

## Item 1: Cover Page

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# Tall Pines Capital, LLC

## Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure

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This wrap fee program brochure provides information about the qualifications and business practices of Tall Pines Capital, LLC. If you have any questions about the contents of this brochure, please contact us at telephone number or email address listed above. 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. Tall Pines Capital, LLC is a registered investment adviser, but registration does not imply a certain level of skill or training.

Additional information about Tall Pines Capital, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and by searching for CRD# 286089.

## Item 2: Material Changes

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This Wrap Brochure is our disclosure document prepared according to regulatory requirements and rules, and is specifically for our wrap fee program. Since filing our last annual amendment filing on 03/09/2020, we have the following material changes to disclose:

- The market cap limit applicable to the Tall Pines Micro Cap SMA has increased from \$300 million to \$1 billion (as valued at cost / initial purchase).
- This wrap fee program brochure has replaced the Form ADV Part 2A brochure, as Tall Pines Capital, LLC solely sponsors and is the portfolio manager of its own wrap fee program. It has no other business activities outside of its wrap fee program that warrants a separate Form ADV Part 2A.
- Tall Pines Capital, LLC now charges a performance fee as described in Item 4, below.

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## Item 4: Services, Fees and Compensation

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Tall Pines Capital, LLC ("Tall Pines" and/or "the firm") is an Illinois limited liability company. The firm is owned by Christopher Plahm. Tall Pines offers investment advisory and financial planning services to its clients.

### A. Services

Tall Pines solely offers the following type of advisory service:

#### Separately Managed Account Product

The firm offers and manages a micro-capitalization product ("Tall Pines Micro Cap SMA"). The Tall Pines Micro Cap SMA follows a fundamental long biased trading strategy focused on providing long-term capital growth by investing primarily in U.S. and Canadian-based companies with market capitalizations ranging from \$10 million to \$1 billion (as valued at cost / initial purchase).

The portfolio manager seeks to invest in:

- small, high-growth companies with little or no institutional ownership, and limited trading liquidity
- companies with high-quality management teams whose interests are aligned with company growth and stock price appreciation
- companies with a market-leading position with potential for growth
- a concentrated portfolio consisting of 5 to 15 positions

### Fees and Compensation

The maximum annual management fee charged for this service will not exceed 2.50% per annum. To the extent agreed-to by a client and Tall Pines (and with the exception of retirement accounts or accounts otherwise subject to ERISA), Tall Pines will charge a performance fee based on an initial investment high water mark. When a performance fee is to be charged, the fee schedule will typically be structured in one of the following two ways: (i) a 1% per annum management fee plus a 20% performance fee, or (ii) a 0% management fee plus a 25% performance fee. Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized management fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Performance fees are assessed annually in arrears based on a client's initial investment as the high water mark. Fees are negotiable and will be deducted from client account(s). Adjustments will be made for deposits and withdrawals of \$100,000 and greater during the quarter. In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

The estimated trading cost component for a minimum account size of \$100,000 is \$200 to \$600 per year.

These fees include charges for all transaction costs such as commissions on purchase and sales

of stocks, bonds, exchange-traded funds and options, trade-away fees on bonds and mutual fund transactions fees. Except as otherwise provided below, client will incur no charges other than the firm's fee pursuant to the above fee schedule in connection with the maintenance of and activity in client's account. The wrap fee does not include internal expenses and fees of fund products themselves. To the extent that securities transactions are executed away from Schwab, then Schwab will typically directly charge the client commission mark-up and mark-downs that the client will pay in addition to the wrap fee.

Our recommended custodian, Charles Schwab & Co., Inc. ("Schwab"), does not charge transaction fees for U.S. listed equities and exchange traded funds. Since we pay the transaction fees charged by the custodian to clients participating in our wrap fee program, this presents a conflict of interest because we are incentivized to recommend these equities and exchange traded funds over other types of securities in order to reduce our costs.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Tall Pines may modify the fee at any time upon 30 days' written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

A client investment advisory agreement may be canceled at any time by the client, or by Tall Pines with 30 days' prior written notice to the client. Upon termination, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

#### B. Disclosure of Cost Difference if Services Purchased Separately

Depending on a number of factors, such as the number, size and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis. Bundled fees generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transaction fees are included as part of the overall advisory fee to the client drives trading costs higher and reduces the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability. Accordingly, we have an incentive to limit our trading activities in wrap accounts.

