

**Item 1. Cover Page**

**Brochure of**  
**Falcon Point Capital, LLC**  
**CRD# 122459**  
  
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**[www.falconpointcapital.com](http://www.falconpointcapital.com)**

**April 13, 2021**

This brochure provides information about the qualifications and business practices of Falcon Point Capital, LLC (“Falcon Point”). If you have any questions about the contents of this brochure, please contact Michael J. Mahoney at 415-782-9600 or email [mmahoney@fptcap.com](mailto:mmahoney@fptcap.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.

Additional information about Falcon Point also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Although Falcon Point is a “Registered Investment Adviser,” that registration does not imply a certain level of skill or training.

**Item 2. Material Changes**

Our material changes consist of the following:

- Change of address as stated above.
- Registration with the State of California.

**Item 3. Table of Contents**

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#### **Item 4. Advisory Business**

Falcon Point is a California limited liability company that has been in business since 2003, when it succeeded to the investment advisory business of its predecessor firm founded in 1986. It serves as the general partner of investment limited partnerships and serves as the investment adviser to other accounts. Falcon Point's managers and controlling owners are James Bitzer and Michael Mahoney who also serve as portfolio managers. As of December 31, 2020, Falcon Point had total discretionary regulatory assets under management of approximately \$19.7 million.

Falcon Point invests principally, but not solely, in equity and equity-related securities that are traded publicly in U.S. markets on behalf of its clients, but is authorized to enter any type of investment transaction that it deems appropriate, pursuant to the terms of the client's partnership or other account agreement.

The investors in the funds that Falcon Point manages have no opportunity to select or evaluate any fund investments or strategies. Falcon Point selects all fund investments and strategies. In addition, Falcon Point serves as General Partner to the Funds.

Falcon Point typically does not tailor its services to the individual needs of individually managed accounts, but manages each such account according to the strategy selected by the client. Falcon Point's discretionary authority is limited, however, as described in Item 16. However, clients may impose restrictions on certain securities. Currently, no client has imposed restrictions.

Falcon Point does not participate in wrap programs as a sponsor or portfolio manager.

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

**Direct Clients.** Falcon Point's compensation is negotiable and varies, but typically, it charges an annual fee of 0.80% to 1.50% of assets under management (for both private funds and separately managed accounts), which amount is payable in quarterly installments at the beginning or end (depending on the provisions of each client's partnership or other account agreement) of each calendar quarter or month based on the net market value of each client's account on the date the fee accrues and becomes payable. In addition to the annual fees paid to Falcon Point, clients will also pay such fees as custodian fees or mutual fund expenses. Currently, Falcon Point does not use mutual funds in client portfolios. Furthermore, clients will incur transaction costs also known as brokerage commissions. Please see Item 12 below for further disclosures regarding brokerage arrangements. **Falcon Point does not bill Separately Managed Accounts in advance and therefore will not have fees to refund in case of termination.**

For clients that also pay a performance-based fee or allocation, Falcon Point also typically is allocated from each limited partner in an investment limited partnership a performance allocation equal to 20% of net profits (including both realized and unrealized gains and losses) otherwise allocable to such limited partner, and receives from each client a performance fee equal to 20% of net profits of the account (including both realized and unrealized gains and losses). Performance allocations and fees are assessed in arrears on an annual basis, and are only applied to profits that exceed the cumulative losses previously allocated to or incurred by clients. Performance allocations and fees may create an incentive for Falcon Point to make more risky and speculative investments than it would otherwise make.

Falcon Point typically deducts management fees and performance allocations and fees directly from client accounts, but may bill a client for such amounts on request.

**General Disclosure.** Accounts that invest in mutual funds also pay, indirectly, investment advisory fees to the managers of those funds.

Falcon Point believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in an investment limited partnership of which Falcon Point is general partner, to use the “alternative reporting option” to report Falcon Point’s compensation as “eligible indirect compensation” on the Schedule C of the plan’s Form 5500 Annual Return/Report of Employee Benefit Plan.

Relationships with Falcon Point’s investment partnership clients are terminable on expiration of the partnership’s term, dissolution of the partnership or on Falcon Point’s withdrawal as general partner. Each limited partner may withdraw from a partnership, on specified prior written notice, on the last day of any calendar quarter that occurs on or after the day preceding the first anniversary of such limited partner’s admission to the partnership.

Except as may be otherwise negotiated cases, the holder of an individually managed account may terminate the account by giving 30 days’ prior written notice.

