

**TRUST ASSET MANAGEMENT  
FORM ADV, PART IIA**

**Item 1 – Cover Page**

TRUST ASSET MANAGEMENT, LLC

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March 30, 2020

This Brochure provides information about the qualifications and business practices of Trust Asset Management, LLC (“TAM” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Andy Chica, Chief Compliance Officer at 484.588.5514 or [achica@cipperman.com](mailto:achica@cipperman.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

TAM is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Information contained in this Brochure may provide you with information to assist you in determining whether to hire or retain an adviser.

We will deliver to our Clients, within 120 days of the end of each fiscal year, a free, updated Brochure that either includes or is accompanied by a summary of material changes.

Our Brochure may be requested at any time by contacting Andy Chica, Chief Compliance Officer at 484.588.5514 or [achica@cipperman.com](mailto:achica@cipperman.com).

Additional information about TAM is available via the SEC’s website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with TAM who are registered or are required to be registered as investment adviser representatives of TAM.

**Item 2 - Material Changes**

The business practices of TAM are substantially the same as represented in this Firm’s previous and current years’ annual updated Brochures, dated March 30, 2019. The only material change noted is that as of January 31, 2020, TAM is the sole Manager and primary adviser to the AXYS Private Funds (as outlined in Item 4).

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**Item 4 - Advisory Business**

TAM commenced fee based advisory services on November 1, 2009. TAM's parent organization is NorthStar Memorial Group, LLC ("NorthStar").

TAM provides investment advisory services to Clients that are separately managed accounts (SMA) or trusts formed for various regulatory purposes related to the operating business of NorthStar, as prescribed by various state laws. Institutional trustees are appointed by operating subsidiaries of NorthStar to act on behalf of the trusts. All of TAM's trust Clients are regulated by the states in which they were formed.

TAM also recommends that its trust Clients invest in private pooled investment vehicles ("Private Funds") for which TAM is the sole Manager and primary adviser. There is an inherent conflict of interest when TAM recommends that its Clients invest in a proprietary product that charges fees, including performance-based fees, that TAM will receive a portion of in addition to its fee for services as an investment manager for Trust Client portfolios. TAM seeks to mitigate this conflict of interest through a number of internal policies and procedures designed to ensure the fair treatment of all Clients.

TAM's management of Client portfolios can be on a fully discretionary or non-discretionary basis. The Firm actively manages portfolios with an overall goal of maximizing total returns subject to each Client's

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risk profile and investment objective. TAM does not consider the services offered to be “financial planning” or as may be described by any similar term. TAM is an investment adviser to the Private Fund portfolios on a discretionary basis. TAM also serves as the Manager to the Lighthouse Balanced Fund I LLC (“LHBF”), the Axys Capital Income Fund LLC (“ACIF”), and the Axys Capital Total Return Fund LLC (“ACTRF”), all privately offered pooled investment vehicles. Information regarding these private funds can be found in each respective fund’s offering documents.

Calculated as of December 31, 2019, TAM had Regulatory Assets Under Management in the amount of \$1,483,423,335.84, of which \$1,483,423,335.84 is managed on a discretionary basis.

Types of Investments

TAM recommends investments in a variety of asset categories, including cash and cash equivalents, equities, debt or fixed income investments, and alternative investments. It does so through an investment committee comprised of Mark Shinder, TAM’s President and Chief Investment Officer and Michael Zislis, the Chief Operating Officer and the Managing Director of TAM.

TAM offers investment advice on and utilizes the following types of investments:

**Public**

- Money market funds
- Fixed income securities
- Common and preferred stock
- Limited partnerships
- Open end and closed-end mutual funds
- Derivatives based on tangible and intangible assets such options and futures

**Private**

- Real estate
- Energy interests
- Energy infrastructure
- Private equity
- Private debt
- Participation interests

TAM chooses combinations of these investments to form strategies it deems appropriate given the Client’s investment objectives and risk tolerance.

TAM also uses certain leverage and hedging techniques, including derivatives designed to mimic equity or debt positions, buying securities on margin and selling securities short, all of which are either permitted or restricted by each Client’s Investment Policy Statement.

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Investment Strategies

TAM invests and manages Client assets in accordance with each Client's Investment Policy Statement, in the form of model type portfolios of securities that TAM believes best represents the Client's investment objectives and restrictions.