#### C. Additional Client Fees and Terms of Payment

Tall Pines generally requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Tall Pines will deduct its advisory fees directly from the client's account provided that

- the client provides the qualified custodian written authorization;
- an invoice is sent in advance to the client;
- the invoice shows the amount of the fee, how it was calculated, and the value of the assets on which the bill is based; and
- the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

Tall Pines generally requires fees to be prepaid on a quarterly basis. Tall Pines' fees will either be paid directly by the client or disbursed to Tall Pines by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Tall Pines may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

#### D. External Compensation for the Sale of Securities to Clients

The sole investment adviser representative of Tall Pines is a registered representative of APW Capital, Inc., ("APW"), member FINRA/SIPC. As such, he is able to accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees. Clients should be aware that the practice of accepting commissions for the sale of securities presents a conflict of interest and gives the firm and/or our representative an incentive to recommend investment products based on the compensation received. The firm generally addresses commissionable sales conflicts that arise when explaining to clients these sales create an incentive to recommend based on the compensation to be earned and/or when recommending commissionable mutual funds, explaining that "no-load" funds are also available. Our firm does not prohibit clients from purchasing recommended investment products through other unaffiliated brokers or agents.

Tall Pines' advisory professional is compensated primarily through a salary and bonus structure.

## Item 5: Account Requirements and Types of Clients

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Tall Pines offers its investment services to various types of clients including high-net-worth individuals, trusts, corporations, partnerships, tax exempt, and other legal entities. Tall Pines generally requires a minimum account size of \$100,000, which is subject to negotiation at the sole discretion of Tall Pines.

## Item 6: Portfolio Manager Selection and Evaluation

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### A. Portfolio Manager Selection and Review

The firm is the sole sponsor and sole portfolio manager for the Tall Pines Wrap Fee Program.

### B. Participation in Wrap Fee Programs

Other than offering its Tall Pines Wrap Fee Program, the firm does not participate in wrap fee programs.

### C. The Firm Acts as Both a Wrap Fee Sponsor and Portfolio Manager

The Tall Pines Wrap Fee Program is a proprietary product offered exclusively through the firm.

#### Tall Pines Wrap Fee Program

##### Separately Managed Account Product

The firm offers and manages the Tall Pines Micro Cap SMA as described above. The Tall Pines Micro Cap SMA follows a fundamental long biased trading strategy focused on providing long-term capital growth by investing primarily in U.S. and ex-U.S. companies with market capitalizations ranging from \$10 million to \$1 billion (as valued at cost / initial purchase).

The portfolio manager seeks to invest in:

- small, high-growth companies with little or no institutional ownership, and limited trading liquidity
- companies with high-quality management teams whose interests are aligned with company growth and stock price appreciation
- companies with a market-leading position with potential for growth
- A concentrated portfolio consisting of 5 to 15 positions

#### Client-Tailored Services and Client-Imposed Restrictions

Each client's account will be managed on the basis of the client's financial situation and investment objectives, and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

#### Management of Wrap Fee Program

The Tall Pines Wrap Fee Program is the only asset management program offered by the firm.

#### Performance-Based Fees and Side-by-Side Management

Tall Pines charges performance-based fees as described in Item 4, above (fees based on a share of capital gains or capital appreciation of the assets of a client). The performance fee does not necessarily apply to all clients, and is not charged with respect to retirement accounts or accounts otherwise subject to ERISA. This creates a conflict of interest to the extent it creates an incentive to favor accounts for which Tall Pines will receive a performance-based fee. Performance based fee arrangements create an incentive for Tall Pines to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee



arrangements also create an incentive to favor higher fee accounts over other accounts in the allocation of investment opportunities. Tall Pines addresses these conflicts of interest by fully disclosing them in this wrap fee brochure, by treating all clients equally regardless of the means by which they are charged, and by only making investment decisions that reflect clients' best interests (and not in pursuant of a higher fee).

