

**Part 2A Appendix 1 of Form ADV: *Wrap Fee Program Brochure***

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**Shah Capital Management Program**

01/26/2021

This wrap fee program brochure provides information about the qualifications and business practices of Shah Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 919-719-6361 or [chaya@shahcapital.com](mailto:chaya@shahcapital.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. Reference made to Shah Capital Management, Inc. as being a “registered investment adviser” does not imply a certain level of skill or training.

Additional information about Shah Capital Management, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 133941.

## ITEM 2 MATERIAL CHANGES

Consistent with SEC rules, we seek to ensure that you receive a summary of any material changes to our Disclosure Brochures, including this Form ADV Part 2A Appendix 1, within 120 days after the close of our fiscal year. We may also provide you with other disclosures at other times during the year in the event of any material changes to our business.

The last material change to this Form ADV, Part 2A, Appendix 1 Wrap Fee Brochure was reported in our last annual update on December 31, 2019. There are material changes to report for the period ended December 31, 2020.

Item 9: Other Financial Industry Activities and Affiliations, this section has been revised to provide disclosures regarding the firm's and employee's investments in companies held in client's accounts where the firm or its employees hold an executive office position, thus, resulting in a possible conflict of interest.

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## **ITEM 4 SERVICES FEES AND COMPENSATION**

### **Services**

Shah Capital Management, Inc. (hereinafter "Shah Capital") is an SEC-registered investment adviser with our principal place of business located in Raleigh, North Carolina. Shah Capital began conducting business in January 2005. Himanshu H. Shah, President and Chief Investment Officer of Shah Capital, is also the principal shareholder of the firm.

Shah Capital offers investment management services solely through a Separately Managed Wrap Fee Program (the "Program") and a private Limited Partnership (private funds). We sponsor the Program which is currently closed to new clients (except in extraordinary cases and in Shah Capital's sole discretion). The private limited partnership is closed to new investors and is not accepting additional outside capital.

This Program Brochure is limited to describing the services, fees, and other necessary information clients should consider prior to becoming a client within the Program. For a complete description of the other services offered by our firm and the fees charged for those services, clients should refer to our Form ADV Part 2: Firm Brochure.

You may obtain a copy of our Firm Brochure by contacting us at 919-719-6361 or [chaya@shahcapital.com](mailto:chaya@shahcapital.com)

### **Program Description**

Shah Capital sponsors and acts as the sole investment manager to the Program. A Separately Managed Wrap Fee program is an investment management program that provides the client with advisory and brokerage execution services for a single all-inclusive fee. The client is not charged separate fees for these respective components of the total service.

Shah Capital constructs and manages the client's Program portfolio based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal Investor Profile. After an analysis of the information provided in the Investor Profile, Shah Capital develops an appropriate investment strategy for the client's Program account. Shah Capital manages Program accounts on a discretionary basis only. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income). Clients give us discretionary authority when they sign an advisory agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Shah Capital offers advice through the Program with respect to portfolios which may include any of the following securities:

- Exchange-listed securities, including individual equities and exchange traded funds (ETFs);
- Securities traded over-the-counter;
- Foreign issuers;
- Certificates of deposit;
- Municipal securities;
- No load or load waived mutual fund shares;

- United States governmental securities;

We intend to primarily allocate the client's investment management assets, on a discretionary basis, among exchange-listed securities in accordance with the investment objectives of the client. In general, the cash position in the Program accounts may vary from 15-40% at any given time. All investments among the Program accounts are more or less the same. The investment strategy of the Program is long-only price-conscious portfolio management strategy with no short selling or option trading. Accounts are more liquid with lower securities concentration and international exposure. Portfolio weighting among securities and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf.

Mutual funds and ETFs will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure and expense ratio.

Shah Capital will monitor accounts regularly and rebalance as needed. If Shah Capital believes that a particular investment is performing inadequately, or if Shah Capital believes that a different investment is more suitable, then Shah Capital will recommend a different investment and reinvest the client's assets accordingly.

Shah Capital's clients are advised to promptly notify Shah Capital if there are ever any changes in their financial situation or investment objectives which may impact how his/her account should be managed or if they wish to impose any reasonable restrictions upon Shah Capital's management services.

