

# **Provenio Capital Management Inc.**

4400 MacArthur Blvd.  
Suite 310  
Newport Beach, CA 92660  
949-301-9060  
[www.proveniocapital.com](http://www.proveniocapital.com)

## **Form ADV, Part 2A Brochure**

March 27, 2020

This brochure provides information about the qualifications and business practices of Provenio Capital Management Inc. ("Provenio Capital"). If you have any questions about the contents of this brochure, please contact us at 949-301-9060 or [tricia@proveniocapital.com](mailto:tricia@proveniocapital.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.

Any reference to or use of the terms "registered investment adviser" or "registered," does not imply that Provenio Capital or any person associated with Provenio Capital has achieved a certain level of skill or training.

Additional information about Provenio Capital is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 - MATERIAL CHANGES

Revised March 27, 2020

This brochure supersedes the prior version of this brochure, dated March 28, 2019 (the “Prior Version”).

The purpose of this page is to inform you of material changes since the last annual update to our disclosure brochure (Form ADV Part 2A). Provenio Capital reviews and updates our brochure at least annually to confirm that it remains current.

There have been no material changes since the Prior Version.

## ITEM 3 - TABLE OF CONTENTS

<b>ITEM 1 - COVER PAGE.....</b>	<b>1</b>
<b>ITEM 2 - MATERIAL CHANGES.....</b>	<b>2</b>
<b>ITEM 3 - TABLE OF CONTENTS.....</b>	<b>2</b>
<b>ITEM 4 - ADVISORY BUSINESS.....</b>	<b>4</b>
Description of Advisory Firm .....	4
Advisory Services Offered.....	4
Investment Management Services.....	4
Financial Planning Services.....	5
Other Consulting Services .....	6
Tailored Services and Client Imposed Restrictions.....	6
Wrap Fee Programs .....	6
Assets Under Management .....	6
<b>ITEM 5 - FEES AND COMPENSATION .....</b>	<b>7</b>
Fee Schedule.....	7
Investment Management Services.....	7
Billing Method .....	8
Investment Management Services.....	8
Other Fees and Expenses.....	9
Termination .....	9
Investment Management Services.....	9

Other Compensation .....	10
<b>ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....</b>	<b>10</b>
<b>ITEM 7 - TYPES OF CLIENTS .....</b>	<b>10</b>
<b>ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>10</b>
Investment Strategies.....	10
Manager Selection.....	11
Third Party Manager Strategies and Risks .....	11
Investing Involves Risk.....	12
Specific Security Risks.....	12
General Risks of Owning Securities.....	12
Mutual Funds (Open-end Investment Company) .....	12
Financial Planning.....	14
<b>ITEM 9 - DISCIPLINARY INFORMATION.....</b>	<b>14</b>
<b>ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....</b>	<b>15</b>
Affiliated Insurance Agency.....	15
General Partners.....	15
Other Investment Adviser .....	15
<b>ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....</b>	<b>15</b>
Code of Ethics .....	15
Personal Trading Practices .....	16
Other Investment Adviser .....	16
Participation or Interest in Client Transactions.....	17
<b>ITEM 12 - BROKERAGE PRACTICES .....</b>	<b>17</b>
Factors Considered in Selecting Broker-Dealers for Client Transactions .....	17
Research and Other Benefits .....	17
Aggregation of Transactions.....	18
<b>ITEM 13 - REVIEW OF ACCOUNTS.....</b>	<b>18</b>
Account Reviews.....	18
Financial Plan Reviews.....	18
Account Reporting.....	19
<b>ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION.....</b>	<b>19</b>

Benefits We Receive from Custodial Brokers .....	19
Fee Sharing for Client Referrals .....	19
<b>ITEM 15 - CUSTODY .....</b>	<b>19</b>
<b>ITEM 16 - INVESTMENT DISCRETION .....</b>	<b>20</b>
<b>ITEM 17 - VOTING CLIENT SECURITIES .....</b>	<b>20</b>
Proxy Voting.....	20
Class Actions .....	21
<b>ITEM 18 - FINANCIAL INFORMATION .....</b>	<b>21</b>

## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

Provenio Capital Management Inc. (“Provenio Capital”) is a privately owned Corporation headquartered in Newport Beach, California. Provenio Capital is registered as an investment adviser with the U.S. Securities and Exchange Commission.

