

**Item 1 - Cover Page**

**Pearson Creek Capital Management LLC**

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This brochure dated as of: February 27, 2020

This brochure provides information about the qualifications and business practices of Pearson Creek Capital Management LLC (“Pearson Creek”). If you have any questions about the contents of this brochure, please contact us at (312) 878-5520. 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.

Pearson Creek is a registered investment advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Pearson Creek also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Pearson Creek is 160354.

## Item 2 - Material Changes

Pearson Creek updates this document annually or more frequently in the event of certain material changes. This section outlines and summarizes the specific changes made since the document's previous update. Pearson Creek will offer a copy of this section to its clients within 120 days of the close of its fiscal year. Pearson Creek's clients may request a full copy of the latest version of this document at any time by contacting Ben Ruff, Chief Compliance Officer, at (312) 878-5520 or [ben.ruff@pearsoncreekcapital.com](mailto:ben.ruff@pearsoncreekcapital.com).

This is an annual amendment to Pearson Creek's ADV Part 2A ("Brochure"). The brochure has been amended to update the firm's AUM.

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#### **Item 4 - Advisory Business**

Pearson Creek Capital Management LLC is a fee-only registered investment advisor that serves as a fiduciary to its clients. The firm was formed in 2011 under the laws of the State of Illinois. The sole owner of the firm is Karl Benjamin Ruff (Ben). As of February 2020, the firm had \$215 million under management. Pearson Creek is an SEC registered investment advisor.

Pearson Creek provides investment management services to individuals and institutions. The firm values client education, transparency and trust. It is the goal of Pearson Creek to design and implement realistic, disciplined, long term investment plans for its clients. The firm engages in security and fund selection within an asset allocation framework.

Pearson Creek seeks to work with each of its clients to develop an investment plan that reflects the client's return objectives, cash needs, investment time horizon, and tolerance for risk. Client imposed restrictions and requirements are specified in the investment plan and adhered to by Pearson Creek.

Because Pearson Creek is focused on achieving long-term investment returns, disappointing returns over short periods of time are not a determining factor in Pearson Creek's decision to revise an investment portfolio or recommendation.

It is Pearson Creek's position that asset allocation is both an important risk mitigation tool and a key determinant of long term investment success. Commitments to asset allocation ranges are generally maintained through a disciplined rebalancing program, taking into account trading costs and tax implications.

As part of its commitment to transparency and objectivity, Pearson Creek does not accept compensation for the sale of any securities or other investment products. Pearson Creek does not participate in wrap fee programs.

#### **Item 5 - Fees and Compensation**

Pearson Creek furnishes investment management services to clients for compensation payable quarterly in advance. Management fees differ for individuals and institutions.

##### Individuals

Pearson Creek charges individuals a fee of 1/4 of 1% of assets under management per quarter. Fees are payable quarterly in advance on the basis of the market value of securities and cash in managed accounts on the last business day of the prior calendar quarter.

If a client wishes to have advisory fees paid from their account, the client must provide to the client's custodian a letter authorizing payment of fees to Pearson Creek upon receipt of invoices. Clients may also choose to be billed directly.

An advisory client has a right to terminate an investment contract at any time without penalty. If and when a client terminates an investment contract, advisory fees would be pro-rated.

#### Institutions

All aspects of Pearson Creek's agreements with institutions are separately negotiated, including fees and compensation.

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

Pearson Creek Capital Management LLC does not charge performance-based fees.

### **Item 7 - Types of Clients**

Pearson Creek offers its services to individuals, including their trusts, estates and retirement accounts, as well as to institutions.

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

Pearson Creek designs investment portfolios to match the return goals and risk tolerance of its various clients. The firm generally utilizes fundamental analysis to evaluate individual investment opportunities. The investment strategies employed by Pearson Creek generally are based on factors considered relevant to investors who are investing based on a long-term time horizon, a period generally exceeding 3-5 years.

Pearson Creek emphasizes to all clients that financial markets are inherently risky and unpredictable, especially over the short-run. Investors who are unable to tolerate short-run losses must reconcile themselves to modest expected returns over the long-term.

### **Item 9 - Disciplinary Information**

Pearson Creek Capital Management has not been the subject of a criminal or civil action, Administrative Enforcement Proceeding, or Self-Regulatory Organization Enforcement Proceeding.

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

Pearson Creek Capital Management LLC emphasizes objectivity in its investment management decisions. Ben Ruff is not a registered representative of any broker-dealer. Neither Pearson Creek nor any of its employees or related parties are registered or intend to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor. Pearson Creek does not utilize the services of third party money managers to manage client accounts.

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

Pearson Creek has a duty at all times to place the interests of its clients ahead of its own. Personal security transactions are conducted in a manner to avoid any actual or potential conflict of interest, or any abuse of a financial advisor's position of trust and responsibility.

Pearson Creek's Code of Ethics was designed to comply and meet the requirements of Rule 204A-1 under the Investment Advisers Act of 1940, and to fully reflect a registered investment advisor's fiduciary obligations and those of its supervised persons.