In all cases, expenses, the pro rata portion of the management fee and the performance allocation or fee through the date of termination are charged to the account. All prepaid but unearned advisory fees are refunded on termination of a client’s account. An investor who withdraws from a fund on a date other than the last day of a quarter, however, does not receive a refund of the management fee previously paid.

Each account is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions, expenses related to short sales, and clearing and settlement charges), ongoing legal, accounting, and bookkeeping fees and expenses, and the fees and expenses charged by any fund administrator for its accounting, bookkeeping and other services. Falcon Point bears its own operating, general, administrative, and overhead costs and expenses, other than the expenses described above. All or a portion of these costs and expenses may be paid, however, by securities brokerage firms that execute clients’ securities trades, as discussed in Item 12 below.

No supervised persons of Falcon Point accept compensation for the sale of securities or other investment products, including asset-based sales charges, or other services fees from the sale of mutual funds.

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

Private Fund Clients: Falcon Point manages accounts that pay performance-based compensation as described in Item 5 and accounts that do not pay performance-based compensation. Falcon

Point has a conflict of interest if, in any time period, one fee structure would cause higher fees to Falcon Point than another fee structure, because Falcon Point would have an incentive to favor the account that would pay the higher fees. To address this conflict, Falcon Point typically allocates all investment opportunities within each strategy on a pro rata basis, based on each account's assets. In addition, Falcon Point has policies and procedures to review client account investment allocations on a regular basis. In addition, performance-based fees will only be charged in accordance with the provisions of California Code of Regulations Section 260.234.

Separately Managed Account (also "SMA") Clients: Performance fees are only charged on Private Fund Clients which are pooled investment vehicles; **no incentive fees are charged to separately managed accounts.**

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

Private Fund Clients: Falcon Point provides investment advice to investment funds and other accounts. Investors in the funds are required to invest a minimum of \$250,000 to \$1 million, but Falcon Point may waive these minimums.

Separate Managed Account Clients: Falcon Point generally requires a minimum of \$5 million to open an individually managed account, but may waive this minimum. Falcon Point's separate account clients include family offices and internal accounts.

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

### Investment Strategy

#### Micro, Small and SMID Capitalization Growth Strategy.

The Micro, Small and SMID Cap Growth Strategies invest in, hold, sell, trade, and otherwise deal in securities, consisting principally, but not solely, of equity and equity-related securities that are issued by high growth, emerging growth companies and are traded publicly in domestic markets. The Micro, Small and SMID Cap Growth Strategies may also invest in preferred stocks, convertible securities, warrants, rights, options (including covered and uncovered puts and calls and over-the-counter options), swaps and other derivative instruments, bonds and other fixed income securities, private securities, non-U.S. securities and money market instruments.

#### Long/Short Strategy.

The Long/Short Strategy (a) invests in, holds, sells, trades, and otherwise deals in securities, consisting principally, but not solely, of equity and equity-related securities that are issued by high growth, emerging growth companies and are traded publicly in domestic markets and (b) engages in short sales of such securities. The Long/Short Strategy may also invest in preferred stocks, convertible securities, warrants, rights, options (including covered and uncovered puts and calls and over-the-counter options), swaps and other derivative instruments, bonds and other fixed income securities, private securities, non-U.S. securities and money market instruments. The Long/Short Strategy also engages in hedging, margin trading and other investment strategies.

### High Yield Strategy.

The High Yield Strategy invests in, holds, sells, trades, and otherwise deals in securities, consisting principally, but not solely, of corporate and convertible bonds as well as other income yielding securities that are issued by emerging growth companies and traded publicly in U.S. markets. The High Yield Strategy also may invest in equity and equity-related securities, preferred stocks, other convertible securities, warrants, rights, options, bonds and other fixed income securities, private securities, non-U.S. securities, derivatives, and money market instruments. The High Yield Strategy also may engage in short selling, hedging, margin trading and other investment strategies.

### All Strategies.

The investment strategies summarized above represent Falcon Point's current intentions, are general in nature and are not exhaustive. There are no limits on the types of securities in which Falcon Point may take positions on behalf of its clients, the types of positions it may take, the concentration of its investments or the amount of leverage that it may use. Falcon Point may use any trading or investment techniques, whether contemplated by the expected investment strategies described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality, and indefinite nature. Depending on conditions and trends in securities markets and the economy generally, Falcon Point may pursue any objectives or use any techniques that it considers appropriate and in the interest of its clients.