Provenio Capital was founded in 2016 and is a wholly owned subsidiary of Provenio Capital Inc., of which Benjamin Durrant and Kevin Murphy are the principal owners.

### Advisory Services Offered

Provenio Capital offers the following services to advisory clients:

#### Investment Management Services

##### *Separate Accounts*

Provenio Capital provides investment supervisory services to clients primarily regarding the use of alternative investments through private funds, mutual funds, and third party separate account managers. Our objective is to identify investment managers that have a track record of employing disciplined investment strategies to extract returns from the equity, credit, FX, rates, and/or commodity markets. Provenio Capital’s investment management services include identifying, evaluating, screening, and monitoring investment managers.

Provenio Capital may also occasionally offer advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry. Provenio Capital may offer investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks for the primary investments that we utilize under the heading ***Specific Security Risks*** in ***Item 8*** below.

We discuss our discretionary authority below under ***Item 16 - Investment Discretion***. For more information about the restrictions clients can put on their accounts, see ***Tailored Services and Client***

***Imposed Restrictions*** in this item below. We describe the fees charged for investment management services below under ***Item 5 - Fees and Compensation***.

### *Insurance Dedicated Fund*

Provenio Capital is the investment subadviser to an eligible insurance dedicated fund (the “IDF Fund”), which invests in marketable and private securities. Provenio Capital has limited discretion over the investments within the IDF Fund which is administered by an unaffiliated third party.

### *Special Purpose Vehicles*

Provenio Capital intends to provide discretionary investment management services to private investments vehicles typically structured as special purpose vehicles (“SPVs”) for certain investments which will generally pursue the same investment strategy as the separately managed accounts. The SPVs are administered and custodied by an unaffiliated third party.

### *Financial Planning Services*

Provenio Capital offers a range of financial planning services, from broad planning to custom planning focused on specific areas requested by the client.

As part of the financial planning process, Provenio Capital collects information about the client’s financial situation and needs, which may include: net worth, income, expenses, taxes, investments, retirement plans, life insurance, disability insurance, health insurance, long term care insurance, business agreements, divorce papers, pre-nuptial agreements, estate documents, and any other documents that pertain to their overall financial picture. In addition, Provenio Capital asks the client about their future goals and objectives. Provenio Capital then develops a personalized plan including specific recommendations in all applicable areas. Typically, we develop the plan with the client over several in-person meetings.

Provenio Capital may also work with the client to provide advice regarding a particular aspect of the client’s financial situation. Areas of focus might include:

1. Preparing for or living in retirement
2. Investment strategies
3. Estate planning strategies
4. Income tax planning
5. Stock option analysis and planning
6. Insurance: life, disability, medical, long-term care insurance
7. Family savings and cash flow planning
8. Education planning and funding
9. Charitable gifting
10. Debt management
11. Employee benefit usage
12. Other, as determined between Provenio Capital and the client

Our financial planning services do not include preparation of any kind of income tax, gift, or estate tax returns nor preparation of any legal documents, including wills or trusts.

We describe fees charged for financial planning services below under ***Item 5 - Fees and Compensation***.

### *Other Consulting Services*

Provenio Capital offers other consulting services as requested by the client. The scope of the services will be determined by agreement with the client.

## **Tailored Services and Client Imposed Restrictions**

Provenio Capital manages assets for each client based on the client's individual circumstances and financial situation. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our investment decisions may not be suitable if the client does not provide us with accurate and complete information. It is the client's responsibility to keep Provenio Capital informed of any changes to their investment objectives or restrictions.

Clients may also request other restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or does not want Provenio Capital to buy or sell certain specific securities or security types in the account. Provenio Capital reserves the right to not accept and/or terminate management of a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

## **Wrap Fee Programs**

Provenio Capital does not manage accounts as part of a wrap or bundled fee program.