Clients and the state regulatory schemes to which they are subject may impose restrictions on investing in certain securities or types of securities.

Assets Under Management

Calculated as of December 31, 2019, the total amount of Assets Under Management by TAM was as follows:

Discretionary SMA and Trust Client Assets	\$793,077,828.97
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Discretionary Private Fund Assets	\$690,345,506.87
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<b>Total Discretionary</b>	<b>\$1,483,423,335.84</b>
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**Total Non-Discretionary**

(Non-Discretionary)	\$0.00
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<b>Total Assets Under Management</b>	<b>\$1,483,423,335.84</b>
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**Item 5 – Fees and Compensation**

TAM charges a fixed-percentage fee per annum for investment advice based on Assets Under Management. All fees are currently billed monthly in arrears and deducted from Client accounts maintained at Pershing Advisor Solutions, LLC, the institutional custodian (and "Qualified Custodian") engaged by TAM Clients. Typically, advisory fees are not negotiable. Fees are calculated based on the market value of the account on the last business day of the month.

TAM charges performance-based fees in addition to asset-based fees to its Private Funds which, in turn, may invest primarily if not exclusively in private companies or private investment opportunities which are usually described as "alternative investments" or in strategies comprising publicly traded securities.

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Where we allocate assets of Trust Clients to our Private Fund Clients, such fees are in addition to the fees directly charged to the Trust Clients with respect to such assets. A schedule of such fees can be found in the offering documents. Trust Clients who are also Private Fund Clients will effectively pay both fees in both categories with respect to the same assets. For complete details regarding the Private Funds, please see the respective fund's offering documents. For Private Fund Clients, TAM may also charge performance-based fees for select funds, as described in Item 6 below.

Fee Schedules

The following describes TAM's basic advisory fee schedule. In some cases, fees charged by TAM may be greater than fees charged by other investment advisers for similar services; in other cases, our fees may be lower. The fees for the Lighthouse Balanced Fund and Axys funds can be found in the funds' offering documents.

***SMA and Trust Clients:***

Minimum Acct Size:     None

All Dollar Ranges (Non-Texas accounts): 0.00% to 1.00% for all Clients

All Dollar Ranges (Texas accounts):     0.00% to 1.30% for all Clients

***Private Fund Clients:***

Minimum Acct Size:     None

All Dollar Ranges:     1.00% to 1.75% for all Clients

Trust Clients who are also equity holders of Private Fund Clients will pay fees in both categories. For Private Fund Clients, TAM also charges performance-based fees, as described in Item 6 below.

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

For its Private Fund Clients in LHBF, TAM is entitled to receive a quarterly performance based fee (the "Performance Fee") from each member's capital account for each calendar quarter (or partial calendar quarter, where applicable) equal to 10% of the Net Increase, if any, with respect to the member's capital account; provided, however, that the net increase upon which the calculation of the Performance Fee is based shall be reduced (but not below zero) to the extent of any unrecovered balance remaining in the Loss Recovery Account (as defined below) maintained on the books and records of LBF with respect to such member. In the event that a member withdraws all or a portion of its capital account effective as of a date other than the last day of a calendar quarter, except as may otherwise be determined by TAM a Performance Fee determination shall be made with respect to the withdrawn amount and the capital account of the withdrawing member shall be adjusted (if applicable) as if the effective date of such member's withdrawal were the last day of a calendar quarter. In the discretion of TAM, the Performance Fee may be waived or reduced with respect to any member or members, including TAM (and its affiliates, and

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its and their respective managers, members and employees), members of the immediate families of such persons or trusts or other entities for their benefit.

A memorandum account will be established on the books of the Fund in respect of each member (a “**Loss Recovery Account**”), the opening balance of which shall be zero. At the end of each calendar quarter or at such other date during a calendar quarter as the calculation of the Performance Fee is required to be made for such member, after such Performance Fee is calculated the balance in each Loss Recovery Account shall be adjusted as follows: (i) if there has been net decrease with respect to such member for such calendar quarter or other period, the balance in the Loss Recovery account shall be increased by an amount equal to such net decrease; or (ii) if there has been net increase with respect to such member for such calendar quarter or other period, the balance in the Loss Recovery account shall be reduced by an amount equal to such net increase, but not beyond zero.