#### Methods of Analysis, Investment Strategies and Risk of Loss

Tall Pines uses a variety of sources of data to conduct its economic, investment and market analysis, such as SEC Filings, company visits, financial and industry newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by companies, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Tall Pines and its investment adviser representative are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, earnings data, valuation analysis, and related data.
- Qualitative analysis uses subjective judgment based on unquantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. Qualitative analysis contrasts with quantitative analysis, which focuses on numbers that can be found on reports such as balance sheets. The two techniques, however, will often be used together in order to examine a company's operations and evaluate its potential as an investment opportunity. Qualitative analysis deals with intangible, inexact concerns that belong to the social and experiential realm rather than the mathematical one. This approach depends on the kind of intelligence that machines (currently) lack, since things like positive associations with a brand, management trustworthiness, customer satisfaction, competitive advantage and cultural shifts are difficult, arguably impossible, to capture with numerical inputs. A risk in using qualitative analysis is that subjective judgment may prove incorrect.

In addition, Tall Pines reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Tall Pines may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### Material Risks of Micro and Nano Capitalization Securities

Tall Pines generally implements its Micro Cap SMA by purchasing and selling micro and nano capitalization securities, which carry acute risks. The term "micro cap stock" applies to companies with low or "micro" capitalizations, meaning the total value of the company's stock. A typical definition would be companies with a market capitalization of less than \$250 million or \$1 billion. The smallest public companies, with market capitalization of less than \$50 million, are sometimes referred to as "nano cap stocks."

Micro cap and nano cap companies typically have limited assets and operations, and such stocks tend to be low priced and trade in low volumes.

Many micro cap and nano cap stocks trade in the "over-the-counter" (OTC) market, rather than on a national securities exchange such as the New York Stock Exchange or NASDAQ. They are quoted on OTC systems, such as the OTC Bulletin Board (OTCBB) or OTC Link LLC (OTC Link).

Often, the biggest difference between a micro cap stock or nano cap stock as compared to other stocks is the amount of publicly available information about the company. Most large public companies file reports with the SEC that any investor can get for free from the SEC's website. Professional stock analysts regularly research and write about larger public companies, and it's easy to find their stock prices on the internet or in newspapers and other publications. In contrast, information about micro cap and nano cap companies can be extremely difficult to find, making them more vulnerable to investment fraud schemes and making it less likely that quoted prices in the market will be based on full and complete information about the company.

Companies that trade their stocks on exchanges must meet minimum listing standards. For example, they must have minimum amounts of net assets and minimum numbers of shareholders. In contrast, companies on the OTCBB generally do not have to meet any minimum standards.

While all investments involve risk, micro cap and nano cap stocks are among the most risky. Many micro cap and nano cap companies are new and have no proven track record. Some of these companies have no assets, operations, or revenues. Others have products and services that are still in development or have yet to be tested in the market. Another risk that pertains to micro cap and nano cap stocks involves the low volumes of trades. Because many micro cap and nano cap stocks trade in low volumes, any size of trade can have a large percentage impact on the price of the stock.

#### Investment Strategy, Method of Analysis, Material Risks

Our investment strategy is to follow a fundamental long biased trading strategy focused on providing long-term capital growth by investing primarily in U.S. and ex-U.S. companies with market capitalizations ranging from \$10 million to \$1 billion.

#### Short Selling

The firm generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

#### Concentration Risk

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have

concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

#### Material Risks of Investment Instruments

##### Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

##### Proxy Voting

Tall Pines does not take discretion with respect to voting proxies on behalf of its clients. In no event will Tall Pines take discretion with respect to voting proxies on behalf of its clients.