## **Assets Under Management**

Provenio Capital manages client assets on either a discretionary or non-discretionary basis. As of 12/31/2019, the total amount of assets under our management was:

Discretionary Assets	\$ 50,521,953
<u>Non-Discretionary Assets</u>	<u>\$ 751,854,512</u>
Total Assets	\$ 802,376,465

## ITEM 5 - FEES AND COMPENSATION

### Fee Schedule

#### Investment Management Services

##### *Separate Accounts*

Provenio Capital charges tiered advisory fees for investment management services based on a percentage of the assets under management. Provenio Capital's advisory fees are charged at a blended rate as the client's assets reach each tier, per the following schedule:

	<u>Assets Under Management</u>		<u>Annual Fee Rate</u>
Tier 1	\$0	\$15,000,000	1.00%
Tier 2	\$15,000,000	\$25,000,000	0.85%
Tier 3	\$25,000,000	\$35,000,000	0.65%
Tier 4	\$35,000,000	\$45,000,000	0.45%
Tier 5	\$45,000,000	\$80,000,000	0.35%
Tier 6	\$80,000,000	\$130,000,000	0.25%
Tier 7	\$130,000,001+		0.20%

Our standard fee schedule is negotiable based on a number of factors, which include but are not limited to "grandfathered" accounts, related accounts, and other structures that we may consider in special situations. Provenio Capital may manage some accounts without charge.

##### *IDF Fund*

The fees charged to the Fund are outlined in the Fund's offering documents. Provenio Capital receives a percentage of assets invested in the IDF Fund. The invested assets are valued monthly based on holdings held within the Fund. Provenio Capital receives fee payments on a quarterly basis in arrears based on the aggregate AUM invested in the IDF Fund.

##### *SPVs*

Fees assessed for each SPV will be based on performance rather than assets under management. Each SPV's specific fee and compensation arrangement will be set forth in the governing documents, subscription agreements and any investment management agreement between Provenio Capital and each SPV.

#### Financial Planning and Other Consulting Services

Provenio Capital offers financial planning and consulting services for a mutually agreed upon flat fee, typically ranging between \$5,000 and \$100,000. The total fee is dependent upon the level and scope of these services.

## Billing Method

### Investment Management Services

Provenio Capital's advisory fees are payable quarterly in arrears. Billable values are based on the average daily market value of the account during the quarter, where available. If daily pricing is not available, billable values will be based on the most frequently available pricing data, which may be monthly (average of the account's value on the last day of each month in the calendar quarter), quarterly (quarter end value), or annually (most recent reported value). Provenio Capital generally excludes cash positions from the billable value of the account. In the event a security is not priced by the client's custodian or Provenio Capital believes that the custodian's price does not adequately represent investment value, we may obtain a price from the issuer of the security or other independent third-party or otherwise take steps to "fair value" the security, in accordance with Provenio Capital's internal valuation procedures. For new client accounts, the first payment is a pro-rata calculation that takes into consideration the number of days remaining in the quarter and the initial value of the portfolio.

It is up to the client whether they wish to have the advisory fees withdrawn directly from their custodian account or pay by check or wire. With client authorization, Provenio Capital will automatically withdraw Provenio Capital's advisory fee on a quarterly basis from the client's account held by an independent custodian. Clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee for those clients who authorize the advisory fees to be withdrawn directly from their custodian account. Provenio Capital will send an invoice to any clients who choose not to have advisory fees withdrawn directly from their custodian account. The invoice is payable upon receipt and will include the fee calculation and amount due.

### IDF Fund

Provenio Capital advisory fees are payable quarterly in arrears based on assets under management. The IDF Fund administrator calculates the fees on a monthly basis and deducts the fees from the IDF Fund on a quarterly basis.

### SPVs

Upon a successful exit, each investor will receive the agreed upon performance based fee on any investment gains in addition to the distribution of capital invested by the investor.

### Financial Planning and Other Consulting Services

Generally, 50% of the total fees are due and payable at the time the client executes the agreement, with the remaining 50% of the fee due upon presentation of the project to the client. Provenio Capital may negotiate alternative billing terms by agreement with the client.