### Risk Factors

Investing in securities involves risk of loss that clients should be prepared to bear. Below are some of the risks that investors should consider before investing in any account that Falcon Point manages. Any or all such risks could materially and adversely affect investment performance, the value of any account or any security held in an account, and could cause investors to lose substantial amounts of money. Below is only a summary of some of the risks that a client or investor may encounter. Potential investors in a fund should review such fund's offering circular carefully and, in its entirety, and consult with their professional advisers before deciding whether to invest. The risks described below also generally apply to individually managed accounts. A potential client should discuss with Falcon Point's representatives any questions that such person may have before opening an account.

- Client accounts may not achieve their investment objectives. An account strategy may not be successful, and investors may lose some or all of their investment.
- Client accounts may be concentrated in securities of a single industry or capitalization sector (such as the technology sector and/or micro-to small-sized market capitalizations). Those securities involve substantially higher risks in many respects than do investments in securities of non-technology sector and larger companies.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is not predictable and can adversely affect an account's investments.

- An account may hold stocks that disappoint earnings expectations and decline, and may short stocks that beat earnings expectations and rise.
- Falcon Point may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. Falcon Point also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for a client when the client could make a profit or avoid losses.
- Falcon Point may take positions in securities of small, unseasoned companies that are less actively traded and more volatile than those of larger companies.
- Falcon Point engages in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. Falcon Point is not obligated to hedge a client's portfolio positions, and it frequently may not do so.
- An account may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- Falcon Point sells securities short, resulting in a theoretically unlimited risk of loss if the prices of the securities sold short increase.
- Management and stockholders of an issuer may sue short sellers to prevent short sales of the issuer's securities. Falcon Point could be subject to such actions, even if they are baseless, and clients could incur substantial costs defending them.
- Falcon Point may use leverage by borrowing on margin, selling securities short and trading derivatives. These instruments are highly volatile and risky and can be difficult to value.
- Falcon Point may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.
- Counterparties such as brokers, dealers, custodians, and administrators with which Falcon Point does business on behalf of clients may default on their obligations. For example, a client may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- Falcon Point may cause a client to enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- Falcon Point may cause clients to invest in securities of non-U.S., private and government issuers. The risks of these investments include political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such

country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.

- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- Falcon Point may acquire for a client a large position in an issuer's securities but neither Falcon Point nor the client is likely to have any control over the issuer's management.
- Some of an account's positions may be or become illiquid, in which case Falcon Point may not be able to sell such positions.
- An account may invest in restricted securities that are subject to long holding periods or that are not traded in public markets. These securities are difficult or impossible to sell at prices comparable to the market prices of similar publicly traded securities and may never become publicly traded.
- An account's investments may not be diversified. Therefore, a loss in any one position, industry or sector in which a fund has invested may cause significant losses.
- Falcon Point determines the value of securities held in client accounts, whether a public market exists for such securities. If Falcon Point's valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new investor in a fund might receive an interest that is worth less than the investor paid and an investor that is withdrawing assets might receive more than the amount to which the investor is entitled, to the detriment of other investors.
- Falcon Point and its affiliates and agents generally are not responsible to any client or investor for losses incurred in an account unless the conduct resulting in such loss breached Falcon Point's fiduciary duty to the client or investor.
- Falcon Point and its service providers rely heavily on internal and third-party computer hardware and software, online services, data feeds, trading platforms, and other technology. Disruptions to these systems or resources -- such as through natural disasters, terrorism, or utility disruptions -- may make it difficult or impossible to operate and could adversely affect clients and investors.
- Cybersecurity breaches, such as from viruses, malware, hackers, and other corruptions of information technology systems, may disrupt the operations of Falcon Point and its service providers, cause losses due to theft or other reasons, interfere with net asset value calculations, impede trading, and lead to violations of applicable privacy and other laws, regulatory fines and penalties, all of which may adversely affect clients and investors.
- There is not and will not be an active market for the interests in the funds. It may be impossible to transfer any such interests, even in an emergency.