**Directed Brokerage.** Shah Capital does not have the discretionary authority to determine the broker dealer/custodian to be used for Program client accounts. We generally recommend that Program clients utilize the brokerage and clearing services of TD Ameritrade Institutional, an unaffiliated, FINRA-member broker dealer, and its affiliates (collectively referred to as TDAI). Shah Capital may only implement its investment management recommendations after the client has arranged for, and furnished Shah Capital with information and authorization. Shah Capital has evaluated TDAI and believes that it will provide Shah Capital clients with a blend of execution services, costs and professionalism that will assist Shah Capital in meeting its fiduciary obligations to clients. The designation of a broker other than TDAI would generally be incompatible with the Program platform. As such, Shah Capital reserves the right to decline acceptance of any client account for which the client directs the use of a broker dealer/custodian other than TDAI.

Clients should note that Shah Capital participates in the institutional customer program ("the TDAI Program") offered to independent investment advisers by TDAI. Shah Capital receives certain benefits from TDAI through its participation in the program (Refer to the "Benefits Received" Section of Item 9 below for additional information).

In evaluating Shah Capital's arrangement with TDAI, the client should recognize that brokerage commissions for the execution of transactions in the client's Program account are not negotiated by Shah Capital among various broker dealers on a trade-by-trade basis, and best execution may not be achieved. In fact, transactions in the client's Program account are effected 'net,' i.e., without separate commission charge to the client, and a portion of the wrap fee is generally considered as being in lieu of commissions. The client should consider therefore that, depending upon the level of the wrap fee charged, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if Shah Capital were to negotiate commissions and seek best price and execution of transactions for the client's account.

Not all advisers require clients to direct it use a particular broker dealer, though the sponsors of wrap fee programs often do.

### **Program Fees and Costs**

Clients in the Program shall pay an annual fee of 1.4% based upon a percentage of the market value of assets held in clients' accounts managed by Shah Capital. Shah Capital's annual fee shall be charged quarterly, in advance, on the last day of the previous month end quarter. The annual fee shall be prorated for partial calendar quarters. The custodian determines the market value of client account securities where client accounts are held.

As a condition for participating in the Program, Shah Capital generally imposes a minimum annual fee of \$600. This minimum fee may have the effect of making the Program impractical for persons with Accounts less than \$30,000 in the Program. Shah Capital, in its sole discretion, can waive its minimum annual fee or charge less than the above fee schedule based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. While Shah Capital does not require a minimum account size for the Program, clients should be aware that accounts with a value under \$100,000 will typically, out of necessity, hold fewer positions in higher concentrations than other client accounts. As a result, these accounts may experience a greater degree of volatility.

As sponsor and sole portfolio manager to the Program, Shah Capital generally retains the portion of the fee paid by the client that is not attributable to commissions and other transaction costs, as applicable.

**What services are covered by the Program fees?** The Program fees pay for our firm's advisory services to clients under the Program, administrative expenses of the Program, custody charges for clients' assets custodied at TDAI and brokerage services for Program accounts to the extent trades are conducted through TDAI.

**What services are not covered by the Program fees?** All fees paid to Shah Capital by Program accounts for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchange-traded funds (ETFs) to their shareholders. The Program fees do not include expenses of mutual funds and exchange traded funds such as fund management fees charged to each fund's investors, exchange fees, transfer taxes, odd-lot differentials, or certain administrative fees for wire transfers or certificate issues as well as applicable administrative fees charged by Shah Capital as described above. In the case of mutual funds, the fund's fees and expenses are described in its prospectus. These will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. As applicable, clients will also separately incur foreign broker's fees on trades placed on foreign stock exchanges. Clients may incur charges for other account services provided not directly related to the execution and clearing of transactions, including, but not limited to, IRA custodial fees, safekeeping fees, wire transfer fees, interest charges on margin loans, exchange fees, and fees for transfers of securities.

**Additional Information about Program fees.** In considering the investment program described in this Brochure, clients are cautioned that depending on the level of fees charged by the executing broker-dealer, and the amount of portfolio activity in the clients' account, the value of the services provided under this Program may exceed the total cost of such services had they been provided separately. In addition, the Program Fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs. The factors that should be considered by a prospective client include the size of a

client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, if any, the anticipated level of trading activity and the amount of advisory fees only for managing the client portfolio.