## Other Fees and Expenses

Provenio Capital's fees do not include custodian fees or the fees charged by third party managers. Clients should review the third party manager's Form ADV 2 brochure regarding fee schedules, other fees charged by the managers, and applicable billing methods. Clients pay all brokerage commissions, stock transfer fees, margin charges, foreign exchange and settlement fees, and/or other charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees the client pays to Provenio Capital.

In addition, any mutual fund shares held in a client's account may be subject to 12b-1 fees, early redemption fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to Provenio Capital for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, clients with mutual funds in their portfolios are effectively paying both Provenio Capital and the mutual fund manager for the management of their assets.

## Termination

### Investment Management Services

Either party may terminate the advisory agreement with 30 days' notice by providing written notice to the other party. Terminations will be effective as of the end of the quarter.

Upon termination of the agreement, any earned, unpaid advisory fees will be due and payable. The client will receive an invoice showing the advisory fees due for services rendered and not yet paid.

Terminations will not affect liabilities or obligations from transactions initiated in client accounts prior to termination. In the event the client terminates the investment advisory agreement, Provenio Capital will not liquidate any securities in the account unless instructed by the client to do so. In the event of client's death or disability, Provenio Capital will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party. Our ongoing management and/or ability to effect transactions in a client's account(s) may be limited by restrictions placed on accounts by the client's broker/custodian.

### Financial Planning and Other Consulting Services

Provenio Capital considers our planning and consulting services to be complete and the agreement terminated upon delivery of the financial planning or consulting project. In the event that either the client or Provenio Capital wishes to terminate a financial planning or consulting agreement before completion of the project, either party may terminate the agreement at any time by providing written notice to the other party. If the client terminates the agreement prior to delivery of the final project, the client will not receive a refund of any of the initial 50% project fee payment.

## **Other Compensation**

Provenio Capital does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. At times, the issuer of a security may offer an incentive to Provenio Capital for recommending the issuer's fund to our clients. Provenio Capital will always seek to negotiate any incentives so that they directly benefit our clients, such as through improved investment terms or a rebate back to the applicable clients.

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

Provenio Capital is entitled to earn performance-based compensation related to the recommendation of private investments. From time to time, Provenio Capital and a client may agree that, in lieu of an asset-based management fee, Provenio Capital will receive a percentage of the capital gains earned by the client from a recommended investment.

Provenio Capital will be entitled to earn performance-based fees in lieu of asset-based management fees as it relates to each SPV. The fee range is expected to be between 5% with no hurdle and 20% with a hurdle. Each fee will be described in the governing document.

Performance-based compensation may create an incentive for the Firm to recommend investments that are riskier or more speculative than would be the case made under a different fee arrangement. The performance-based compensation are charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act.")

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

Provenio Capital provides advisory services to individuals, high net worth individuals, trusts and estates, foundations, individual participants of retirement plans, pension and profit sharing plans, businesses, the IDF Fund and the SPVs.

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

### **Investment Strategies**

Provenio Capital works with each client to develop an investment strategy designed for their financial goals. Our discussions with the client consider the client's investment objectives, time horizon, risk tolerance, tax considerations, and any special considerations and/or restrictions the client places on the management of the account. Provenio Capital will then recommend investments that we feel are consistent with the client's objectives. Since Provenio Capital treats each client account uniquely, client portfolios with a similar investment objectives and asset allocation goals may own different securities. Timing and tax factors also influence Provenio Capital's investment decisions.

## Manager Selection

Provenio Capital has a detailed and disciplined process for identifying, evaluating, screening and monitoring investment managers. We value a combination of quantitative and qualitative analysis in assessing fund managers.

The firm sources potential new managers using its network of relationships, industry reports, conferences and quantitative screens. As a starting point to the review process, we perform extensive quantitative due diligence on the manager's returns. Provenio Capital looks for managers that have a track record of employing disciplined investment strategies to extract returns from the equity, credit, FX, rates, and/or commodity markets. Once a manager passes our quantitative screens, we take a deeper qualitative dive to understand the portfolio manager's investment philosophy and strategy. The two main areas of diligence we focus on are a) investment team/investment process/risk management and b) operational infrastructure/compliance/policies and procedures. When we decide we want a manager to be added to our recommended list, they must be approved internally by the Investment Committee. After we have invested with a manager, we have a continuing process to monitor material changes to personnel, process and firm and evaluate the manager's performance.