- A fund may not be able to generate cash necessary to satisfy investor withdrawals. Substantial withdrawals in a short period could force Falcon Point to liquidate investments too rapidly, and may so reduce the size of a fund that it cannot generate returns or reduce losses.
- A fund may limit or suspend withdrawals of an investor's assets from the fund.
- A fund may establish a reserve for contingencies if Falcon Point considers it appropriate. Investors may not withdraw or redeem assets covered by that reserve until it is lifted.
- If the assets that Falcon Point and its affiliates manage grow too large, it may adversely affect performance, because it is more difficult for Falcon Point to find attractive investments as the amount of assets that it must invest increases.
- No client or investor has been represented by separate counsel. The attorneys who represent Falcon Point or its manager do not represent clients or investors. Clients and investors must hire their own counsel for legal advice and representation.
- A fund may dissolve or expel any investor at any time, even if such actions adversely affect one or more investors.
- Falcon Point, an administrator or any government agency may freeze assets that any of them believes a client holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. None of Falcon Point, a fund or an administrator will be liable for losses related to actions taken to comply with anti-money laundering regulations.
- The funds do not intend to make distributions, but intend instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income from a fund without a cash distribution to pay the related taxes.
- Federal, state, and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that Falcon Point must devote to regulatory compliance, to the detriment of investment activities.
- Falcon Point is not registered with the SEC as a broker-dealer. The equity interests in the funds are not registered under the Securities Act of 1933, and the funds are not registered investment companies under the Investment Company Act of 1940. Falcon Point believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, Falcon Point and any fund could be subject to expensive legal action and potential termination. In addition, investors in the funds do not have certain regulatory protection afforded to investors that they would have if these registrations were in place.
- Falcon Point's activities could cause adverse tax consequences to clients and investors, including liability for interest and penalties.

- Falcon Point's activities may cause an account that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.
- If a limited partnership client becomes insolvent, investors may be required to return with interest any distributions and forfeit any undistributed profits.
- Falcon Point and its affiliates may spend time on activities that compete with a fund without accountability to investors, including investing for other clients and their own accounts. If Falcon Point receives better compensation and other benefits from managing other assets or client accounts compared to managing a fund, it has incentive to allocate more time to those other activities. These factors could influence Falcon Point not to make investments on a fund's behalf even if such investments would benefit the fund.
- Falcon Point may provide certain investors or clients more frequent or detailed reports, special compensation arrangements and withdrawal rights that it does not provide to other investors or clients.

The above is only a summary of some of the important risks that a client or investor may encounter. Before deciding to invest in a fund that Falcon Point manages, you should carefully consider all the risk factors and other information in the fund's offering circular.

#### **Item 9. Disciplinary Information**

Neither Falcon Point nor any of its employees have any disciplinary disclosure.

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

Neither Falcon Point nor any of its employees has an application pending to register as a broker dealer or a registered representative of a broker dealer, or has an application pending to register as a futures merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

In addition, Falcon Point does not refer clients to other advisers.

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

Falcon Point has adopted a Code of Ethics that establishes standards of conduct for Falcon Point's supervised persons. The Code of Ethics includes general requirements that Falcon Point's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons periodically to report their personal securities transactions and holdings to Falcon Point's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of Falcon Point receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the

preceding year. Clients and prospective clients may obtain a copy of Falcon Point's Code of Ethics by contacting Michael J. Mahoney. at 415-782-9600.

Under Falcon Point's Code of Ethics, Falcon Point and its managers, members and employees may personally invest in securities of the same classes as Falcon Point purchases for clients and may own securities of issuers whose securities that Falcon Point subsequently purchases for clients. This practice creates a conflict of interest in that any of such persons can use his or her knowledge about actual or proposed securities transactions and recommendations for a client account to profit personally by the market effect of such transactions and recommendations. To address this conflict, except as described in Item 12 regarding aggregating securities transactions, Falcon Point and its managers, members and employees must obtain pre-approval before engaging in most securities transactions. Falcon Point and its managers, members and employees may also buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which Falcon Point does not believe appropriate to buy or sell for clients.

Falcon Point solicits investors who may or may not be Falcon Point's clients to invest in its limited partnership clients. Falcon Point has an incentive to cause a client to invest in a limited partnership instead of an individually managed account because of the reduced expenses and administrative burdens of managing a fund compared to an individually managed account, Falcon Point's performance compensation from a limited partnership receives more favorable tax treatment than that from an individually managed account and limited partners have less transparency and liquidity than individual account clients. In addition, if a fund investor also has an individually managed account with Falcon Point that uses an investment strategy that is similar to that of the fund, the investor may use knowledge of the other account's portfolio to decide when to make an additional investment or withdraw assets from the fund at times when other fund investors would have made similar decisions had they had similar transparency. Falcon Point discloses these conflicts of interest to clients and investors.