### **General Information**

**Program Fees and Negotiability.** The annual fee for the Program is 1.40%. Shah Capital charges its annual fee quarterly, in advance, based upon a percentage of the market value of the assets on the last day of the previous quarter. The annual fee shall be prorated for partial calendar quarters. In addition, certain family members and personal acquaintances of Shah Capital's affiliated persons can receive advisory services at a discounted rate which is not available to advisory clients generally.

**Termination.** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

**Exchange-Traded Funds.** Shares of ETFs held in client accounts are bought and sold on an exchange and not, like mutual funds, directly from the fund itself. The price of ETF shares fluctuates in accordance with changes in the net asset value (NAV) per share, as well as in response to market supply and demand. Accordingly, ETF shares may trade at a price which differs from NAV per share of the ETF.

**Deposit / Withdrawals.** Additional deposits and withdrawals of funds and/or securities to the Program may be made to the Account at any time. Program Fees are calculated *pro rata* for partial billing periods based upon the value of the assets in the Account and the number of days in the calendar quarter. If the Program is terminated, the Program Fee will be assessed *pro rata* and refunded to the Client in a timely manner. If additional assets are deposited into the Account after the inception of a quarter that exceed \$100,000, the Program Fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter. Participants may withdraw assets from their Account at any time, subject to the usual and customary securities settlement procedures. For partial withdrawals in excess of \$100,000 within a billing period, Shah Capital shall credit the unearned Program Fee towards the next quarter's Program Fee. However, Shah Capital designs its portfolios as long-term investments and assets withdrawals may impair the achievement of the client's investment objectives.

Additions may be in cash or securities provided that Shah Capital reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. Shah Capital may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

**Direct Debiting of Fees.** Shah Capital requests authority from the client to debit the Program Fee from the Client's Account and for the Custodian to remit the fee directly to Shah Capital in accordance with applicable custody rules. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

**Additional Considerations.** The amount of compensation received by Shah Capital, as a result of the client's participation in the Program may or may not be more than what Shah Capital would receive if the client paid separately for investment advice, brokerage and other services. Inasmuch as Shah Capital will pay the execution costs of securities transactions executed in Program client accounts, it may also have a disincentive to enter trades on behalf of Program participants.

**Limited Trade Aggregation.** Shah Capital purchases or sell the same securities for several Program clients at approximately the same time (except when it may be required to effect a transaction independently in Program clients' account due to certain circumstances). Shah Capital combines (although not obligated to) or batch such orders to improve transaction execution or to allocate equitably among Shah Capital's Program clients differences in prices that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated pro rata based on the assets in the clients' accounts (and clients' cash needs) To the extent that Shah Capital determines to aggregate client orders for the purchase or sale of securities, including securities in which Shah Capital's Advisory Affiliate(s) invest, Shah Capital shall generally do so consistently in accordance with the orderly execution of the transactions. Shah Capital shall not receive any additional compensation or remuneration as a result of the aggregation. All the investments among the Program accounts are more or less the same. All participants in a block trade receive the same level of execution and transactions are allocated consistent with these trading procedures so that all participants receive a fair and equitable allocation.

In the event that Shah Capital determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include (but are necessarily limited to): (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates; (ii) allocations may be given to one account when one account has limitations to its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an accounts assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Shah Capital may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

**No Aggregation with private limited partnership (private funds):** Securities traded by Shah Capital on behalf of the private funds managed by the firm are traded through brokers / custodians other than TDAI. These fund transactions, therefore, are not block-traded with Wrap Fee Program accounts. As a result, non-blocked transactions in the same security may result in Program clients receiving more or less favorable net prices on transactions for an account than would otherwise be the case if the client's account participated in a "blocked" transaction with the private funds.

Furthermore, Program clients and private fund clients generally do not strategically transact in the same security at the same time when both sets of clients are eligible to purchase or sell the same security, due to the timing differences of implementing the SMA's buy and hold risk averse strategy as compared to the more aggressive non-risk averse trading strategy of the fund.

**Limited Prepayment of Fees.** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.



## **Program Marketing and Compensation**

Except in extraordinary cases and in Shah Capital's sole discretion the Program is currently closed to new clients. As such, we do not pay referral fees or otherwise compensate any person to refer clients to the Program.