Pearson Creek has the responsibility to make sure that the interests of clients are placed ahead of its, or any supervised person's, own investment interests. Pearson Creek will conduct business in an honest, ethical, and fair manner. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. Pearson Creek and its personnel owe a duty of loyalty, fairness and good faith towards its clients. The firm and its personnel have an obligation to adhere both to the specific provisions of the Code of Ethics and its spirit. The Code of Ethics applies to all supervised persons at Pearson Creek.

Pearson Creek maintains and amends as needed internal standards, policies, procedures, and controls to promote compliance with its Code of Ethics and with other policies and procedures designed to promote each supervised person's fiduciary responsibility.

Ben Ruff ensures that Pearson Creek receives duplicate copies of statements and confirmations for all of his personal accounts and accounts of related family members. Ben Ruff ensures that Pearson Creek receives the statements no later than 30 days after the end of the applicable calendar quarter.

Account statements will serve as the annual holding report required by the Code of Ethics rule under the *Advisers Act*. Ben Ruff will ensure his account statements contain all information required by the Pearson Creek Quarterly Personal Securities Transaction Report and the Pearson Creek Personal Securities Holding Report. If account statements do not contain all information required by those reports, Ben Ruff will complete the applicable report to memorialize any missing information.

A copy of Pearson Creek's Code of Ethics will be provided to any Pearson Creek client or prospective client upon request. You may request a copy by email to our Chief Compliance Officer, Ben Ruff at [ben.ruff@pearsoncreekcapital.com](mailto:ben.ruff@pearsoncreekcapital.com), or by calling Pearson Creek at (312) 878-5520.

## **Item 12 - Brokerage Practices**

Pearson Creek may recommend the use of a particular broker-dealer or may utilize a broker-dealer of the client's choosing. Pearson Creek will only recommend broker-dealers who are registered in the state in which the client resides. Pearson Creek will select appropriate brokers

based on a number of factors including but not limited to the cost of transaction fees and reporting ability. Pearson Creek relies on its broker to provide execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by Pearson Creek.

In circumstances where a client directs Pearson Creek to use a certain broker-dealer, Pearson Creek retains its fiduciary duty to its clients. In such circumstances, Pearson Creek may be unable to negotiate commissions, or obtain volume discounts.

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. Pearson Creek does not receive any portion of trading fees. Pearson Creek reviews the execution of trades at each custodian each quarter.

Pearson Creek utilizes the services of custodial broker dealers, from which Pearson Creek receives economic benefits. These benefits include: a dedicated trading desk, a dedicated service group and an account services manager dedicated to Pearson Creek's accounts, the ability to conduct "block" client trades, the ability to electronically download trades, balances and positions, the ability to duplicate and batch client statements, and the ability to have advisory fees directly deducted from client accounts.

A conflict of interest exists when Pearson Creek receives these services in exchange for brokerage commissions. This conflict is mitigated by the fact that Mr. Ruff has a fiduciary responsibility to act in the best interest of his clients and the services received are beneficial to all clients.

Pearson Creek is authorized in its discretion to aggregate purchases and sales and other transactions made for an account with purchases and sales and transactions in the same securities for other clients of Pearson Creek. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

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

Reviews of client accounts are performed at least quarterly by Ben Ruff. Other conditions that may trigger a review of a client's account include changes in the investment climate or changes in a client's circumstances.

Clients receive account statements quarterly for managed accounts. Account statements are issued by the client's custodian. Clients can elect to receive from their custodian confirmations

of each transaction in an account and an additional statement during any month in which a transaction occurs.

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

Pearson Creek does not compensate others for client referrals. Pearson Creek also does not receive compensation from others for client referrals.

#### **Item 15 - Custody**

It is not Pearson Creek's practice to accept or maintain physical possession of any of its clients' assets. Client assets are maintained at a bank or other qualified custodian as directed by Pearson Creek's clients. Clients receive account statements directly from its custodian.

#### **Item 16 - Investment Discretion**

Clients may retain Pearson Creek on either a discretionary or non-discretionary basis. For its discretionary clients, Pearson Creek has the authority to determine the type and amount of securities to be bought or sold. In each case, Pearson Creek's decision is required to be consistent with the client's investment strategy, investment plan, investment guidelines, or other similar documents. Such authority may include restrictions with respect to specific types of securities or investment instruments as instructed by a client. Discretionary authority is typically set forth directly in a client's investment management agreement, which may include a limited power of attorney to invest client assets in a manner consistent with the client's investment strategy, investment plan investment guidelines or other similar documents.

#### **Item 17 - Voting Client Securities**

Pearson Creek does not vote proxies for securities on behalf of its clients.

#### **Item 18 - Financial Information**

Pearson Creek has no financial commitments that impair its ability to meet contractual and fiduciary commitments to its clients. Pearson Creek has not ever been the subject of any bankruptcy proceedings.

#### **Item 19 - Information for State Advisors**

Not applicable