

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

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This brochure provides information about the qualifications and investment advisory business practices of Pinhook Capital, LLC. If you have any questions about the contents of this brochure, please contact Mitch Avnet at 800-644-1150 or [mavnet@pinhook.com](mailto:mavnet@pinhook.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about our investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for “Pinhook Capital, LLC.” You can also search using the Firm’s CRD number. The CRD number for the Firm is **158509**.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our brochure's last update there have been material changes made and include the following:

- Item 4 – disclosed the subadvisory relationship between the advisor and its affiliate, Lucia Wealth Services.
- Item 5 – disclosed the management subadvisory fees paid to Pinhook by Lucia Wealth Services for providing subadvisory services to Lucia Wealth Services.
- Item 10 - revised to disclose the acquisition of our broker-dealer affiliate Lucia Securities LLC by LPL Financial LLC.

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## **Item 4 – Advisory Business**

### Background and History

Pinhook Capital, LLC (referred to as “Pinhook,” the “Firm,” “us,” and “we” throughout this document) is an investment advisor registered with the United States Securities and Exchange Commission. The Firm is a limited liability company formed under the laws of the state of California and has been registered as an investment advisor since July 2011. Raymond J. Lucia Jr. is the controlling member of Pinhook.

### Assets Managed by Pinhook Capital

As of December 31, 2019, Pinhook managed approximately \$509,223,365 regulatory assets under management. Pinhook managed approximately \$171,300,867 on a discretionary basis and \$337,922,498 on a non-discretionary basis. Please refer to Item 16 for information regarding investment discretion.

### Advisory Services

#### *Model Portfolio Adviser*

Pinhook provides portfolio management services to clients through investment programs sponsored by Lucia Wealth Services, LLC (an affiliated investment advisor).

The end-clients in our Model Portfolio Adviser Program are individuals, high net worth investors, foundations, pensions and 401(k) plans. We do not typically interact with these end-clients directly as the third-party sponsor or investment adviser usually has a single point of contact, such as an investment adviser representative.

#### *Wrap Fee Program Participant*

A “wrap fee” program is one that provides the client with advisory and brokerage execution services, plus account reporting and custodial services, for one all-inclusive fee.

Pinhook participates in these programs as a model portfolio adviser. In this capacity, Pinhook receives only a portion of the wrap fee that is charged to the account.

In wrap fee programs, Pinhook’s investment management services are available to individuals subject to account minimums specified in the wrap fee program sponsor’s brochure.

In a wrap fee program, a representative of the program sponsor or an independent financial adviser will work with the client to complete an investment questionnaire and recommend investing a portion of the client’s assets in a Pinhook model portfolio. Pinhook’s portfolio managers will be reasonably available to consult with clients if necessary.

The factors that prospective clients should consider include the size of the client’s portfolio, the nature of the investments to be managed, commission costs, custodial expenses, the anticipated level of trading activity and the amount of advisory fees.

### *Sub-Advisory Services*

Pinhook is engaged as the investment sub-advisor to its affiliate, Lucia Wealth Services, pursuant to a subadvisory agreement dated February 20, 2013, as amended on February 20, 2014 (the “SA Agreement”). Under the SA Agreement, Pinhook provides advisory services to Lucia Wealth Services (“Lucia Wealth Services” or “LWS”) based on certain strategies designed to meet goals and objectives of an individual client’s portfolio (the “SA Strategies”). Pinhook receives fees from Lucia Wealth Services for managing the SA Strategies. The fee represents a portion of the total fee charged to a client by Lucia Wealth Services.

Furthermore, Pinhook is also engaged as investment sub-advisor to the Destra Multi-Alternative Fund (the “Fund”), a continuously offered, diversified, closed-end registered investment company operated as an interval fund. As a sub-advisor, we provide investment advice and the Fund may serve as an investment option for clients of our affiliates LWS and Lucia Securities, LLC (“Lucia Securities” or “LSL”). Therefore, investors in the Fund may also be clients of our affiliates; however, the Fund will be open to any investor meeting the Fund’s minimum investment levels.