Risks associated with managers can include:

- Style drift: The manager deviates from the strategy or approach for which they were hired. For example a long/short equity manager starts trading credit in their portfolio.
- One of the investment partners leaves the firm: A change in the primary investment decision makers can adversely affect the implementation of the strategy.
- Operational Issue: Timely reporting, lack of communication, inaccuracies in reporting documents/periodicals, change to third party service providers that we do not know.
- Investor Concentration: If a fund receives redemptions, their business may be exposed to investor concentration risk that leads to inherent business risk.
- Violation of Risk Limitations: The manager breaches risk limitations stated during our due diligence process and for which the manager was hired.
- Significant Organizational Changes: Changes in ownership, incentives, legal or regulatory issues, high employee turnover.

### Third Party Manager Strategies and Risks

The third party managers Provenio Capital recommends utilize their own investment process and methods of analysis. The strategies and securities these managers invest in may have different or additional risks than those described in this brochure. Clients can find more information about the strategies and related risks of the third party managers in **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** in each manager's Form ADV 2 brochure.

## Investing Involves Risk

Investing in securities always involves the risk that you will lose money. Before investing in the securities markets, clients should be prepared to bear that risk. Over time, a client's account value will fluctuate. At any time, your assets may be worth more or less than the amount you invested.

Provenio Capital recommends investments that we believe are appropriate for the client, based on our understanding of the client's risk tolerance and investment objectives. We have generally summarized below what we feel are relevant risks broadly relating to the types of securities we primarily recommend for client accounts; however, securities may be subject to additional risks that are specific to that security or issuer, and we cannot and do not attempt to cover all risks that clients may be exposed to within their portfolios. Clients are strongly encouraged to review the prospectus disclosures and offering documents, where available, relating to the securities held in their portfolios if they have any questions, as these documents discuss in more detail the risks relating to the particular product. These documents are provided to the client by the issuer or the client's custodian/broker.

## Specific Security Risks

### General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate can decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations can also affect security prices and income.

### Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase.

The benefits of investing through mutual funds include professional management, diversification, affordability, and liquidity. Mutual funds also have features that some investors might view as disadvantages:

#### Costs Despite Potential for Negative Returns

Mutual funds pay operating and other expenses from fund assets regardless of how the fund performs, which are indirectly charged to all holders of the mutual fund shares. Depending on the timing of their

investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

#### Lack of Control

Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

#### Price Uncertainty

With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

#### Alternative Investment Funds

Alternative investments fall outside the three traditional asset types (stocks, bonds, and cash), and include hedge funds, managed futures, real estate, commodities and derivatives contracts. Alternative investment funds generally seek to provide returns with a low correlation to returns of standard asset classes. Each fund is subject to specific and often enhanced risks, depending on the nature of the fund. Clients should carefully review the prospectus disclosures and offering documents of these products, which contain important information about the specific risks of the product.

An alternative investment fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In many cases, an alternative investment fund is an investment vehicle that is typically not registered under federal or state securities laws. So that alternative investment funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Many but not all alternative investment funds use leverage as part of their investment strategies. Some alternative investment funds management fees typically include a base management fee along with a performance component. In many cases, the fund's managers may become "partners" with their clients by making personal investments of their own assets in the fund. Many alternative investment funds offer their securities by providing an offering memorandum or private placement memorandum. The offering memorandum covers important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in the alternative investment fund. Risks of alternative investment funds include the following:

1. Alternative investment funds do not sell publicly and are therefore illiquid. An investor may not be able to exit an alternative investment fund or sell its interests in the fund before the fund closes.
2. Alternative investment funds are subject to various other risks, including risks associated with the types of securities in which the private fund invests.

## Financial Planning

The financial planning tools Provenio Capital uses to create financial plans for clients rely on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use estimates of future returns of asset classes, not returns of actual investments, and do not include fees or expenses that clients would pay if they invested in specific products.