In the event that a member withdraws a portion but not all of its capital account, if there is an unrecovered balance in the member’s Loss Recovery Account after the Performance Fee is calculated with respect to the withdrawn amount and any related adjustment is made to the Loss Recovery Account with respect to any net increase or net decrease associated with the withdrawn amount for the relevant period, then such remaining unrecovered balance will be reduced by an amount equal to the product obtained by multiplying the balance in the Loss Recovery Account by a fraction, the numerator of which is the amount of the withdrawal made by such member and the denominator of which is the balance in the member’s capital account (prior to the withdrawal). The Performance Fee, when payable, will be due and payable quarterly in arrears as of the last day of each calendar quarter.

For its Private Fund Clients in ACIF or ACTRF, TAM is entitled to receive a quarterly performance based fee (the “Performance Fee”) equal to 20% of all realized and unrealized capital gains and income earned by the Private Fund Clients for the relevant quarter, after payment of asset-based fees and other Private Fund expenses for such quarter (“Net Profits”) and subject to an un compounded preferred return to the fund Clients of 1.75% of the net asset value of the fund as of the close of business on the last Business Day of the immediately preceding quarter (the “Preferred Return”). In the event that Net Profits are less than the Preferred Return in any particular quarter, no Performance Fee will be paid to TAM for such quarter and an amount equal to the underperformance (i.e. the difference between the amount of the Preferred Return for such quarter and Net Profits for such quarter) will be accrued and will be allocated to the fund Clients out of Net Profits earned by each fund in the future investment periods prior to the payment of any Performance Fees. Any Performance Fees that are not paid as provided in the immediately preceding sentence will be considered deferred and will be paid in future investment periods as described in the immediately following paragraph.

In the event that payment of Performance Fees is deferred as described in the immediately preceding paragraph, at such time as Net Profits for a quarter are sufficient to allow the Private Fund Clients to receive their then current Preferred Return for such quarter and any accrued underperformance from prior periods, then after allocation to the Private Fund Clients of such amounts, TAM shall be entitled to be paid 100% of all Net Profits in excess of such amounts as a “catch-up” until it has received an amount equal to all deferred Performance Fees, after which payment TAM shall be entitled to be paid its Performance Fee as described in the immediately preceding paragraph.

TAM manages Client accounts “side by side”, meaning it manages some of its Private Fund Client accounts for a percentage of assets under management in addition to a 0.20 or a twenty percent (20%) share of the realized income and realized and unrealized capital appreciation of the Client assets. TAM manages its

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SMA and Trust Client accounts solely for a percentage of assets under management. As a result, we may have a potential conflict of interest, because we can potentially receive proportionately greater compensation from the Private Fund Clients that pay performance-based fees than from a Trust Client that pays us asset-based fees only. Accordingly, we could have an incentive to:

- Direct the best investment ideas or give favorable allocation to the Private Fund Clients that pay performance-based fees;
- Use trades by a SMA or Trust Client account that does not pay performance-based fees to benefit Private Fund Clients that do pay performance-based fees, such as where a performance based fee-paying Private Fund Client sells short before a sale by a SMA or Trust Client account, or a Private Fund Client sells a security only after a SMA or Trust Client Account has made a large purchase of the security; and
- Benefit a separate account paying a performance-based fee over a separate account that does not pay performance-based fees and which has a different and potentially conflicting investment strategy.

We owe a fiduciary duty to our clients not to favor the account of one client that of another, without regard to the types and amounts of fees paid by those accounts. In light of the potential conflicts of interest described above, we have allocation policies and procedures in place to ensure that accounts are treated fairly. Generally, allocations are made among clients with a similar strategy on a pro-rata basis based on the size of the account. Explanations for variations from this approach are documented and subject to the periodic review of our Chief Compliance Officer to ensure that all accounts are treated fairly.

In addition, we have an incentive to allocate SMA and Trust Client assets to our Private Fund Clients that pay higher fees, including performance fees. This potential conflict of interest is particularly relevant with respect to those SMA and Trust Clients that are subject to restrictions on the amount of fees that can be paid to us directly. In light of this potential conflict, we notify the trustees of our Trust Clients of any allocation to the Private Fund Clients, including disclosure of fees paid to us by the Private Fund Clients, and obtain the trustees' consent before making the initial such allocations to a Private Fund Client.