Because Falcon Point manages more than one account, there may be conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. For example, Falcon Point selects investments for each client based solely on investment considerations for that client. Different clients may have differing investment strategies and expected levels of trading. Falcon Point may buy or sell a security for one type of client but not for another, or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. Falcon Point attempts to resolve all such conflicts in a manner that is generally fair to all its clients. Falcon Point may give advice to, and act on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client so long as it is Falcon Point's policy, to the extent practicable, to allocate investment opportunities to its clients fairly and equitably over time. Falcon Point is not obligated to acquire for any account any security that Falcon Point or its managers, members or employees may acquire for its or their own accounts or for any other client, if in Falcon Point's absolute discretion, it is not practical or desirable to acquire a position in such security for that account.

**Furthermore, as the General Partner to our Private Funds, Falcon Point has a conflict of interest as it relates to the management of the partnerships. While it is necessary to have a General Partner in structuring the legal entity, Falcon Point carefully monitors in its**

**compliance responsibilities and conducts an independent third-party financial audit of the private funds.**

## **Item 12. Brokerage Practices**

Falcon Point has complete discretion in selecting the broker that it uses for client transactions and the commission rates that clients pay such brokers. In selecting a broker for any transaction or series of transactions, Falcon Point considers a number of factors, including, among other things:

- net price, clearance, settlement, and reputation;
- financial strength and stability;
- efficiency of execution and error resolution;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- special execution capabilities;
- order of call;
- offering to Falcon Point on-line access to computerized data regarding clients' accounts;
- computer trading systems; and
- the availability of stocks to borrow for short trades.

Falcon Point may also purchase from a broker or allow a broker to pay for the following (each a "soft dollar" relationship):

- research services, including third-party research fees;
- economic and market information;
- portfolio strategy advice;
- industry and company comments;
- recommendations;
- research conferences;
- general reports;
- on-line pricing;
- quotation services.

Falcon Point may receive soft dollar credits based on principal, as well as agency, securities transactions with brokerage firms or direct a brokerage firm that executes transactions to share some of its commissions with a brokerage firm that provides soft dollar benefits to Falcon Point.

Falcon Point may allocate the costs of certain computer software and data used for both research and non-research purposes between their research and non-research uses, and use soft dollars to pay only for the portion that Falcon Point allocates to research uses.

Falcon Point has retained BTIG to serve as each investment fund's prime broker and custodian. BTIG's address is 600 Montgomery Street, 6<sup>th</sup> Floor, San Francisco, CA 94111. The services that BTIG provides as prime broker may include providing, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage agreements entered into with the investment fund. Falcon Point receives other services from BTIG. These services may include

technology services (such as internet access, IT support and Bloomberg connections), portfolio reporting, capital introductions and access to electronic communications networks. Falcon Point pays a fee to BTIG for certain of these services, but, to the extent that such fee is less than the fair market value of the services, the arrangement may be deemed to be a soft dollar arrangement. Falcon Point expects to use a substantial portion of these services for research and trading on behalf of each investment fund, but some may be used for administrative purposes, which would not be within the safe harbor of section 28(e). Although many prime brokers and provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if Falcon Point did not receive these services from BTIG, Falcon Point would be required to pay for all or some portion of them. Falcon Point expects to direct some of the investment funds' securities transactions to BTIG and its affiliates, but is not required to direct a particular number of trades to BTIG or to continue to use BTIG as the investment funds' prime broker, but it has an incentive to do so based on its prior and continued services.

Each fund's obligations to BTIG and its affiliates will be secured by way of a priority perfected security interest over all of the fund's assets. BTIG and its affiliates may transfer to themselves all rights, title, and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge, or otherwise use all such collateral for their own purposes.

If any of the fund's investments are registered in the name of a custodian or affiliate due to the nature of the law or market practice of a particular jurisdiction, such investments will not be segregated from the custodian's or affiliate's own investments and if such custodian or affiliate becomes insolvent, the fund may not be able to recover such equivalent investments in full.

Falcon Point may pay to a broker commissions and mark-ups that exceed those that another broker might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker provides. Falcon Point determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or Falcon Point's overall fiduciary duty to its clients. An account may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from Falcon Point's brokerage relationships benefit Falcon Point's operations as a whole and all accounts that it manages, including those that do not generate the soft dollars that pay for such research and other benefits and accounts of clients that direct Falcon Point to use a broker that does not provide Falcon Point with soft dollar services. Falcon Point does not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate.

