inflows, outflows, realized and unrealized gains as well as securities bought and sold. It also includes year-end holdings.



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

A. ACM does not have anyone who is not a client, providing the firm with economic benefits.

B. In some situations, ACM may offer compensation for Client referrals. These marketing arrangements are consistent with Rule 206(4)-3 of the Investment Advisers Act as amended. Under no circumstances will the Client be disadvantaged by the payment of such fees. Clients of the firm whose accounts involve third party marketing arrangements are advised of the arrangement and do not pay higher fees to ACM due to the arrangement than they would if they came to ACM on their own.

## **Item 15. Custody**

ACM does not have custody of client funds or securities. Assets will be held at various qualified custodians including US Bank, Interactive Brokers, Charles Schwab, Fidelity, TD Ameritrade, Union Bank, Merrill Lynch, JPMorgan Chase, Goldman Sachs, Pershing and Merlin Securities/Wells Fargo. Certain Clients allow us or direct us to directly debit advisory fees from their accounts pursuant to each Client Investment Management Agreement. As part of this billing process, the Client's custodian is advised of the amount of the fee to be deducted from that Client's account. On at least a quarterly basis, the custodian is required to send to the Client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for Clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact ACM directly if they believe that there may be an error in their statement. In addition to the periodic statements that Clients receive directly from their custodians, ACM also sends account statements directly to our clients on an annual basis (as described in Item 13). ACM urges our Clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16. Investment Discretion**

ACM generally has discretion over the selection of securities and the amount of securities to be purchased or sold for a Client account. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by ACM in writing.

Discretionary authority will only be provided upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by ACM on behalf of a Client will be made in accordance with the Client's investment objectives and goals.

## Item 17. Voting Client Securities

ACM generally instructs all Clients that ACM will not vote proxies on their behalf and that the Client is responsible for voting proxies. If ACM is authorized by the Client to vote proxies and ACM agrees, then the vote is based on the Firm's reasonable judgment of that vote most likely to produce favorable financial results for the Firm's 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, the Firm will consider both sides of each proxy issue. Clients may obtain a copy of our complete proxy voting policies and procedures by contacting us at (858-467-5415) or email at [bmaher@asymmetriccap.com](mailto:bmaher@asymmetriccap.com).

When ACM is instructed to vote proxies, Clients may request, in writing, information on how proxies for his/her shares were voted. ACM will neither advise nor act on behalf of the Client in legal proceedings involving companies whose securities are held in the Client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, Clients may direct us to transmit copies of class action notices to the Client or a third party. Upon such direction, ACM will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18. Financial Information**

ACM does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. ACM has discretionary authority over Client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to Clients. If ACM does become aware of any such financial condition, this brochure will be updated and Clients will be notified. ACM has not been the subject of a bankruptcy petition in the last ten years.

# Form ADV Brochure Supplement

(Part 2B for Form ADV)

**David Van Benschoten: Chief Investment Officer, Chief Strategist and Portfolio Manager  
Asymmetric Capital Management, LLC**

**CRD No: 285739**

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March 9, 2020

**This brochure supplement provides information about David Van Benschoten, C. William Maher, and Lorenzo Paloscia that supplements the Form ADV Brochure of Asymmetric Capital Management, LLC (“ACM”). You should receive a copy of that Brochure. Please contact ACM Compliance at (858) 467-5415 or at [bmaher@asymmetriccap.com](mailto:bmaher@asymmetriccap.com) if you did not receive ACM’s Brochure or if you have any questions about the content of this supplement. Additional information about Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 1: Cover Page**

Please see previous page.

**Item 2: Educational Background and Business Experience**

Based in Minneapolis, MN, David is ultimately responsible for all investment advice, recommendations and activities of Opportunistic Income strategy and Actively Rebalanced 60/40 Overlay strategy. Previously Dave was at Advocate Group as Chief Investment Officer after a distinguished career of more than 29 years with General Mills where he was Treasurer, Chief Investment Officer, and Vice President for the consolidated organization. He has an extensive background in fixed income and derivatives management where he personally managed some of the assets for the General Mills retirement plans. Prior to joining the Advocate Group, David was the head of fixed income at Somerset Asset Management in Minneapolis, MN. He has a BS in Economics from Bethel College, and an MBA from the University of Minnesota.

**Item 3: Disciplinary Information**

ACM is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of each person providing investment advice to clients or who has discretionary authority over client assets. Mr. Van Benschoten has no applicable legal or disciplinary events required to be disclosed under this Item.