### **Item 7 – Types of Clients**

TAM offers investment advice to separately managed accounts or trusts formed for various state regulatory purposes as required by the operating business of NorthStar, TAM's parent organization. Institutional trustees are appointed by operating subsidiaries of NorthStar to act on behalf of the trusts. All of TAM's Trust Clients are regulated by the states in which they were formed.

In addition, TAM provides investment advice to private funds. The private funds are designed to provide exposure to private and/or alternative investments, as well as strategies associated with publicly traded securities. In all cases, the Clients of the private fund are Trust Clients of TAM.

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

TAM's method of security analysis evaluates the fundamentals of the companies whose securities it purchases on behalf of Clients. Sources of information used by TAM include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services,

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annual reports, prospectuses and filings with the Securities and Exchange Commission and company press releases.

With respect to alternative investments made by its Private Fund Clients, TAM has developed due diligence processes that are tailored to the particular type of investment presented by the alternative investment opportunity (e.g. real estate, oil and gas interests or promissory notes and other credit instruments).

Investment strategies employed include long and short-term purchases, short sales, purchases on margin, option writing (including covered options, uncovered options and spreading strategies), and the use of certain other derivatives.

TAM may enter into derivative transactions when consistent with established Client investment guidelines and the firm's investment strategy as selected for the Client. A derivative is a financial arrangement between two parties whose payments or values are based on the performance of some agreed upon benchmark. Common benchmarks include securities, indices, commodities, interest rates, currency exchange rates, securities spreads and other assets or economic benchmarks with varying degrees and types of associated risks.

Derivatives can be used for a variety of reasons. For example, if a portfolio consists of foreign investments that are denominated in the currency of the country of the issuer, TAM may want to reduce the risk of fluctuations in the value of such currencies. Or, TAM may want to modify the risk/return profile of a portfolio without incurring large transaction costs or disturbing the underlying investments in a portfolio. Derivatives can be used to achieve these and other goals.

There are significant risks associated with derivatives that can result in the loss of principal, or in certain cases, the loss of more than the initial investment. The primary risks associated with derivatives are (i) market risk (the risk that the market value of the investment will decline), (ii) credit risk (the risk that the counterparty to the transactions will default on its obligations), (iii) liquidity risk (the risk that the instrument will not be readily marketable) and (iv) valuation risk (the risk that because the instrument is thinly traded, it may have only one pricing source). Additionally, if these instruments are traded frequently, transaction costs will mount and will affect the overall return on assets of the Client. In no event will TAM invest in any derivative instrument on behalf of a Client unless such investment is consistent with established Client investment guidelines.

**Interest-rate Risk:** Fluctuations in interest rates cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Investments with exposure to overseas assets are subject to fluctuations due to changes the value of the dollar against the currency of the asset's originating country. This is also referred to as exchange rate risk.



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**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with an industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of unprofitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Liquidity Risk:** When consistent with a client's investment objectives, guidelines, restrictions and risk tolerances, TAM may invest portions of Client portfolios in illiquid securities, subject to applicable investment standards. Investing in an illiquid (difficult to trade) security may restrict TAM's ability to dispose of investments in a timely fashion or at an advantageous price, which may limit the ability to take full advantage of market opportunities.

Accounts may hold securities which are partnerships. Some partnerships are relatively liquid and may be either exchange listed or traded over-the-counter. However, most partnership securities are often illiquid and are subject to significantly less regulation than public investments. **Issuer Risk:** Securities may decline in value because of changes in the financial condition of the issuer. An individual security may perform differently than the market as a whole.

**Fixed income Risks:** Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.

Debt securities have a stated maturity date when the issuer must repay the principal amount of the bond. Some debt securities, known as callable bonds, may repay the principal earlier than the stated maturity date. Debt securities are most likely to be called when interest rates are falling because the issuer can refinance at a lower rate.

The credit rating or financial condition of an issuer may affect the value of a debt security. Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest fully and return principal in a timely manner. The issuer of an investment-grade security is more likely to pay interest and repay principal than the issuer of a lower rated bond. Credit ratings are not an absolute standard of quality but, rather, general indicators that reflect only the view of the originating ratings agencies from which an explanation of the significance of such ratings may be obtained. If an issuer defaults or becomes unable to honor its financial obligations, the security may lose some or all of its value.

High yield or "junk" bonds are highly speculative securities that are usually issued by smaller, less credit worthy and/ or highly leveraged (indebted) companies. Compared with investment-grade bonds, high yield bonds carry a greater degree of risk and are less likely to make payments of interest and principal.