### **ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

#### **Minimum Account Requirements**

As a condition for participating in the Program, Shah Capital generally imposes a minimum annual fee of \$600. This minimum fee may have the effect of making the Program impractical for persons with Accounts less than \$30,000 under the Program. See Item 4 of this Wrap Fee Brochure for additional information.

#### **Types of Clients**

Shah Capital provides advisory services through the Program, where appropriate, to individuals, including high net worth individuals, pension and profit sharing plans, trusts, corporations and business entities.

### **ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION**

#### **Portfolio Manager Selection**

As previously disclosed, Shah Capital is the sole investment manager to Program accounts. As such, all participating clients' accounts are managed directly by advisory personnel of our firm. Shah Capital's executive management and all individuals that render investment advisory services on behalf of Shah Capital must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations. Himanshu Shah, President of Shah Capital, determines the general investment advice given to Program participants. Mr. Shah founded Shah Capital in January 2005 and has acted as portfolio manager to the firm's client accounts since that time. Prior to founding Shah Capital, Mr. Shah was Vice President and Senior Portfolio Manager – PMP at UBS Financial Services, Inc. For Mr. Shah's educational and employment history, clients should refer to his Form ADV, Part 2B: Brochure Supplement. Please contact Ms. Chaya Rao, Chief Compliance Officer of Shah Capital, 919-719-6361 or [chaya@shahcapital.com](mailto:chaya@shahcapital.com) if you have not received a copy of Mr. Shah's Brochure Supplement. Mr. Shah is supported by Mr. Don Espey, Assistant Portfolio Manager and Director-Research, who will participate in implementing Mr. Shah's decisions. Mr. Espey has capital market experience since 2002 when he was with UBS and from 2006 when he joined Shah Capital.

#### **Portfolio Performance Reporting**

Shah Capital has adopted policy and procedures designed to reasonably ensure that account reporting of client portfolios and investments reflect current, fair and accurate market valuations. In general, we rely on the qualified custodian holding client account investments for timely valuation information of advisory client securities (typically TDAI). Whenever valuation information for illiquid, foreign, private or other investments is not available through pricing services or custodians, Shah Capital will obtain and document price information from at least one independent source, whether a broker-dealer, bank, pricing service or other reputable source. We also require periodic, random, internal reviews of account reports to identify any incorrect, stale or mispriced securities. Although we consistently apply our

methodology, we do not engage a third party to conduct reviews of performance information nor do we seek to comply with any particular industry standard when calculating portfolio performance.

### **Affiliated Portfolio Managers**

As previously disclosed, all client accounts in the Program are directly managed by our portfolio manager. Please refer to Item 4 for a detailed description of Shah Capital Management Program Program's services and fees.

### **Performance-Based Fees**

In addition to providing investment management services to Program accounts, Shah Capital also acts as investment manager to certain limited partnership (private funds) which pay both a management fee and performance-based fee to our firm or our affiliates. Because we do not charge performance-based fees to Program client accounts, an inherent conflict of interest is created in which we have incentive to favor the private funds over Program accounts (e.g., when allocating investment opportunities) because the compensation we receive from the funds is more directly tied to their performance.

Since we endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser, we take the following steps to address this conflict of interests:

- We disclose to clients the existence of material conflicts of interest, including the potential for our firm and our affiliates to earn more compensation from advisory clients who pay performance-based fees.
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our firm management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We have implemented policies and procedures for fair and consistent allocation of investment opportunities among all client account;
- We periodically compare holdings and performance of all accounts with similar strategies to identify significant performance disparities indicative of possible favorable treatment;
- We periodically review trading frequency and portfolio turnover rates to identify possible patterns of "window dressing," "portfolio churning," or any purposeful or unconscious attempts to manipulate trading to boost performance near the reporting period; and
- We educate and train our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients and equitable treatment of all clients, regardless of the fee arrangement.

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

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

#### ***Methods of Analysis and Associated Risks***

**Fundamental Analysis.** Through fundamental analysis we attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

**Cyclical Analysis.** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

**Charting.** Charting is a form of technical analysis in which we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

Technical analysis does not primarily consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Mutual fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

**Risks for All Forms of Securities Analysis:** Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### ***Investment Strategies and Associated Risks***

The following investment strategies are used when managing the Program accounts:

We generally purchase securities with the idea of holding them in the clients account for long term with long term defined as holding more than a year. We follow this strategy because we believe the securities to be currently undervalued and it takes a longer time for the market participants to value them fairly due to short term issues that they may have had. Also, we do this because we want exposure to a

particular industry over time, regardless of the current projection for that industry. A risk in this strategy is that, by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

We also purchase securities sometimes for short term with short term defined as holding for less than a year.