Falcon Point's relationships with brokers that provide soft dollar services influence Falcon Point's judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not, and in allocating the costs of mixed-use products between their research and non-research uses. Falcon Point has an incentive to select or recommend a broker based on Falcon Point's interest in receiving soft dollar services rather than clients' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that Falcon Point uses soft dollars to pay expenses it would otherwise be required to pay itself.

Falcon Point has addressed these conflicts of interest by annually evaluating the trade execution services that Falcon Point receives from the brokers that it uses to execute trades for clients. Such evaluation includes comparing those services to the services available from other brokers. Falcon Point considers, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers, increasing or decreasing targets for each broker and the appropriate level of commission rates.

Falcon Point may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other accounts that Falcon Point manages or with accounts of its affiliates. In such event, Falcon Point may charge or credit a client the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the client than it would be if Falcon Point were not executing similar transactions concurrently for other accounts. Falcon Point may also cause a client to buy or sell securities directly from or to another client, if such a cross-transaction is in the interests of both clients.

Falcon Point may direct a certain amount of brokerage to a broker in return for the broker's referral of prospective clients or investors. Directing brokerage to a broker in exchange for client or investor referrals creates a conflict of interest in that Falcon Point has an incentive to refer its clients' brokerage business to brokers to which it might not otherwise direct its brokerage transactions. Falcon Point has policies and procedures to review its brokerage practices regularly, including its use of brokers from which Falcon Point receives client or investor introductions.

If a client directs Falcon Point to use a specific broker, Falcon Point has not negotiated the terms and conditions (including, among others, commission rates) relating to the services provided by such broker. Falcon Point is not responsible for obtaining from any such broker the best prices or commission rates. A client that directs Falcon Point to use a specific broker may not be able to participate in aggregate securities transactions and may trade after such aggregate transactions and receive less favorable pricing and execution. The client may pay higher commissions and mark-ups than it would pay if Falcon Point had discretion to select broker-dealers other than those that the client chooses.

Purchases and sales of securities by any account managed by Falcon Point may have an adverse effect on the price or availability of securities identified from time to time in a model portfolio provided to a program sponsor that receives a portfolio model from Falcon Point, and Falcon Point is not precluded by reason of such adverse effect or possible adverse effects, from effecting such purchases, sales or recommendations for any account managed by Falcon Point. In many instances because a model portfolio will be updated only once each business day, changes in the securities identified in a model portfolio may occur contemporaneously with, or shortly thereafter, transactions in such securities (or related securities) by an account managed by Falcon Point, which transactions could have an adverse effect on the price or availability of the securities identified in a model portfolio.

If Falcon Point Capital is asked by a prospective client to recommend a broker dealer for a new separately managed account, the firm will recommend using Charles Schwab Corporation.

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

Falcon Point client accounts are reviewed by Jim Bitzer and Michael Mahoney. The value and contents of all portfolios are updated daily and tracked using portfolio accounting software. Because there are daily informal meetings, most accounts are, in effect, reviewed daily. A formal research meeting normally takes place weekly to review specific security holdings and adherence to client guidelines for all accounts. Reviews consider overall sector, industry, portfolio disposition, and an in-depth review of positions, exposure levels, weightings, and the overall positioning of the portfolios. Event-triggered reviews are held when significant developments occur, or are anticipated, which will affect the valuations of holdings.

Client requests for account information or an account review are given immediate attention by the appropriate officers and staff.

Individually Managed Account clients receive the following at least quarterly:

- 1) Written appraisals of the account's performance and a calculation of fees.
- 2) A statistical summary of the top securities in the portfolio.
- 3) A statement showing contributions and withdrawals for the most recent period and ending account value.
- 4) A market commentary covering the past period and an outlook on the coming period.

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

Falcon Point has engaged a solicitor to whom it pays cash, which is a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice is disclosed in writing to the client and Falcon Point complies with the other requirements of California Code of Regulation 260.236(c)(2). For each Referred Client who opens a Referred Account in a Falcon Point Capital Fund, Manager pays Longship Alternative Asset Management 20% of the management fee and 20% of any incentive fee for as long as the Referred Client maintains a Referred Account. Longship Alternative Asset Management is properly registered as solicitors.

### **Item 15. Custody**

The custodian of each individually managed account sends account statements at least quarterly to the client. Each client should carefully review those statements and compare them with the statements that such client receives directly from Falcon Point.