Pinhook has an incentive and inherent conflict of interest to favor the Fund for the following reasons:

- Our officers and owners were personally responsible for the formation (including covering a significant portion of the start-up costs) of the Fund.
- Pinhook is the sub-advisor to the Fund and receives a management fee for its services. Please refer to Item 5 of this Brochure for a description of our fees. Increases in Fund assets will result in increases in the management fee paid to Pinhook.

The Fund is the sole registered investment company client of Pinhook and a closed-end interval fund domiciled in the United States. We maintain limited power of attorney to act on a discretionary basis when managing the Fund. We are responsible for investment selection, asset allocation, and asset management decisions regarding the Fund.

We do not maintain custody of client accounts.

### Types of Investments

When providing model portfolio management services to wrap fee programs, we primarily utilize passive, low-cost ETFs, institutional mutual funds, as well as individual securities.

When providing portfolio management services to the Destra Multi-Alternative Fund (the “Fund”), the Fund is managed in accordance with its stated investment objectives and investment policies which are outlined and detailed in the Destra Multi-Alternative Fund prospectus. All investors in the Fund will receive or have available a copy of the prospectus. Shareholders are advised to review the Fund’s prospectus for a complete description of the Fund’s investment objectives, policies, and operational structure. When managing the Fund, we will select the following general types of investments:

- Public and Private Real Estate Investment Trusts (REITs)
- Public and Private Business Development Companies (BDCs)
- Hedge Funds
- Limited Partnerships
- Private Investment Funds
- Common Stocks
- Debt Securities
- Exchange Traded Funds (ETFs), mutual funds, and closed-end funds
- Master Limited Partnerships (MLPs)

#### **Item 5 – Fees and Compensation**

When providing portfolio management services to wrap fee programs, we charge annual fees which range from 0.6% to 0.75% depending upon the model portfolios selected and amount of assets invested in each model portfolio. The fee is paid and calculated by the program sponsors in accordance with their billing procedures and contractual agreements between the program sponsor and Pinhook.

Pinhook is paid an annual fee of 0.675% based on the amount of assets held in the Destra Multi-Alternative Fund. The annual fee is paid monthly in arrears based on the daily net assets of the Fund. Pinhook believes that its fees are competitive with those fees charged by other investment advisers for comparable services; however, Pinhook's fees may be higher or lower than fees charged by other investment advisers. Pinhook is also paid a fee for providing investment subadvisory services to Lucia Wealth Services of .20% to .40% depending on the SA Strategy.

In addition to Pinhook's management fee, shareholders will pay other annual fund operating expenses such as shareholder servicing fees, acquired fund fees and expenses, and certain other fees ("Net Annual Fund Operating Expenses").

As we have selected Interactive Brokers, to serve as broker to the Fund, they are responsible for executing securities transactions. As broker, Interactive Brokers receives commissions for its services. We do not lower or offset our management fee by the amount of compensation received by Interactive Brokers.

#### **Other Fees**

The account custodian may charge additional transaction fees depending on the type of security purchased or sold. Electronic funds and wire transfer fees, transfer taxes, account maintenance fees, margin fees, transaction charges, exchange fees, and odd lot differentials are examples of fees that may be charged by the custodian. These fees are charged by the custodian and are not included in the advisory fee that you pay. We do not determine these charges nor receive any portion of them. Mutual funds often charge investors additional advisory or management fees. A portion of these may be passed on to the broker/dealer of your account as mutual fund trailers or for marketing purposes.

You may pay more or less for a managed account than if you had a brokerage account or an account with a mutual fund company. You should discuss the characteristics of opening a managed account with your Investment Adviser Representative.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Item 6 of the Form ADV Part 2 instructions is not applicable to our brochure because we do not charge or accept performance-based fees which can be defined as fees based on a share of capital gains or on capital appreciation of the assets held within a client's account.

#### **Item 7 – Types of Clients**

Pinhook provides services to other investment advisers and does not contract directly with individual investors. Minimum investment amounts are established in the terms of the model portfolio adviser agreement between us and the program sponsor.

Pinhook also acts as the adviser to a closed-end management investment company registered under the Investment Company Act of 1940.