**Item 4: Other Business Activities****The Advocate Group, LLC**

Mr. Van Benschoten is a 36% owner of The Advocate Group, LLC, an SEC registered investment adviser, located in Minnetonka, MN. The Advocate Group, LLC provides financial planning and investment advisory services for clients, nearly all of whom are high-net worth individuals or families. Mr. Van Benschoten is not an employee of The Advocate Group, LLC. Mr. Van Benschoten receives distributions from his capital contributions to the firm. Mr. Van Benschoten was employed by The Advocate Group, LLC from 2010 to 2017 and currently provides consulting services to The Advocate Group, LLC. ACM has no affiliation with The Advocate Group, LLC or its other employees. Clients at The Advocate Group may hold or be advised to hold the same positions or inverse positions in the same securities as ACM clients. Clients should be aware that such an arrangement involves a possible conflict of interest. However, ACM always acts in the best interest of the Client. ACM's Code of Ethics was written in part to ensure that Mr. Van Benschoten and ACM always act in the best interest of the clients.

**Today's Allocation Guide, LLC**

Mr. Van Benschoten is the sole owner of Today's Allocation Guide, which provides consulting insights on portfolio asset allocation for clients. It is based in Wayzata, MN. Today's Allocation Guide has no affiliation with ACM or its other employees and is not a registered investment adviser, a broker-dealer or an affiliate thereof.

**Residential and Commercial Real Estate Properties**

Mr. Van Benschoten is the owner, directly or indirectly, of several residential and commercial rental properties in Minneapolis, MN and Phoenix, AZ. Mr. Van Benschoten rents out these properties to tenants and is compensated by rental income from the tenants. The rental properties are not related in any way to ACM, its other employees, or any broker dealer or other registered investment adviser.

#### Children's Theatre Company

Mr. Van Benschoten is a Member, Board of Governors, Children's Theatre Company and Member, Investment Committee, Children's Theatre Company, which is a non-profit 501(c)(3) organization that creates theatre experiences to educate, challenge and inspire young people and their communities. It is located in Minneapolis, MN. Mr. Van Benschoten participates in the oversight of Children's Theatre Company in his role as Member, Board of Governors. Mr. Van Benschoten helps oversee, select and manage the investments for Children's Theatre company and its endowment funds in his role as Member, Investment Committee. Mr. Van Benschoten receives compensation for his roles at Children's Theatre Company. The Children's Theatre Company has no affiliation with ACM or its other employees, and is not a registered investment adviser, a broker dealer or an affiliate thereof.

#### Tri-City Iron and Steel, Inc.

Mr. Van Benschoten is the Vice President and holds a 24% ownership stake in Tri-City Iron and Steel, Inc., a small quantity metal distributor based in Minneapolis, MN. Mr. Van Benschoten provides capital support and general business strategy to the firm. He is an authorized check signer on behalf of the firm. Mr. Van Benschoten is compensated by distributions from the partnership. Tri-City Iron and Steel, Inc. has no affiliation with ACM or its other employees and is not a registered investment adviser, a broker dealer or an affiliate thereof.

#### MTCH, LLC

Mr. Van Benschoten is the Vice President and holds a 24% ownership stake in MTCH, LLC, a small 3D printing contract company based in Eden Prairie, MN. Mr. Van Benschoten provides capital support and general business strategy to the firm. He is an authorized check signer on behalf of the firm. Mr. Van Benschoten is compensated by distributions from the partnership. MTCH, LLC has no affiliation with ACM or its other employees and is not a registered investment adviser, a broker dealer or an affiliate thereof.

#### Other

Mr. Van Benschoten is also co-managing member of two LLCs, which are 100% owned by an irrevocable trust for the benefit of his spouse (Van Benschoten Family Farms, LLC and Van Benschoten Family Breweries, LLC). Van Benschoten Family Farms, LLC owns and operates farm and ranch lands in Colorado and Van Benschoten Family Breweries, LLC owns a 19% interest in a local craft brew pub located in the Twin Cities of Minnesota. Mr. Van Benschoten has no economic interest in either LLC or in the irrevocable trust that owns the LLCs. Neither the LLCs nor the trust has any affiliation with Asymmetric Capital Management or its other employees. None of these are a registered investment advisor, a broker dealer or an affiliate thereof.

#### **Item 5: Additional Compensation**

Mr. Van Benschoten's future compensation is based, in part, on the profitability of ACM. Accordingly, Mr. Van Benschoten has a conflict of interest when recommending ACM to clients or potential clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

#### **Item 6: Supervision**

David Van Benschoten reports to Bill Maher, CCO and COO of ACM. See Form ADV Part 2A for contact information.