Liquidity: We manage the accounts such that it meets the financial needs and circumstances of our clients. Typically, cash levels in accounts will vary between 14-40%.

We do not do Option trading or Short selling. The positions in Program accounts are less concentrated with limited international exposure and accounts are managed in accordance with financial needs and circumstances of Program clients. All investments among the Program accounts are more or less the same. Due to the risk-averse, buy-and-hold strategy in Program accounts, there is less portfolio turnover. We manage the Program accounts with a price-conscious portfolio management strategy.

**Risks in General:** Securities investments are not guaranteed, and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk. Investing in securities involves risk of loss that a client should be prepared to bear.

### **Voting Client Securities**

Shah Capital generally requests the authority to vote proxies on behalf of its clients. When we accept such responsibility, we will seek to cast proxy votes in a manner consistent with the best interest of our clients. Absent special circumstances, which are fully described in Shah Capital's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Shah Capital's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. At any time, clients may contact Shah Capital to request information about how Shah Capital voted proxies for that client's securities or to get a copy of Shah Capital's Proxy Voting Policies and Procedures. You may request this information by email sent to [chaya@shahcapital.com](mailto:chaya@shahcapital.com) or by calling us at 919-719-6361. A brief summary of Shah Capital's Proxy Voting Policies and Procedures is as follows:

- Shah Capital will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- Shah Capital will generally vote proxies according to Shah Capital's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues and issues involving mutual funds.
- Although the Proxy Voting Guidelines are to be followed as a general policy, certain issues will be considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Shah Capital shall devote an appropriate amount of time and resources to monitor these charges.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Shah Capital maintains with persons having an interest in the outcome of certain votes, Shah Capital will take appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict. These procedures may include abstaining from a vote or soliciting the recommendation of an independent third party regarding the issue.

For example, at times, Shah Capital will take an activist posture with respect to a portfolio company. Shah Capital reserves the option for it or its affiliates (including, without limitation, Mr. Shah), to provide consulting or other services to a company in which Shah Capital holds securities, or to accept a role on the board of directors or the equivalent of any company in which Shah Capital holds securities. While Shah Capital generally prefers the election of unaffiliated third parties as directors and appointment of unaffiliated third parties as officers of publicly-held portfolio companies, Shah Capital can seek to nominate an affiliate to serve as a director or officer (e.g., president, CFO, COO, etc.) where a suitable unaffiliated director or officer candidate is not identified, or Shah Capital determines that an affiliate would be appropriate to serve as a director or officer.

In the case of a public company board directorship and officer opportunities, Shah Capital and/or its affiliates will have a conflict of interest because of the interest in serving, or having an affiliate serve, as a director or officer of a publicly-held portfolio company (e.g., the prestige compensation, ancillary benefits or other positives of serving as a public company director or officer). If Shah Capital's affiliate is nominated and elected as a director or appointed as an officer of a publicly held portfolio company, Shah Capital affiliate will be paid compensation commensurate with the position. In addition, Shah Capital affiliate will receive the benefits described above.

With respect to private portfolio companies, Shah Capital may, depending on its level of investment and voting rights, elect or appoint an affiliate as a director or officer in connection with the investment. In these cases, Shah Capital may look to the affiliate to provide direction, support and oversight to the portfolio company as part of the affiliate's role and duty as a director or officer. In addition, the affiliate will assist Shah Capital in monitoring the portfolio company as a private investment. As with public company board directorship and officer opportunities, Shah Capital and/or its affiliates will have a conflict of interest because of the interest in serving as a private company director or officer for the same reasons associated with public company board directorships and officer positions described above. If Shah Capital affiliate is nominated and elected as a director or appointed as an officer of a private portfolio company, Shah Capital affiliate can be paid compensation commensurate with the position. In addition, Shah Capital affiliate will receive the benefits described above.