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

##### Method of Analysis in Formulating Investment Advice

When providing model portfolio services to wrap fee programs, we manage investments over a long-term time horizon while being mindful of the historical context of the markets. We employ a regiment of quantitative and qualitative criteria to arrive at a universe of investments. = A proprietary screening and scoring methodology that considers up to 12 individual factors used to narrow down the universe of funds and select appropriate and attractive option(s) for a given asset class. ETFs are chosen for sufficient liquidity, low internal expenses, and their ability to replicate the index. Active managers, including mutual funds, are chosen for their ability to potentially add excess returns (also known as alpha) and/or achieve returns representative of the relevant index at potentially lower risk at a competitive fee.

We have developed The Bucket Strategy® Managed Portfolio Series models for these programs. The Bucket Strategy® Managed Portfolio Series offers a wide selection of portfolios specifically designed to meet the goals and objectives of an individual's unique Bucket Strategy. Each portfolio combination is evaluated and actively managed, seeking to achieve specific bucket objectives, including targeted returns with reduced risk exposure in the Income, Balanced, and Growth buckets. Investors can choose to select one portfolio for each account registration or utilize a Unified Managed Account, which provides the ability to select any combination of available portfolios within a single account registration.

The Bucket Strategy® Managed Portfolio Series offers six unique strategies:

- SmartBETA ETF Strategies: Dynamic Income, Dynamic Balanced, and Dynamic Growth: The SmartBETA ETF Managed Portfolios are constructed utilizing exchange-traded funds. They are designed to deliver intelligent, efficient, low-cost market exposure across a range of risk profiles consistent with The Bucket Strategy®.

- ActiveALPHA Strategies— Dynamic Income, Dynamic Balanced, and Dynamic Growth: The ActiveALPHA Managed Portfolios are constructed primarily utilizing institutional mutual funds. They are designed to enhance return and/or reduce risk relative to market indices across a range of risk profiles consistent with The Bucket Strategy®.
- ActiveALPHA+ Strategies-- Dynamic Balanced Dynamic Growth: The ActiveALPHA+ Managed Portfolios are constructed primarily utilizing exchange-traded funds, institutional mutual funds, and individual equities. They are designed to enhance return and/or reduce risk relative to market indices across a range of risk profiles consistent with The Bucket Strategy®.
- FACTORfrontier Income, Balanced, Growth
- smartBETA Vanguard
- ActiveALPHA American Funds

As the Sub-Advisor to the Multi-Alternative Fund, Pinhook focuses on finding, analyzing, and ultimately selecting investments from the investment universe of publicly listed, public non-listed, private non-listed, and institutional alternative strategies, with a concentration on institutional alternative strategies. Generally, opportunities are sourced through the relationships and networks of the portfolio managers. Pinhook's publicly-traded investments are typically covered by analysts; non-publicly traded/private ("illiquid securities" or "illiquid products") strategies utilized by us generally are not. In such cases, Pinhook supplements its own research with that of third-party due diligence providers. The research process includes the gathering of financial and non-financial information, initial management interviews, and discussions with third-parties including due diligence providers and other industry and non-industry relationships, in order to determine if the product potentially meets the Pinhook investment strategy.

Pinhook maintains a pipeline of products in its investment universe. Each investment is compared against other available investment options on a risk-return basis. This process is completed using a proprietary 15-factor scoring methodology. Once investment products have passed the initial research component and have been initially scored ("Phase 1"), the portfolio management team prioritizes investments that they believe are best suited to complement the existing portfolio, based on various factors. Next, the portfolio management team begins a process of analyzing the investment opportunity in "Phase 2" and "Phase 3" of the process, during each of which the opportunities are re-scored. During the analysis, the portfolio management team will gather more detailed information on the sponsor, management or advisory team, product, investment portfolio, structure, sector, competition, intangibles, and other areas. Pinhook dissects an array of relevant quantitative and qualitative information about the product and manager, including track record, current financials, financial projections, and information about investment processes. Portfolio Managers hold management interviews where they gather specific answers to questions, discuss risks of the investment, and talk about the competitive landscape, among many other pertinent items. Often times, the portfolio management team will make site visits to the company's headquarters office to meet their team and perform additional interviews. The 3-Phase approach can range anywhere from several weeks to several months or even years to complete.