Financial planning software is only a tool used to help guide Provenio Capital and the client in developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the information provided by the client regarding the client's assets, risk tolerance, and personal information. Changes to the program's underlying assumptions or differences in actual personal, economic, or market outcomes may result in materially different results for the client. Clients should carefully consider the assumptions and limitations of the financial planning software as disclosed on the financial planning reports and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or financial planning program. If the financial plan includes recommendations for investing in securities, you should understand that investing in securities involves risk of loss, and you should be prepared to bear that risk.

### Cybersecurity and Systems Risks

Provenio relies on computer programs, networks, devices and systems (and may rely on new systems and technology in the future) in connection with the Firm's investment activities. These programs or systems can be subject to certain defects, failures, interruptions or security breaches, including, but not limited to, those caused by computer "worms," viruses, power failures and social engineering schemes such as "phishing," each of which could result in a loss to the clients.

Provenio's operations are dependent on each of these systems and the successful operation of such systems is often out of the Firm's control. Any such defect, failure or breach could have a material adverse effect to clients, the Firm or its affiliates. Cybersecurity breaches can cause (i) disruptions and impact business operations, potentially resulting in financial losses to the clients; (ii) the inability of the Firm and other service providers to transact business; (iii) violations of applicable privacy and other laws; (iv) regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as (v) the inadvertent release of confidential or sensitive information.

## ITEM 9 - DISCIPLINARY INFORMATION

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our business or the integrity of our management. Provenio Capital does not have any disciplinary information to disclose.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### Affiliated Insurance Agency

Provenio Capital is affiliated with Provenio Capital Insurance Services Inc. (“Provenio Insurance”), a licensed insurance agency. Provenio Capital and Provenio Insurance share the same principal place of business and are both 100% owned by Provenio Capital Inc. Certain Associated Persons of Provenio Capital are also licensed as insurance agents through Provenio Insurance. As licensed insurance agents, Associated Persons may offer insurance products and receive normal and customary commissions if a client purchases insurance products. This presents a conflict of interest to the extent that Associated Persons would have greater incentive to recommend products that result in a commission. When recommending commissionable products to advisory clients, we have a fiduciary duty to recommend products that are in the best interest of the client regardless of whether we are receiving a commission on the product. Clients are under no obligation to act on any insurance recommendations or place any transactions through these insurance agents if they decide to follow their recommendations.

### General Partners

Each SPV will have a General Partner entity which will be an affiliate of Provenio Capital. Pursuant to management agreements between the SPVs, the Firm a, and the GP Entities, Provenio Capital will provide investment advisory services to the SPVs.

### Other Investment Adviser

Benjamin Durrant, a principal of Provenio Capital, has a profit-sharing interest in Carmika Partners LLP, which manages an investment product in which certain Provenio Capital clients are invested. Because of this profit-sharing interest, a conflict of interest exists when Mr. Durrant or Provenio Capital recommends Carmika Partners to the Firm’s clients. See **Other Investment Adviser** under **Item 11** below for more information on how we address this conflict.

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

### Code of Ethics

Provenio Capital believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. Provenio Capital has adopted a Code of Ethics that emphasizes the high standards of conduct that Provenio Capital seeks to observe. Provenio Capital’s personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

Provenio Capital’s Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Provenio Capital’s personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable federal securities laws. Additionally, employees who

formulate investment advice for clients or who have access to nonpublic information regarding any clients' purchase or sale of securities are subject to personal trading policies governed by the Code of Ethics (see below).

Provenio Capital will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

A Provenio Capital client has a non-controlling, passive ownership interest in Provenio Capital. In the performance of our investment advisory and management services, Provenio Capital makes no distinction between a client who has an ownership interest and any other clients. Provenio Capital's client relationships and services are at all times managed in accordance with the Provenio Capital Code of Ethics for the benefit of all clients. Nevertheless, as a result of the ownership interest, the client may, as a practical matter, from time to time have the opportunity for access to Provenio Capital, our investment professionals and staff to a degree different from that available to other clients.