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Market developments and the financial business conditions of the corporation issuing these securities influences their price and liquidity more than changes in interest rates, when compared to investment-grade debt securities. Insufficient liquidity in the junk bond market may make it more difficult to dispose of junk bonds and may cause the portfolio to experience sudden and substantial price declines.

Foreign, Emerging Markets Equity and Fixed Income Risk: Investments in these types of securities have considerable risks. Investments in securities of foreign and emerging markets issuers involve different investment risks than those affecting obligations of U.S. issuers, including:

- Public information may be limited with respect to foreign and emerging markets issuers; foreign and emerging markets issuers may not be subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies.
- There may also be less government supervision and regulation of foreign and emerging markets securities exchanges and are less liquid and more volatile than securities of comparable domestic issuers.
- Brokerage commissions and other transaction costs on foreign and emerging markets securities exchanges are generally higher than in the U.S. Dividends and interest paid by foreign and emerging markets issuers may be subject to withholding and other foreign taxes, which may decrease the net return on foreign investments as compared to dividends and interest paid by U.S. companies.
- Such markets often have different clearance and settlement procedures for securities transactions.
- Additional risks include future political and economic developments, the possibility that a foreign jurisdiction might impose or change withholding taxes on income payable with respect to foreign and emerging markets securities, and the possible adoption of foreign governmental restrictions such as exchange controls.
- Since the securities purchased in a foreign or emerging markets portfolio can be denominated or quoted in currencies other than the U.S. dollar, changes in foreign currency exchange rates may affect the value of securities in the portfolio.
- High-yield fixed-income Securities Risk: Investments in high-yielding, non-investment grade bonds involve higher risk than investment grade bonds. Adverse conditions may affect the issuer's ability to make timely interest and principal payments on these securities.
- Small/Mid Cap Risk: Stocks of small and mid-capitalization companies may have less liquidity than those of larger companies and may be subject to greater price volatility and risk than the overall stock market. In addition, the frequency and volume of trading in securities of smaller and mid-size companies may be substantially less than what is typical of larger companies. Therefore, the securities of smaller and mid-size companies may be subject to greater and more abrupt price fluctuations.
- Diversification Risk: Investments that are concentrated in one or few industries or sectors may involve more risk than more diversified investments, including the potential for greater volatility.

Mortgage backed securities risk: Mortgage-backed securities are at risk of default. If the underlying borrowers fail to make their principal and interest payments, investors can experience a loss. The risk of individual issues can vary based on the strength of the property market in the specific area where the loan was originated, as well as by the date of issuance.

American Depositary Receipt ("ADR") Risk: ADRs are typically issued by a U.S. bank or trust company and represent ownership of underlying foreign securities. There are several risks unique to ADRs that must be

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considered. For instance, while they will react to normal market fluctuations like regular stocks, ADRs are still vulnerable to currency risks. If the value of the company's home currency falls too much relative to the U.S. Dollar, the effect will trickle down to the ADR eventually. The same can be said for changes in the home country's government. See the "Foreign, Emerging Markets equity and fixed income Risk" section for more information.

**REIT Risk:** Listed REITs' share prices may decline because of adverse developments affecting the real estate industry such as declining real estate values, changing economic conditions and increasing interest rates. The returns from REITs may trail returns from the overall market. Additionally, there is always a risk that a given REIT will fail to qualify for favorable tax treatment or may not qualify or may not remain qualified as a REIT.

**Pandemic Risk:** Disease outbreaks that affect local economies or the global economy may materially and adversely impact our investment portfolios and/or our business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. In the event of a pandemic or an outbreak, there can be no assurance that we or our service providers will be able to maintain normal business operations for an extended period of time or will be able to retain the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impact of a pandemic or disease outbreaks is unknown, which could result in a high degree of uncertainty for potentially extended periods of time.

**Exchange Traded Funds (ETFs):** Equity-based exchange traded funds are subject to risks similar to those of stocks; fixed income-based ETFs are subject to risks similar to those of bonds. An ETF may not efficiently track the value of the underlying asset it is designed to track.