Investments that pass the Analysis phases are then proposed to the investment committee of Pinhook Capital for a vote. If approved, the portfolio managers determine the target allocation percentage and update the model(s) accordingly. Investments are executed at the discretion of the portfolio managers as cash is raised, with the use of a credit facility to enhance cash management techniques. Execution for most non-listed products includes completing subscription documents, trade blotters, wiring funds, and



coordinating the parties accordingly. We perform ongoing analysis of each non-listed investment by reviewing SEC filings, reviewing ongoing third-party due diligence reports, conducting regular interviews with management teams and their representatives, and conducting fair valuation reviews monthly with the fair valuation committee, amongst other processes. As "legacy" non-listed products experience liquidity, often via events such as public listings, we will evaluate and determine whether that security should be held, rebalanced, or sold. Pinhook may also redeem shares of legacy assets as redemption programs open in order to reduce issuer risk and/or further diversify the overall portfolio. The investment team has relationships throughout the industry across varying levels of this space, which they believe can benefit the investors. The team seeks to find what they believe to be best-in-class investments and focus on investments for the Fund that will add value to the investors.

*Other Information Regarding Investment Strategy:*

Many of our recommendations and decisions as well as those of the Fund's portfolio manager are subjective. We may, from time to time, take defensive positions that are inconsistent with the Fund's principal investment strategy in attempting to respond to adverse market, economic, political, or other conditions. During such times, we may determine that the Fund should invest up to 100% of its assets in cash or cash equivalents including money market instruments; prime commercial paper; repurchase agreements; Treasury bills; and other short-term obligations of the U. S. Government, its agencies, or instrumentalities. In these and in other cases, the Fund may not achieve its investment objective. We may invest the Fund's cash balances in any investments we deem appropriate. We expect that such investments will be made, without limitation and as permitted under the 1940 Act, in money market funds, repurchase agreements, U.S. Treasury and U.S. agency securities, municipal bonds, and bank accounts. Any income earned from such investments is ordinarily reinvested by the Fund in accordance with its investment program.

We may enter into hedging transactions through the purchase of securities or through other mediums in order to mitigate certain risks such as an increase in interest rates or a decrease in commodity prices. We may also use leveraging strategies through lines of credit to efficiently manage cash and increase investment exposure.

The frequency and amount of portfolio purchases and sales (known as the "portfolio turnover rate") will vary from year to year. It is anticipated that the Fund's portfolio turnover rate will ordinarily be between 25% and 75%. The portfolio turnover rate is not expected to exceed 100% but may vary greatly from year to year and will not be a limiting factor when we deem portfolio changes appropriate. Although the Fund generally does not intend to trade for short-term profits, the Fund may engage in short-term trading strategies, and securities may be sold without regard to the length of time held when, in our opinion, investment considerations warrant such action. These policies may have the effect of increasing the annual rate of portfolio turnover of the Fund. Higher rates of portfolio turnover would likely result in higher brokerage commissions and may generate short-term capital gains taxable as ordinary income. If securities are not held for the applicable holding periods, dividends paid on them will not qualify for the advantageous federal tax rates.

### Risks including Risk of Loss

Past performance is not indicative of future results. Therefore, investors should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk. Investors should always be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, we are unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate investors from losses due to market corrections or declines.

Client performance varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

The material risks associated with the investment strategies discussed above will include, but are not limited to, one or more of the following:

**Return on Capital.** There can be no assurance that clients will be able to achieve their investment objectives or that investors will receive a return of their capital. Pinhook may not be able to execute a client's investment objectives or generate returns to investors commensurate with the risk of investing in the types of transactions described herein. Through human error, oversight or operational weaknesses, mistakes could occur in executing a client's investment strategies which could lead to significant trading losses. A client may be required to bear losses resulting from trading errors and similar human error.

**Equity Securities.** Investments may include common stock and equity securities. Market prices of equity securities generally, and of certain companies' equity securities in particular, frequently are subject to greater volatility than prices of fixed-income securities. In addition, actual or perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or that are rumored to be experiencing irregularities. Common stock and similar equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets after making interest, dividend and any other required payments on more senior securities of the issuer.