Tall Pines will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Tall Pines has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Tall Pines also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Tall Pines has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Tall Pines receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## Item 7: Client Information Provided to Portfolio Managers

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The firm is the sole portfolio manager in the Tall Pines Wrap Fee Program and does not share any personal information it collects from its clients other than pursuant to its privacy policy and corresponding notice, or as required by law or regulatory mandate. The firm may collect the following information in order to formulate its investment recommendations to clients:

- Income
- Employment and residential information
- Social security number
- Cash balance
- Security balances
- Transaction detail history
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of accounts
- Client interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

## Item 8: Client Contact with Portfolio Managers

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The firm encourages communication with its clients and does not limit or condition the amount of time clients can spend with the firm's advisory professionals.

## Item 9: Additional Information

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### A. Disciplinary Information and Other Financial Activities and Affiliations

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Tall Pines' advisory business or the integrity of Tall Pines' management.

#### Other Financial Industry Activities and Affiliations

##### Broker-Dealer or Representative Registration

The sole investment adviser representative of Tall Pines is a registered representative of APW Capital, Inc. ("APW"), a FINRA-registered broker-dealer and member of SIPC. APW is a financial services company engaged in the sale of investment products.

In his capacity as a registered representative of APW, he is subject to the general oversight of APW and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients of Tall Pines should understand that their personal and account information is available to FINRA and APW for the fulfillment of their regulatory oversight obligations and duties.

##### Futures or Commodity Registration

Neither the firm nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

##### Material Relationships Maintained by this Advisory Business and Conflicts of Interest

##### Broker-Dealer Registration

Tall Pines professionals who effect transactions for advisory clients will typically receive transaction or commission compensation from APW. The recommendation of securities transactions for commission creates a conflict of interest in that Tall Pines is economically incented to effect securities transactions for clients. Although Tall Pines strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of Tall Pines rather than in the client's best interest. Tall Pines advisory clients are not compelled to effect securities transactions through APW.

### Insurance Sales

The sole investment adviser representative of Tall Pines is licensed as an insurance agent. From time to time he will recommend insurance products offered by such carriers for whom he functions as an agent and receive a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Please also be advised that Tall Pines strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with Tall Pines' employing broker-dealer.

### Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

In addition, Christopher Plahm is the owner and an investment advisory representative of Stonebridge Wealth Management, LLC ("Stonebridge"), a registered investment adviser offering a variety of investment advisory and financial planning services. In such capacity, from time to time he will offer advisory services to Tall Pines clients and receive normal and customary fees as a result. As such, there is an economic interest to recommend that clients utilize the additional services afforded by Stonebridge. Christopher Plahm and Tall Pines address this conflict of interest by fully disclosing it in this brochure, by advising clients of the additional compensation to be earned, and by only making such recommendations when it is believed to be in the client's best interest. Clients are under no obligation to invest through Stonebridge.

### B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

In accordance with the Advisers Act, the firm has adopted policies and procedures designed to detect and prevent insider trading. In addition, the firm has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of the firm. The firm will send clients a copy of its Code of Ethics upon written request.

The firm has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

The firm does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, the firm does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

The firm, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which the firm specifically prohibits. The firm has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow the firm's procedures when purchasing or selling the same securities purchased or sold for the client.

### Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

The firm, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other the firm clients. The firm will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of the firm to place the clients' interests above those of the firm and its employees.

### Factors Used to Select Broker-Dealers for Client Transactions

#### Custodian Recommendations

Tall Pines generally recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab" or "custodian"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Tall Pines recommends that clients establish accounts at the custodian, it is the



client's decision to custody assets with the custodian. Tall Pines is independently owned and operated and not affiliated with custodian. For Tall Pines client accounts maintained by the custodian, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts. Wrap fee clients do not pay separate transaction-related fees to the custodian.

Tall Pines considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Tall Pines, Tall Pines will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Tall Pines will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### How We Select Brokers/Custodians to Recommend

Tall Pines seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange- traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### Client's Custody and Brokerage Costs

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a

certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account. Wrap fee clients do not pay separate transaction-related fees to the custodian.