**Leveraged ETFs:** Most leveraged ETFs seek to provide a multiple of the investment returns of a given index or benchmark on a daily basis. Inverse ETFs seek to provide the opposite of the investment returns, also daily, of a given index or benchmark, either in whole or by multiples. Due to the effects of 15 U.S.C. 1914 Advisors compounding and possible correlation errors, leveraged and inverse ETFs may experience greater losses than one would ordinarily expect. Compounding can also cause a widening differential between the performances of an ETF and its underlying index or benchmark, so that returns over periods longer than one day can differ in amount and direction from the target return of the same period. Consequently, these ETFs may experience losses even in situations where the underlying index or benchmark has performed as hoped. Aggressive investment techniques such as futures, forward contracts, swap agreements; derivatives and options can increase ETF volatility and decrease performance. If you invest in these ETFs, you should monitor their positions as frequently as daily.

Please remember that investing in securities generally involves a risk of loss that Clients should be prepared to bear.

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

TAM has no history of disciplinary infractions. None of its officers, directors or key personnel have a disciplinary history.

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

TAM is wholly owned by NorthStar Memorial Group, LLC, which utilizes TAM's advisory services in its own operating business. However, through a series of higher holding companies, TAM is owned by an eventual parent entity, the managing member of which is Evergreen Investment Advisers, LLC ("Evergreen"), an SEC registered investment adviser. However, the business of Evergreen is of a completely different character than TAM's business. There are no operational ties between the two, and Evergreen has never exercised any control over TAM's business. Consequently, TAM's relationship with Evergreen is not material to TAM's advisory business and does not create a conflict of interest with or for TAM.

TAM utilizes the personnel and services of NorthStar in the performance of its business including accounting, general administration and acquisition or formation of trust Client relationships. No additional fees or expenses are charged to the Client for the parent's services.

### **Item 11 - Code of Ethics, Participation in Client Transactions, Personal Trading**

TAM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The Code identifies "material non-public information" about companies whose securities are traded in the public markets and forbids TAM employees and others from using it for personal gain. No person supervised by TAM may prefer his or her own interests to that of an advisory Client or make personal investment decisions based on the investment management trading activities of advisory Clients. In addition, all employees and others supervised by TAM are required to keep all information about the Clients and their investments confidential. TAM personnel are required not to accept or receive gifts from others that might influence investment decisions and must report other gifts that are valued at more than \$300.00.

Individuals employed or otherwise supervised by TAM are required to consult with the Chief Compliance Officer prior to any trade if they reasonably believe that such trade might conflict with the Personal Securities Transactions policy.

If a security is held or about to be held in a TAM portfolio for a TAM Client, the employee or supervised person may be subject to a blackout period with respect to trading that security. Such period could extend from a period commencing five business days before to 24 hours after any trading of such security in a TAM portfolio for a TAM Client. Purchases of certain securities, including shares in initial public offerings, and shares or interests in companies making a private offering, require prior approval from the Chief Compliance Officer.

No TAM representative holding a security in his or her own account or having any other interest in that company can recommend purchase or sale of that company's security for a client, unless he or she discloses such interest in the targeted investment to the Client beforehand.

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To supervise compliance with the firm's Code of Ethics, TAM requires that persons with access to information about the firm's trading provide annual securities holdings reports and quarterly transactions reports to the firm's Chief Compliance Officer. The Chief Compliance Officer must also obtain initial and annual certifications in writing from each supervised person that she or he has received a copy of the TAM Code of Ethics, read and understood it and agrees to abide by it.

TAM, as a matter of policy, does not have a proprietary trading account and does not own any securities for its own account. Consequently, TAM does not sell securities to or purchase securities from Clients.

TAM is required to retain records concerning the codes of ethics that have been in place for the preceding five years, records of violations, written acknowledgment of receipt of the code annually, records of reports and other information related to the Code of Ethics.

TAM will provide a copy of the Code of Ethics to any Client or prospective Client upon request. Clients may request a complete copy of TAM's Code of Ethics by contacting the firm's General Counsel at (832) 308-2783 or in writing at [compliance@tam-llc.com](mailto:compliance@tam-llc.com) or,

Trust Asset Management, LLC  
Attn: General Counsel  
1900 Saint James Place Suite 300  
Houston, Texas 77056

**Item 12 - Brokerage Practices**

Under the TAM investment advisory agreement with each Client, the person or entity with authority to make decisions on behalf of the Client (i.e. the Trustee of each trust Client or the manager of the Private Fund) has the responsibility to choose which securities broker through whom TAM's investment advice and strategy is implemented.