### *Personal Trading Practices*

Provenio Capital and our employees may purchase or sell securities for themselves that we also recommend to clients. This presents a conflict of interest, as we may have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

1. The client receives the opportunity to act on investment recommendations prior to or at the same time as accounts of Provenio Capital and our employees.
2. Provenio Capital prohibits trading in a manner that takes personal advantage of client transactions.
3. Provenio Capital requires our employees to obtain pre-approval for personal trades from the Chief Compliance Officer and to report their personal securities transactions to the firm.
4. Under certain limited circumstances, we make exceptions to the policies stated above. Provenio Capital will maintain records of these trades, including the reasons for any exceptions.

## **Other Investment Adviser**

As described above in ***Other Investment Adviser*** under ***Item 10***, a conflict of interest exists because of a profit-sharing interest in Carmika Partners LLP held by Benjamin Durrant, a principal of Provenio Capital. While clients are under no obligation to act upon any recommendation to invest in Carmika Partners LLP, Provenio Capital will also confirm in each case that the investment recommendation is in the best interest of the client. In addition, Provenio Capital will disclose the conflict of interest with the client at



the time of recommending the investment. Further, Provenio Capital will not receive any compensation in connection with the recommendation of this investment.

## **Participation or Interest in Client Transactions**

From time to time, Provenio Capital may recommend that clients invest in a company in which one or more of our employees has an ownership interest. This presents a conflict of interest between the client's interests and the interests of the Provenio Capital employee. To address this conflict, Provenio Capital will disclose existing ownership interests in companies recommended to clients at the time of the recommendation. These investments are subject to the same due diligence and approval standards as any other investment recommended to clients. Neither Provenio Capital nor our employees will receive additional compensation in connection with recommending such investments beyond Provenio Capital's customary advisory fees and any indirect benefit received as a result of the ownership interest (see also ***Other Compensation*** under ***Item 5***).

From time to time, Provenio Capital may recommend that clients make an investment in which one or more of its clients has an ownership interest. This presents a conflict of interest between the client's interests and the interests of Provenio Capital. To address this conflict and to ensure the Firm is acting in its clients best interest, Provenio Capital conducts initial and ongoing due diligence of all recommended investments.

## **ITEM 12 - BROKERAGE PRACTICES**

### **Factors Considered in Selecting Broker-Dealers for Client Transactions**

Provenio Capital requires clients to have one or more custodian accounts in their own name, at a qualified custodian of the client's choice, for any cash or securities managed by Provenio Capital. For clients in need of brokerage or custodial services, Provenio Capital may recommend the use of Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. ("Schwab"). Schwab is an unaffiliated SEC-registered broker-dealer and FINRA (Financial Industry Regulatory Authority) member firm and is a qualified custodian. Custodians offer services to independently registered investment advisors, which include custody of securities, trade execution, and clearance and settlement of transactions. The client will enter into a separate agreement with the custodian to custody the assets. We are independently owned and operated, and unaffiliated with Schwab.

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, their respective financial strength, reputation, execution, pricing, commissions and execution costs, research, and service.

#### **Research and Other Benefits**

Provenio Capital may receive from particular broker-dealers/custodians, without cost (or at a discount), support services and/or products that benefit Provenio Capital but may not directly benefit our clients

or their accounts. The custodians make available products and services that assist Provenio Capital in managing and administering clients' accounts including software and other technology that:

1. provide access to client account data (such as trade confirmations and account statements);
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide research, pricing and other market data;
4. facilitate payment of Provenio Capital's fees from our clients' accounts; and
5. assist with back-office functions, recordkeeping, and client reporting.

The custodians also offer other services intended to help Provenio Capital manage and further develop our business enterprise. These services may include:

1. educational conferences and events;
2. compliance, legal and business consulting;
3. publications and conferences on practice management and business succession; and
4. access to employee benefits providers, human capital consultants, and insurance providers.

The custodians may provide some of these services themselves or arrange for third-party vendors to provide the services to Provenio Capital. The custodians may also discount or waive their fees for some of these services or pay all or a part of a third party's fees. The custodians may also provide Provenio Capital with other benefits, such as occasional business entertainment of the Firm's personnel. In evaluating whether to recommend that clients custody their assets at a specific custodian, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely the nature, cost or quality of custody and brokerage services provided by custodians, which may create a potential conflict of interest.