#### Soft Dollar Arrangements

The firm does not utilize soft dollar arrangements. The firm does not direct brokerage transactions to executing brokers for research and brokerage services.

#### Institutional Trading and Custody Services

The custodian provides the firm with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. These services are not contingent upon the firm committing to a custodian any specific amount of business (assets in custody or trading commissions). The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### Other Products and Services

Custodian also makes available to the firm other products and services that benefit the firm but may not directly benefit its clients' accounts. Many of these products and services are used to service all or some substantial number of the firm's accounts, including accounts not maintained at custodian. The custodian also generally makes available to the firm software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of the firm's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian also offers other services intended to help the firm manage and further develop its business enterprise. These services include

- compliance, legal and business consulting
- information technology consulting
- Customer Relation Management (CRM) software
- marketing support
- publications and conferences on practice management and business succession

- access to employee benefits providers, human capital consultants and insurance providers

The custodian also provides other benefits such as educational events or occasional business entertainment of the firm personnel. In evaluating whether to recommend that clients custody their assets at the custodian, the firm may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which creates a conflict of interest. The firm addresses this conflict of interest by fully disclosing it in this wrap brochure, by making custodian recommendations that it believes are in the best interest of clients, and by evaluating the custodian based on factors independent of the benefits it receives.

#### Independent Third Parties

The custodian makes available, arranges, and/or pays third-party vendors for the types of services rendered to the firm. The custodian retains the ability to discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to the firm.

#### Additional Compensation Received from Custodians

The firm generally recommends certain broker-dealers or custodians to clients for custody and brokerage services. By virtue of its ability to service its clients through the platforms of such broker-dealers or custodians, the firm typically receive the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving the firm participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to the firm by third-party vendors

The custodian also retains the ability to pay for business consulting and professional services received by the firm's related persons, as well as to pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for the firm's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs are designed to benefit the firm but may not benefit its client accounts. These products or services may assist the firm in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help the firm manage and further develop its business enterprise. The benefits received by the firm or its personnel through participation

in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the firm's recommendation of broker-dealers for custody and brokerage services.

#### The Firm's Interest in Schwab's Services

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. These services are not contingent upon the firm committing any specific amount of business to the custodian in trading commissions or assets in custody. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

#### Brokerage for Client Referrals

The firm does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

#### Directed Brokerage

##### Firm Recommendations

The firm typically recommends Schwab as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

##### Client-Directed Brokerage

Occasionally, clients may direct the firm to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage the firm derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. The firm loses the ability to aggregate trades with other the firm advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

#### Aggregating Securities Transactions for Client Accounts

### Best Execution

The firm, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. The firm recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. The firm will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, the firm seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of the firm's knowledge, these custodians provide high- quality execution, and the firm's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, the firm believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere. Furthermore, wrap fee clients do not pay separate custodian transaction charges.

### Security Allocation

Since the firm may be managing accounts with similar investment objectives, the firm may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by the firm in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

The firm's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. The firm will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

The firm's advice to certain clients and entities and the action of the firm for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of the

firm with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of the firm to or on behalf of other clients.

#### Order Aggregation

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if the firm believes that a larger size block trade would lead to best overall price for the security being transacted.

#### Allocation of Trades

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

The firm acts in accordance with its duty to seek best price and execution and will not continue any arrangements if the firm determines that such arrangements are no longer in the best interest of its clients.

#### Review of Accounts

##### Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Accounts are reviewed by Tall Pines' investment adviser representative (Christopher Plahm). The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in corporate management, or changes in macro-economic climate.

##### Review of Client Accounts on Non-Periodic Basis

The firm may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how the firm formulates investment advice.

##### Content of Client-Provided Reports and Frequency

Tall Pines may provide reports upon client request. Such reports will include information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Tall Pines.

#### Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

Tall Pines does not receive economic benefits for referring clients to third-parties.

#### Financial Information

##### Balance Sheet

Tall Pines does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

##### Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

The firm does not have any financial issues that would impair its ability to provide services to clients.

##### Bankruptcy Petitions During the Past Ten Years

There is nothing to report for this item.