As a part of the services it provides, TAM makes recommendations to Clients as to brokerage platforms and other service providers and products that will be the most effective for its Clients. In order to better serve its Clients, TAM has entered into a services agreement with a "prime broker" whereby TAM is able to use a proprietary online trading platform on behalf of its Clients. In addition, TAM has entered into services agreements with certain introducing or "executing" brokers including a "soft dollar services" broker. TAM's Clients often take those recommendations with respect to which broker or other service provider to use. However, both TAM and the prime broker require that the Client enter into a separate agreement with the prime broker. It is TAM's policy to seek the best execution available in light of the overall quality of brokerage and research services provided to it or its Clients. Best execution involves reasonably seeking the most favorable terms for a transaction under the circumstances. TAM's relationship with the prime broker enables it to rely on that broker to help fulfill its obligation to seek best execution through use of the proprietary online trading platform. TAM's soft dollar services executing broker rebates two thirds of the commission it earns to be used by TAM to purchase investment related products and services which the broker may purchase on TAM's behalf. The relationship with the soft dollar broker has been in place since October 2014. Please see discussion of Soft Dollar Benefits below.

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The actual allocation of brokerage business between and among the Prime Broker and Executing Brokers may vary from year to year. In no case will TAM make binding commitments as to the level of brokerage commissions it will allocate to a broker, nor will it commit to pay cash if an informal target is not met.

Directed Brokerage

Under its investment advisory agreement with TAM, each Client has the option of directing TAM to use a particular executing broker to effect particular trades in its account. In following the Client's direction to use a particular executing broker to execute either all or part of the brokerage transactions from their accounts, Clients must be aware that, in doing so, they may adversely affect TAM's ability to obtain volume discounts on aggregated orders or seek to achieve best execution.

When effecting aggregated orders, we attempt to include transactions of Clients who have directed the use of a particular executing broker in the bunched order. In such transactions, the previous executing broker must agree to transfer that portion of an aggregated order relating to a Client who has directed the use of a particular broker to the new executing broker specified by the Client. If the previous executing broker does not agree to make this transfer, the order for the same securities on behalf of a Client who has directed the use of a particular executing broker will be executed through the specified broker and the cost of the transaction may be greater.

In selecting executing brokers for a portfolio transaction, a Client must consider, without limitation, the overall direct net economic impact results to an account, including both price paid or received and any commissions and other costs paid, the efficiency with which the transaction is effected, the ability to effect the transactions at all where a large block is involved, the availability of the broker to stand ready to execute possibly difficult transactions in the future, responsiveness to TAM and the financial strength and stability of the broker.

Trade Aggregation and Allocation

TAM seeks to aggregate orders for the purchase or sale of the same security for Client accounts where TAM deems this to be appropriate and in the best interests of the accounts, consistent with applicable regulatory requirements. TAM has implemented an electronic and automated Order Management System to better accomplish this task. When a bunched order is filled in its entirety, each participating Client account will participate at the volume weighted average share price for the aggregated order on the same business day, and the transaction costs shall be shared pro-rata based on each Client's participation in the aggregated order. When an aggregated order is only partially filled, the securities purchased will be allocated on a pro-rata basis to each account participating in the aggregated order based on the initial amount requested for the account, subject to certain exceptions (such as de minimis orders) and each participating account will participate at the volume weighted average share prices for the aggregated order on the same business day. TAM performs investment advisory services for multiple Clients and may give advice and take action, with respect to any of those, which may differ from the advice given or the timing or nature of action taken with respect to any other Client. However, over a period of time and to the extent practical, TAM allocates investment opportunities to each Client and account on a fair and equitable basis relative to other similarly situated Client accounts.

### Cross Transactions

TAM generally does not engage in agency cross or principal transactions. However, there are some circumstances where Client A needs to liquidate some of its positions in its account while Client B needs to acquire more of that same security. TAM arranges for an executing broker to execute Client A's sell transaction and Client B's buy transaction and relies on the broker's best execution policy and procedure. TAM will engage in a cross trade only if such trade is in the best interests of each participating Client and no Client is disadvantaged by such trade.