Regarding the private funds, assets are custodied with Pershing, LLC. In addition, the private funds are audited on an annual basis.

Falcon Point has safeguards regarding its authority to make withdrawals from client accounts to pay advisory fees. Our contract with clients specifically states the requirements for such transactions.

#### **Item 16. Investment Discretion**

Falcon Point has discretionary authority to manage securities accounts on behalf of clients pursuant to a grant of authority in each fund's limited partnership agreement or a limited power of attorney in each other client's account agreement. Except for Falcon Point's limited partnership clients, such discretion is limited by the requirement that clients advise Manager of:

- the investment objectives of the account;
- any changes or modifications to those objectives; and
- any specific investment restrictions relating to the account.

A client must promptly notify Falcon Point in writing if the client considers any investments recommended or made for the account to violate such objectives or restrictions. A client may at any time direct Falcon Point to sell any securities or take such other lawful actions as the client may specify to cause the account to comply with the client's investment objectives. In addition, a client may notify Falcon Point at any time not to invest any funds in the client's account in specific securities or specific categories of securities.

#### **Item 17. Voting Client Securities**

Falcon Point votes some proxies on behalf of each account over which Falcon Point has proxy voting authority based on Falcon Point's determination of the best interests of such account. In determining whether a proposal serves the best interests of an account, Falcon Point considers several factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

Falcon Point abstains from voting proxies when Falcon Point believes that it is appropriate to do so.

If a material conflict of interest over proxy voting arises between Falcon Point and a client, Falcon Point will vote all proxies in accordance with the policy described above. If Falcon Point determines that this policy does not adequately address the conflict of interest, Falcon Point will



notify the client of the conflict and request that the client consent to Falcon Point's intended response to the proxy solicitation. If the client consents to Falcon Point's intended response or fails to respond to the notice within a reasonable time specified in the notice, Falcon Point will vote the proxy as described in the notice. If the client objects in writing to Falcon Point's intended response, Falcon Point will vote the proxy as directed by the client.

A client can obtain a copy of Falcon Point's proxy voting policy and a record of votes cast by Falcon Point on behalf of that client by contacting Michael J. Mahoney at 415-782-9600.

#### **Item 18. Financial Information**

Falcon Point will not require or solicit prepayment of more than \$500 in fees per client, six month or more in advance.

Falcon Point has never been the subject of a bankruptcy petition at any time during the past ten years or during its history.

#### **Item 19. Requirements for State-Registered Advisers**

Pursuant to California Code of Regulation, the staff of Falcon Point, LLC, hereby discloses there are no material conflicts of interest regarding the investment adviser firm or its employees, which would impair the rendering of unbiased and objective advice that does not promote fair, equitable, or ethical principles. All conflicts otherwise have been disclosed in this document.

Falcon Point maintains a Business Continuity Plan ("BCP") reasonably designed to address business disruption. The BCP enables the employees of Falcon Point to meet their fiduciary obligation to clients. A copy of the BCP is available upon request.

##### **Item 19.A.**

Please see Schedule A of ADV Part I and ADV Part 2B.

##### **Item 19.B.**

Falcon Point is not engaged in any other business other than giving investment advice.

##### **Item 19.C.**

For clients that also pay a performance-based fee or allocation, Falcon Point also typically is allocated from each limited partner in an investment limited partnership a performance allocation equal to 20% of net profits (including both realized and unrealized gains and losses) otherwise allocable to such limited partner, and receives from each other client a performance fee equal to 20% of net profits of the account (including both realized and unrealized gains and losses). Performance allocations and fees are assessed in arrears on an annual basis, and are only applied to profits that exceed the cumulative losses previously allocated to or incurred by clients. Performance allocations and fees may create an incentive for Falcon Point to make more risky and speculative investments than it would otherwise make.

**Item 19.D.**

Neither Falcon Point or any of its management persons have been found liable for any activity related to investments or otherwise.

**Item 19.E.**

Falcon Point or its management persons does not have any relationship or arrangement with any issuer of securities that is not listed in Item 10.C. of Part 2A.

**Privacy Policy**

Falcon Point and the investment limited partnerships for which it serves as general partner:

- collect non-public personal information about their clients and investors from the following sources:
- information received from clients or investors on applications or other forms, and
- information about clients' or investors' transactions with Falcon Point, its affiliates, or others;
- do not disclose any non-public personal information about their clients or investors or former clients or investors to anyone, except as permitted by law;
- restrict access to non-public personal information about their clients and investors to their employees who need to know that information to provide services to clients; and
- maintain physical, electronic, and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.