## **ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Individuals affiliated with our firm are responsible for developing an initial financial profile of the prospective client. Prior to opening an account, we assist in determining a participant's profile for the Program by obtaining from the participant appropriate information (i.e., investment objectives, risk tolerance, time horizon, and any reasonable restrictions the client wishes to impose upon the management of the account). Initial investment strategy is determined based on an assessment of the information provided by the client.

While we provide the client with periodic reminders and seek to contact each Program client at least annually, it remains the client's responsibility to advise us of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategy(ies) and/or objectives. We promptly communicate any reported changes to the client's portfolio manager.

## **ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Although the client's account representative is the client's primary contact and account liaison to discuss the management and performance of the client's account and changes in the client's financial situation which may have an impact on the management of the client's account, Shah Capital promotes open lines of communication between the portfolio manager and our clients, encouraging the manager's accessibility to remain available to our clients to discuss investment philosophy, objectives and to answer client questions. Our clients may directly contact their portfolio manager(s) with questions or concerns by calling the number on this Brochure.

## ITEM 9 ADDITIONAL INFORMATION

### Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither our firm nor our management personnel have reportable disciplinary events to disclose.

### Other Financial Industry Activities and Affiliations

Shah Capital, LLC, an affiliate of Shah Capital through common ownership and control, is the General Partner of one of the private funds also managed by our firm ("the General Partner"). Himanshu Shah, President of Shah Capital, is Managing Member of the General Partner. Mr. Shah and Mr. Richard Callaghan serve as directors to one of the private funds, a Feeder Fund. Mr. Callaghan is also the Director of Shah Capital.

As General Partner, Shah Capital, LLC is entitled to any performance-based fee (incentive allocation) earned pursuant to the terms and conditions set forth in the private funds' offering documents. Any such allocation will ultimately inure to the benefit of the owners and stake-holders in Shah Capital. See the *Performance Based Fees* subsection of Item 6 above for additional information.

Mr. Shah in his capacity as Managing Member of the General Partner invests or recommends investment in Marius Pharmaceuticals ("Marius"), a privately-held pharmaceutical company where Mr. Shah is the Founder Chairman of the Board of Directors. Effective 1/27/2021, he is also the Co-CEO. He received restricted stock options in 2020 as the Chairman though he has not taken any salary since inception for this role. He has not and does not receive any other form of compensation, including reimbursement of expenses and Director fees. Both Mr. Shah and Shah Capital employees have personally invested in Marius since inception.

In addition, Shah Capital also shares office space with Marius, which includes access to Shah Capital's phone systems and common areas. Marius currently shares a computer server with Shah Capital, however, access to Shah Capital's programs and files are password protected. Marius has a separate e-mail system from Shah Capital which is maintained by a third-party service provider.

Although the office space is shared, Shah Capital pays for all overhead expenses including office rent, office equipment, stationary, secretarial services etc. Shah Capital believes this mitigates or removes actual or potential conflicts as such office expenses are not passed through Marius to Shah Capital clients that are invested in Marius. This relationship can be viewed as a possible conflict of interest because Mr. Shah is investing in this company while also serving at an executive level position within the company. A conflict of interest arises because the decisions Mr. Shah makes on behalf of or recommends to Marius may be based on his personal interest rather than on the best interest of investors.

Mr. Shalin Shah, Co-CEO and Interim CFO of Marius Pharmaceuticals effective 1/27/2021, is a former employee of Shah Capital.. As a result of the foregoing, the General Partner and Shah Capital may have conflicts of interest in their interactions, dealings, and investment with such portfolio companies due to such familial or agency relationships. In navigating such conflicts of interest, the General Partner and Shah Capital will seek to act consistent with their fiduciary duties to its clients.

Mr. Ke Chen, Director of Shah Capital, is also a Director and Chief Financial Officer on the Board of Renesola Ltd, a publicly traded portfolio company. He receives compensation for his services as both Director and CFO of Renesola.

Clients and investors should also note that a Shah Capital's affiliate's service as a director or officer of a portfolio company will restrict Shah Capital's ability to trade the applicable securities (e.g., when the director or officer is restricted by the portfolio company's policies and legal limitations related to possession of material, non-public information).