## **Aggregation of Transactions**

Since Provenio Capital does not trade in individual securities, we do not aggregate client transactions. In making securities recommendations to clients, we seek to treat all clients equitably. Provenio Capital has adopted policies and procedures intended to ensure that our trading allocations are fair to all of our clients.

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

### **Account Reviews**

Provenio Capital manages client's portfolios on a continuous basis. We offer account reviews to clients on a quarterly basis. The Portfolio Managers conduct reviews, considering client objectives, account performance, and overall portfolio construction.

### **Financial Plan Reviews**

Provenio Capital is responsible for creating and reviewing clients' financial plans. Provenio Capital will generally contact clients annually to discuss any changes in the client's circumstances and necessary

updates to the financial plan. We also work with clients on an ongoing basis to review the plan as needed or as requested by the client.

## **Account Reporting**

Each client receives a written statement from the custodian that includes an accounting of holdings and transactions in the account for the reporting period. In addition, Provenio Capital provides written reports detailing performance in client accounts on a quarterly basis.

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

### **Benefits We Receive from Custodial Brokers**

We receive an economic benefit from our recommended custodians in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts in their custody. These products and services, how they benefit Provenio Capital, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability of custodial brokers' products and services to use is not based on Provenio Capital giving particular investment advice, such as buying particular securities for the Firm's clients.

### **Fee Sharing for Client Referrals**

Provenio Capital may enter into revenue sharing arrangements with other advisers for client referrals. Currently, we have a revenue sharing arrangement in place with a prior partner to whom we referred clients in the past. Such referral arrangements will be in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940. We will disclose the nature of the relationship between the firms at the time of the referral and provide each prospective client with a copy of the adviser's brochure and any required additional disclosures.

## **ITEM 15 - CUSTODY**

Provenio Capital has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account or when clients have instructed us through a standard letter of authorization to disburse money to a third-party on their behalf. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from Provenio Capital as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

## ITEM 16 - INVESTMENT DISCRETION

Provenio Capital may provide investment management services on a discretionary or non-discretionary basis depending on the agreement with the client and type of security.

For alternative investments not held in the client's custodian account, the client's written agreement is required to participate in the investment and Provenio Capital has no discretionary authority. For these investments, Provenio Capital will recommend the security to the client, and if the client chooses to move forward with the investment, Provenio Capital will assist the client in acquiring the security from the issuer.

For separately managed accounts, Provenio Capital may or may not have discretion to select or change managers for the account. Our discretionary authority is outlined in the contracts clients sign with us or with the third party manager or in the custodian paperwork. The third party manager investing client assets will have full discretionary authority over the portion of the client's account they manage.

For mutual funds or securities held directly in the client's custodian account, Provenio Capital will have discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts and will not be required to contact the client prior to making trades in the account.

Certain client-imposed conditions may limit our discretionary authority, such as where the client prohibits transactions in specific security types. See also ***Tailored Services and Client Imposed Restrictions*** under ***Item 4***, above.

Provenio Capital's discretionary authority will be derived from its authority as the adviser of the SPVs and pursuant to an investment management agreement entered into by Provenio Capital and the GP entity. Due to the expected nature of the advisory relationship, Provenio Capital intends to manage the SPV assets on a non-discretionary basis.

## ITEM 17 - VOTING CLIENT SECURITIES

### Proxy Voting

For separately managed accounts, the appointed third party manager is typically responsible for voting proxies for securities selected by the manager that are held in clients' accounts. Provenio Capital does not accept nor have the authority to vote client securities. However, clients may call us if they have questions about a particular solicitation. Provenio Capital will not be deemed have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. For accounts subject to ERISA, an authorized plan fiduciary other than Provenio Capital will retain proxy voting authority.

For SPVs, Provenio Capital will generally not have, nor will it accept, the authority to exercise power to vote proxies with respect to client securities. As such, Provenio Capital will not vote proxies on behalf of investors. Should Provenio Capital be asked to vote or assist an investor with voting a proxy, the Firm will do so in the best interest of the investor.

## **Class Actions**

Provenio Capital does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

## **ITEM 18 - FINANCIAL INFORMATION**

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. Provenio Capital does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, does not have nor foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.