**Debt instruments and Fixed-Income Securities.** Investments may include debt instruments and fixed-income securities. The value of such instruments and securities changes in response to fluctuations in interest rates and in the perceived credit risk associated with a particular instrument/security and its issuer.

**REIT Risks.** The performance of REITs is generally dependent upon the quality of internal management. Most REITs are not diversified and may be concentrated by region and/or property type. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. In addition, REITs

could possibly fail to qualify for pass-through of income under applicable tax law if they are not managed correctly. Other factors may also adversely affect a borrower's or a lessee's ability to meet its obligations to the REIT. In the event of a default by a borrower or lessee, the REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments which may have a negative impact on the share price of the security.

**Risks Related to Investments in ETFs, Open-End and Closed-End Funds.** Certain Pinhook investment strategies may invest in shares of ETFs, open-end funds and closed-end funds or similar products ("Underlying Funds"). ETFs and closed-end funds may trade at prices that vary from their net asset value, sometimes significantly. Performance of an ETF pursuing a passive index-based strategy may diverge from the performance of the index. Investments in Underlying Funds are subject to the risks of such Underlying Fund's investments, and investors will bear not only the management fees and operating expenses charged by Pinhook but also their proportional share of the management fees and operating expenses of the Underlying Funds. Clients can invest directly in Underlying Funds without incurring additional fees by investing through Pinhook.

**Master Limited Partnership (MLP) Risk.** An investment in MLPs involves risks that differ from a similar investment in other equity securities, such as common stock of a corporation. Holders of equity securities issued by MLPs have the rights typically afforded to limited partners in a limited partnership. As compared to common shareholders of a corporation, holders of such equity securities have more limited control and limited rights to vote on matters affecting the partnership. There are certain tax risks associated with an investment in equity MLP units. MLPs are subject to interest rate risk. Rising interest rates could increase the costs of capital thereby increasing operating costs and reducing the ability of MLPs to carry out acquisitions or expansions in a cost-effective manner which could negatively affect the financial performance of MLPs.

**Business Development Company (BDC) Risk.** BDCs invest primarily in debt and equity securities of smaller and developing companies, as well as financially troubled companies, most of which are privately held and lack publicly available information. As a result, investments in BDCs tend to be risky and speculative. Such risks include but are not limited to portfolio company credit and investment risk, leverage risk, market and valuation risk, price volatility risk, liquidity risk, capital markets risk, interest rate risk, dependence on key personnel, and structural and regulatory risk.

## **Item 9 – Disciplinary Information**

This item is not applicable to our brochure, because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of our business or integrity.

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

We are not and do not have a related company that is an (1) unregistered pooled investment vehicle (e.g. private investment company or "hedge fund"); (2) futures commission merchant, commodity pool operator, or commodity trading advisor; (3) banking or thrift institution; (4) accountant or accounting firm; (5) lawyer or law firm; (6) pension consultant; (7) insurance broker or (8) real estate broker or dealer

#### Lucia Securities, LLC

Pinhook is under common ownership with a full-service broker/dealer, Lucia Securities, LLC through its CEO, Raymond J Lucia, Jr., as Chairman and majority shareholder of Lucia Capital Group, the holding company for Lucia Securities. Pinhook's President, Joseph P. Lucia is also the President of Lucia Capital Group. Please refer to Item 12 for more details regarding our brokerage arrangements. On April 28, 2020, LPL Financial LLC announced that they signed an agreement to acquire Lucia Securities. The transaction is expected to close in the second half of 2020.

#### Lucia Wealth Services, LLC

Pinhook is under common control with a retail investment advisor firm, Lucia Wealth Services ("LWS"), which is owned by Lucia Capital Group, LLC. Ray Lucia, Jr., CEO of Pinhook is the Chairman and majority shareholder of Lucia Capital Group and Pinhook's President, Joseph P Lucia is the President of Lucia Capital Group and LWS.