**Item 1      Cover Page**

**Brochure Supplement of  
Falcon Point Capital, LLC  
CRD# 122459**

**21 Orinda Way, C322  
Orinda, CA 94563  
415-782-9600**

**[www.falconpointcapital.com](http://www.falconpointcapital.com)**

**March 30, 2021**

This brochure supplement provides information about those supervised persons named in Item 2 below, and supplements Falcon Point Capital, LLC's ("Falcon Point") brochure. You should have received a copy of that brochure. Please contact Michael Mahoney 415-782-9600 or email [mmahoney@fptcap.com](mailto:mmahoney@fptcap.com) if you did not receive Falcon Point's brochure or if you have any questions about the contents of this supplement.

## **Item 2 Educational Background and Experience**

*Michael J. Mahoney*

Born 1960

Formal Education after High School:

Whitman College: BA (1982)

Stanford University: MBA (1991)

Five Year Business Background:

Senior Managing Director and Portfolio Manager, Falcon Point Capital, LLC

(2007 to present)

## **Item 3 Disciplinary Information**

Michael Mahoney has no disciplinary information to disclose. In addition, Mr. Mahoney has not been found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following: (a) an investment or an investment-related business or activity; (b) fraud, false statement(s), or omissions; (c) theft, embezzlement, or other wrongful taking of property; (d) bribery, forgery, counterfeiting, or extortion; or (e) dishonest, unfair, or unethical practices. Furthermore, Mr. Mahoney has not been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following: (a) an investment or an investment-related business or activity; (b) fraud, false statement(s), or omissions; (c) theft, embezzlement, or other wrongful taking of property; (d) bribery, forgery, counterfeiting, or extortion; or (e) dishonest, unfair, or unethical practices.

## **Item 4 Other Business Activities**

Michael Mahoney serves as a board director of Baker Boyer Bancorp (BBBK) and has no other outside business activity.

## **Item 5 Additional Compensation**

Michael Mahoney does not receive additional compensation.

## **Item 6 Supervision**

Mr. Bitzer and Mr. Mahoney, Falcon Point's controlling members and managers, whose telephone number is 415-782-9600, supervise Falcon Point's supervised persons by monitoring their compliance with Falcon Point's Statement of Policies and Procedures, including its Code of Ethics, and monitor the securities transactions that each supervised person enters into on behalf of clients generally using the review process described in Item 13 of Falcon Point's Brochure.

## **Item 7 Requirements for State-Registered Advisers**

Michael Mahoney is in the process of registering as investment adviser.

**Brochure Supplement of**

**Falcon Point Capital, LLC  
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## **Item 2 Educational Background and Experience**

*James A. Bitzer, CFA*

Born 1963

Formal Education after High School:

University of California at Santa Barbara: BS (1985)

University of Michigan: MBA (1987)

Five Year Business Background:

Senior Managing Director, Falcon Point Capital, LLC

(2007 to present)

## **Item 3 Disciplinary Information**

Jim Bitzer has no disciplinary information to disclose. In addition, Mr. Bitzer **has not** been found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following: (a) an investment or an investment-related business or activity; (b) fraud, false statement(s), or omissions; (c) theft, embezzlement, or other wrongful taking of property; (d) bribery, forgery, counterfeiting, or extortion; or (e) dishonest, unfair, or unethical practices. Furthermore, Mr. Bitzer has not been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following: (a) an investment or an investment-related business or activity; (b) fraud, false statement(s), or omissions; (c) theft, embezzlement, or other wrongful taking of property; (d) bribery, forgery, counterfeiting, or extortion; or (e) dishonest, unfair, or unethical practices.

## **Item 4 Other Business Activities**

Jim Bitzer has no outside business activity.

## **Item 5 Additional Compensation**

Jim Bitzer does not receive additional compensation.

## **Item 6 Supervision**

Mr. Bitzer and Mr. Mahoney, Falcon Point's controlling members and managers, whose telephone number is 415-782-9600, supervise Falcon Point's supervised persons by monitoring their compliance with Falcon Point's Statement of Policies and Procedures, including its Code of Ethics, and monitor the securities transactions that each supervised person enters into on behalf of clients generally using the review process described in Item 13 of Falcon Point's Brochure.

## **Item 7 Requirements for State-Registered Advisers**

Jim Bitzer is in the process of registering as investment adviser.