### Soft Dollar Benefits

TAM utilizes Client brokerage commissions (or markups or markdowns) to obtain certain products and services that benefit both TAM and its Clients. The products include trading software in TAM's efforts to achieve best execution. TAM benefits from utilizing soft dollars to the extent TAM might otherwise pay for these products and services. As the level of market trading through brokers differs amongst its Clients, some TAM Clients may indirectly receive disproportionate levels of benefit from this program.

Our use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision making responsibilities. As required by Section 28(e), we will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

### **Item 13 - Review of Accounts**

The Chief Investment Officer is responsible for monitoring and maintaining compliance with the Client objectives and conducts reviews periodically throughout the year. Formal reviews are conducted at least annually. This includes a review of Client portfolio asset allocation, the effects or demands of external cash flows, investment strategies, securities, adherence to Client investment guidelines and benchmarks, and performance analysis.

Written account and performance information are available to Clients on a quarterly basis. More frequent reports may be provided upon request.

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

TAM does not enter into agreements with or make commitments to broker-dealers or any other persons or entities under which TAM is obligated to compensate them for Client referrals.

### **Item 15 – Custody**

TAM is related to its current Clients by virtue of common ownership. However, TAM does not have custody of Client funds, as that term is defined by SEC Rule 206(4)-2. All Client assets are held in custody by unaffiliated broker-dealers or banks that serve as qualified custodians; however, TAM may be deemed to have custody of Client funds and securities because it or its affiliate has the authority to obtain Client funds or securities, for example by deducting Advisory fees from a Client's account or otherwise withdrawing funds from a Client's account.

Account statements related to the Private Funds are sent by qualified custodians to TAM. TAM statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

TAM is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to the Lighthouse Balanced Fund, Axys Capital Income Fund, and Axys Capital Total Return Fund ("Private Funds") because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception," which, among other things, requires that such Private Funds be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Private Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

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

Under the terms of the discretionary investment advisory agreement it has with each Client with an individual account, TAM has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, amount of securities to be bought or sold, broker or dealer to be used (unless otherwise directed by a Client) and commission rates paid. Under these agreements, TAM's Clients, other than its Private Fund Clients, grant it full discretionary authority over securities purchases and sales. TAM's actions are subject to investment objectives and guidelines that are established by the Investment Policy Statement prescribed for each Client as well as the agreement between TAM and the trustee or manager of the Client at the time the account is opened or specific investment is effective, and, in any event subject to the Client's ability to name an executing broker.

With respect to its Private Fund Clients, TAM advises on a discretionary basis in accordance with the terms of the investment advisory agreements with such Clients.

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

#### Proxy Voting Policies and Procedures

TAM does not vote proxies for its Clients with respect to securities of companies held by its Clients. That is a responsibility retained by the trustees or managers of TAM Clients. If and when it receives any proxy, informational or voting materials, TAM forwards those promptly to the trustees of the trusts or managers of the private funds which hold the securities.



Class Action Lawsuits

TAM is not responsible for exercising Clients' rights to participate in the proceeds of class action lawsuits affecting securities they own or have owned. TAM will generally not notify Clients regarding class action lawsuits and will not transmit proof of claim forms to Clients except upon Client request.

**Item 18 – Financial Information**

As an adviser which has discretionary authority over client assets, TAM is required to disclose any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to Clients. At the present time, TAM knows of no such financial condition.

**Item 19 – Requirements for State Registered Advisers**

TAM is not a state registered adviser.

**Business Continuity Plan**

TAM has a Business Continuity Plan that addresses how the firm will respond to events that may disrupt its business. If the main telephone line is inactive, the emergency contact line is (844) 881-2591. If the emergency line is down, clients should please contact the custodian for all TAM clients, Pershing Adviser Solutions at its Operations Line (866) 578-6051. TAM will resume operations as quickly as possible (with the goal of resumption within twenty-four hours) depending on the severity of the business disruption. The TAM Business Continuity Plan covers data backup and recovery, mission critical systems, financial and operational assessments, alternative communications, alternate business locations, regulatory reporting and the assurance of prompt access to funds and securities for our customers. Additional details regarding the firm's Business Continuity Plan are available upon request.

**Privacy Notice to Customers**

TAM does not disclose nonpublic information about our clients or former clients except as permitted or required by law. We restrict access to nonpublic information about clients (that we may obtain from a client's account and transactions) to those employees who need to know that information to provide products or services. TAM maintains physical, electronic and procedural safeguards that comply with federal standards, where appropriate, to safeguard nonpublic information.