# **Form ADV Brochure Supplement**

(Part 2B for Form ADV)

**C. William Maher: Chief Operations Officer and Chief Compliance Officer**

**Asymmetric Capital Management, LLC**

**CRD No: 285739**

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March 9, 2020

**This brochure supplement provides information about David Van Benschoten, C. William Maher, and Lorenzo Paloscia that supplements the Form ADV Brochure of Asymmetric Capital Management, LLC (“ACM”). You should receive a copy of that Brochure. Please contact ACM Compliance at (858) 467-5415 or at [bmaher@asymmetriccap.com](mailto:bmaher@asymmetriccap.com) if you did not receive ACM’s Brochure or if you have any questions about the content of this supplement. Additional information about Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 1: Cover Page**

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**Item 2: Educational Background and Business Experience**

Bill is a senior executive with operational, accounting, and finance experience in industry leading companies including Big 4 public accounting, asset management, brokerage, and the tax industry. He has 25+ years of investment management experience including strategic planning, governance, operational, product development, and distribution. Most recently, Bill formed Acentus Advisors to consult with software companies in the tax industry to help them increase their profitability. Formerly, he worked as CFO and then CEO for Santa Barbara Tax Products Group, a leading provider of integrated tax refund processing services. Previously, Bill served as Managing Director and CFO of LPL Financial, and served on their Executive Committee, where he was responsible for oversight of the financial functions of the firm. Bill also served as Managing Director and CFO for Nicholas-Applegate Capital Management and became a partner in 2000. He was previously with PaineWebber (now UBS), last serving as CFO of PaineWebber's asset management company. Bill started his career with PricewaterhouseCoopers where he performed in various roles in the firm's audit services group. He graduated from Rutgers University where he received his B.A. degree in Philosophy and Business Administration and then his M.B.A. from Rutgers Graduate School of Management. Bill is also a CPA.

**Item 3: Disciplinary Information**

ACM is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of each person providing investment advice to clients or who has discretionary authority over client assets. Mr. Maher has no applicable legal or disciplinary events required to be disclosed under this Item.

**Item 4: Other Business Activities**

Outside of his activities at ACM, Mr. Maher is currently a member of the Board of Directors and Audit Committee for a NYSE listed closed-end investment company. Mr. Maher is compensated for this role, although it represents less than 10% of his time. ACM does not recommend that any client buy, sell or hold this NYSE listed closed-end investment company. Thus, ACM does not believe there is a conflict.

**Item 5: Additional Compensation**

Mr. Maher's future compensation is based, in part, on the profitability of ACM. Accordingly, Mr. Maher has a conflict of interest when recommending ACM to clients or potential clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

**Item 6: Supervision**

Bill Maher is supervised by David Van Benschoten, CIO of ACM. See Form ADV Part 2A for contact information.

# **Form ADV Brochure Supplement**

(Part 2B for Form ADV)

**Lorenzo Paloscia: Research and Development**

**Asymmetric Capital Management, LLC**

**CRD No: 285739**

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March 9, 2020

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**Item 1: Cover Page**

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**Item 2: Educational Background and Business Experience**

Lorenzo has over 10 years of experience in developing and trading algorithmic strategies on currencies, commodities, and equities. He helped develop these strategies at ECM, a CTA based in Greenwich, CT. From August of 2007 to January 2010, he was a PhD student at the School of Management Engineering at the University of Padua, Italy. During his doctorate, he focused his study on applying financial methodologies such as the real options approach and using Monte Carlo simulations to evaluate investments in energy projects, using MATLAB as a computing environment. He moved to the United States in 2009 as a visiting scholar at Columbia University before founding ECM in 2010. Lorenzo has a Bachelor's degree in Business and Economics from the University of Florence, Italy, and has a Master's degree in Energy Markets and Environment from the University of Rome, Italy "La Sapienza." Lorenzo also has his Series 3 and Series 65.

**Item 3: Disciplinary Information**

ACM is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of each person providing investment advice to clients or who has discretionary authority over client assets. Mr. Paloscia has no applicable legal or disciplinary events required to be disclosed under this Item.

**Item 4: Other Business Activities**

Outside of his activities at ACM, Mr. Paloscia is also an owner and investment adviser representative of an investment adviser separately registered with the state of Connecticut (LEM Financial Group, LLC (CRD# 289283)). As such, Mr. Paloscia's time is often split between the two firms, as he is compensated for his services by each. Clients should be aware that such an arrangement involve a possible conflict of interest. Mr. Paloscia is also co-owner and operator of LEM Commodities LLC, an Independent Introducing Broker registered with the CFTC and member of the NFA. Clients at LEM Commodities may hold or be advised to hold the same positions or inverse positions in the same commodities as ACM clients. ACM's Code of Ethics was written in part to ensure that Mr. Paloscia and ACM always act in the best interest of the clients.

**Item 5: Additional Compensation**

Mr. Paloscia's future compensation is based, in part, on the profitability of ACM. Accordingly, Mr. Paloscia has a conflict of interest when recommending ACM to clients or potential clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

**Item 6: Supervision**

Lorenzo Paloscia reports to David Van Benschoten, CIO of ACM. See Form ADV Part 2A for contact information.