We share investment advisory personnel with LWS and act as model portfolio advisor to wrap-fee programs sponsored by LWS.

#### Validus Growth Investors, LLC

Lucia Capital Group and LCG's President, Joseph P Lucia are members of Validus Growth Investors, LLC ("Validus"), a Registered Investment Adviser. LCG's Chairman, Raymond J Lucia, Jr. is a managing member of Validus. Mark Scalzo, Pinhook's Chief Investment Officer is the Chief Investment Officer and Managing Member of Validus. While Validus does not directly manage any of the assets of Pinhook's clients, its members will split time in the operation of Validus that may have otherwise been devoted to LWS. As such, they have an inherent potential conflict of interest.

Additionally, Validus provides models to Pinhook as part of the ActiveALPHA+ portfolio strategy a model portfolio available in wrap-fee programs and separately managed accounts. As Validus is an affiliated investment adviser under common ownership with Pinhook through Lucia Capital Group; Pinhook and its CEO, President, and Chief Investment Officer will indirectly benefit from fees earned by Validus.

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

#### Code of Ethics Summary

According to the Investment Advisers Act of 1940, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of his/her clients. Pinhook and its associated persons have a fiduciary duty to the Fund.

We have established a Code of Ethics which all associated persons must read. They must then execute an acknowledgment stating that they understand and agree to comply with the Code of Ethics. Our fiduciary duty is considered the core underlying principle for the Code of Ethics and represents the expected basis for all dealings with the Fund. We have the responsibility to make sure that the interests of the Fund are placed ahead of our own interests and the investment interests of our personnel. All

associated persons will conduct business in an honest, ethical, and fair manner. All associated persons will comply with all federal and state securities laws.

All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to the Firm and the Fund. This section is only intended as a summary of our Code of Ethics. If you would like to review the Code of Ethics in its entirety, a copy will be provided promptly upon request.

#### Personal Trading Policy

Pinhook and our associated persons may buy or sell securities or have an interest or position in a security for their personal account which we also hold for the Fund. This presents a conflict of interest between the Fund's investment interests and the interests of our personnel. Therefore, we have formed the following procedures to help monitor for and control conflicts of interest arising from our personal trading policies:

- Pinhook is and shall continue to comply with The Insider Trading and Securities Fraud Enforcement Act of 1988.
- No associated person shall prefer his or her own interest to that of the Fund.
- No person employed by Pinhook may purchase or sell the same security prior to a transaction or transactions being implemented for the Fund.
- Our personnel must obtain written approval from our Chief Compliance Officer prior placing trades in their own account, including investments in the Fund.
- Associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.
- As part of the Code of Ethics (summarized above), Pinhook maintains a list of all securities holdings for itself and all associated persons which are reviewed on a regular basis by a principal of the firm.

Certain associated persons provide services across multiple affiliated entities of our parent, Lucia Capital Group, LLC. Sub-Advisory agreements, containing relevant privacy language, are in place across the affiliated entities.

#### **Item 12 – Brokerage Practices**

We are given authority by the Fund's Board to select the broker/dealer arrangements for the Fund. Currently, we use Interactive Brokers to execute investment transactions made by Pinhook on behalf of the Fund. All Fund securities and assets are held with a third-party qualified custodian.

It should be noted that we have not entered into formal soft-dollar arrangements with a broker/dealer, nor do we receive client referrals from a broker/dealer.

There are some investment advisors that use multiple broker/dealers. Pinhook has considered the positive factors to this approach which include the ability to better negotiate brokerage costs such as transaction fees, the ability to better analyze speed of execution, and the ability to compare and negotiate services. However, Pinhook has determined that the use of one brokerage platform (Interactive Brokers) allows Pinhook to provide more streamlined operational and trading services. Pinhook considers the fact that allowing multiple brokerage arrangements would increase the need for additional internal staff and technology which may increase the overall fees charged by Pinhook. By selecting one brokerage platform, Pinhook is able to avoid additional compliance, recordkeeping, staffing, and technological costs that may be associated with implementing procedures designed to work with multiple brokerage platforms.

Accordingly, while Pinhook will consider competitive rates, it may not necessarily obtain the lowest possible commission and brokerage rates for Fund transactions. Therefore, the overall services provided by Interactive Brokers are evaluated to determine the level of best execution provided to clients. However, Pinhook may be unable to achieve the *most* favorable execution of Fund transactions and therefore Pinhook's practice of using Interactive Brokers may cost the Fund more money compared to other arrangements.

Pinhook only provides discretionary management services to one client, the Destra Multi-Alternative Fund. Accordingly, Pinhook does not aggregate or "block" transactions.

When providing model portfolio adviser services, trades are executed according to the policies and procedures of the investment adviser who contracts with us for these services. In the case where Pinhook contracts with multiple investment advisers or platforms, models' allocations are sent based on a rotation queue to ensure that all trades are executed in a fair and equitable manner without preferential treatment for any investment adviser or platform.

### **Item 13 – Review of Accounts**

When providing model portfolio adviser services, models are reviewed no less than quarterly. We will adjust our strategies based upon our outlook with respect to the market as a whole and the individual securities held in each strategy.

The Destra Multi-Alternative Fund's allocation is managed and reviewed on an ongoing basis (at least weekly) by the portfolio managers and the research team. The calendar is the main triggering factor for all reviews, although other triggering factors may include, but are not limited to, the following: changes in the Fund's objectives, major market changes, and major political or economic events.

On a quarterly basis, we will provide written reports regarding the performance of the Fund to the Fund's Board and will also have meetings with the Board regarding Fund performance.

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

We do not compensate any person for client referrals.

From time to time, our advisory personnel when acting in their separate capacities as registered representatives of Lucia Securities, LLC may receive expense reimbursement for travel and/or marketing expenses from distributors of investment products we hold in the Fund. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. It is our fiduciary duty to always endeavor to put the interest of the Fund first. However, the receipt of these reimbursements creates a conflict of interest that may impact our judgment when selecting investments.

Pinhook does not accept marketing expense reimbursements in connection with advisory services provided to the Fund.

#### **Item 15 – Custody**

The item does not apply to our brochure because we do not have custody of funds or securities

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

As provided in the Fund's offering documents and our advisory agreement with the Fund, Pinhook maintains discretionary trading authorization over Fund assets. Discretionary authority allows us to determine the type of securities and the amount of securities that can be bought or sold for the Fund without obtaining consent from the Fund's Board prior to each transaction.

Although we manage Fund assets on a discretionary basis, our investment decisions are made in accordance with the Fund's objectives and any restrictions on the types of investments that may be purchased in Fund.

When providing model portfolio services to investment advisers, we do not have discretion over your assets.

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

Pinhook has adopted Proxy Voting Policies and Procedures ("Proxy Voting Policies") which provide that proxies on securities will be voted for the exclusive benefit of and in the best economic interest of the Fund, as determined by Pinhook in good faith. Such voting responsibilities will be exercised in a manner that is consistent with the general anti-fraud provisions of the Investment Advisers Act of 1940, as amended, as well as Pinhook's fiduciary duties under federal and state law to act in the best interest of the Fund.

On certain routine proposals (for example, those which do not change the structures, bylaws, or operations of a company), Pinhook will generally vote in the manner recommended by management. Non-routine proposals (such as those affecting corporate governance, compensation, and other corporate events) and shareholder proposals will generally be reviewed on a case-by-case basis. Pinhook will generally vote such proxies based upon the recommendations of an independent third-party proxy voting service, such as Glass Lewis.

Investors may obtain a copy of Pinhook's complete proxy voting policies and procedures upon request. Investors may also obtain information from Pinhook about how Pinhook voted any proxies on behalf of the Destra Multi-Alternative Fund through the Fund's regulatory filings.

When providing model portfolio services to other investment advisers, Pinhook does not provide proxy voting services. Proxy voting is provided by the investment adviser with whom we contract in accordance with the respective investment advisor's policies and procedures.

#### **Item 18 – Financial Information**

This item is not applicable to this brochure. Pinhook does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, Pinhook is not required to include a balance sheet for its most recent fiscal year. Pinhook is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, Pinhook has not been the subject of a bankruptcy petition at any time.