Clients should be aware that outside affiliations and the investments in such companies by Shah Capital and our management persons or employees create a conflict of interest, some of which described above and under "Voting Client Securities," that may impair the objectivity of Shah Capital and these individuals when making advisory recommendations. Shah Capital endeavor at all times to put the interests of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address potential conflicts:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and its employees to invest in companies where Shah Capital or its employees hold office;
2. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
3. Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
4. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
5. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
6. We educate and train our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code provides for oversight, enforcement and recordkeeping.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [chaya@shahcapital.com](mailto:chaya@shahcapital.com) or by calling us at 919-719-6361.

Shah Capital and associated persons of our firm are prohibited from engaging in principal transactions. The Investment Advisers Act of 1940 makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, to knowingly sell any security to, or purchase any security from, a client without disclosing to the client in writing the capacity in which the adviser is acting and obtaining the client's consent to the transaction. This rule may apply to certain transactions involving accounts in which investment advisers have interests, such as private fund investments by the firm's owners, principals, or employees. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund's outstanding securities, it would be effectively treated as a

principal transaction if such an account were to engage in a trade with another client account or fund. Shah Capital has adopted specific policies and procedures for monitoring the level of proprietary ownership in the private funds also managed by the firm and for obtaining the requisite consent before engaging in a transaction that would be considered a principal transaction under applicable SEC interpretations.

Shah Capital and associated persons of our firm are also prohibited from engaging in agency cross transactions. An agency cross transaction occurs where our firm acts as an investment adviser in relation to a transaction in which any person controlled by or under common control with our firm, acts as broker for both the advisory client and for another person on the other side of the transaction.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Shah Capital does not buy or sell for itself securities that it also recommends to clients. However, associated persons of Shah Capital are permitted to buy or sell securities that Shah Capital also recommends to clients consistent with the following policies and procedures:

- No Access Person may purchase or sell, directly or indirectly, any security (unless that security is otherwise exempt in the code), in which the Access Person or an Affiliate Account (i.e., the account of a spouse or minor child) has, or by reason of the transaction acquires, any direct or indirect beneficial ownership if the Access Person knows or reasonably should know the security, at the time of the purchase or sale:
  - (i) is being considered for purchase or sale on behalf of any client account; or
  - (ii) is being actively purchased or sold on behalf any client account.
- If Shah Capital is purchasing/selling or considering for purchase/sale any security on behalf of a client account, no Access Person may effect a transaction in that security prior to the client purchase/sale having been completed by Shah Capital, or until a decision has been made not to purchase/sell the security on behalf of the client.

Notwithstanding the foregoing, Access Person transactions may be blocked with client trades, and allocated on a pro rata basis. Access persons may trade personal accounts with higher risk parameters than are followed in client accounts. This may result in a higher concentration in a lower number of securities in such personal accounts than in client accounts, including higher concentration in securities in which client accounts are also invested. The personal account of Himanshu Shah, President of Shah Capital, has typically been invested in higher concentrations of securities in which client accounts are also invested. Mr. Shah has also purchased for his personal/family accounts securities that were subsequently purchased for client accounts. However, such personal purchases are made only where Mr. Shah first determines that the investment, at that time, is not an appropriate risk for client accounts. Clients may later be invested in such security based on a change in the nature of the security's fundamental characteristics. In addition, Mr. Shah may sell a portion of his holdings from his personal/family accounts without selling the same security from the accounts of advisory clients. This is generally the result of the higher concentrations of single securities Mr. Shah maintains in his personal account. Should Shah Capital determine that a security holding should be eliminated, it is the firm's policy that such security be eliminated from client accounts before being eliminated from affiliated persons' accounts including the personal accounts of Mr. Shah.

The foregoing policies and procedures are not applicable to:



- transactions effected in any account over which neither Shah Capital nor any of its Advisory Affiliates (as defined in this Form ADV) has any direct or indirect influence or control; or
- transactions in securities that are: direct obligations of the government of the United States; bankers acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; or shares issued by registered open-end investment companies.

This policy has been established recognizing that some securities being considered for purchase and sale on behalf of Shah Capital's clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to the policies stated above. Shah Capital will maintain records of these trades, including the reasons for any exceptions.

It is the expressed policy of our firm to prevent employee(s) from benefiting off of the transactions placed on behalf of advisory accounts. In order to ensure our fiduciary obligations, we have adopted the following controls:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery to and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to disciplinary action, up to and including termination.

### **Review of Accounts**

Shah Capital monitors the securities underlying portfolios as part of an ongoing process while regular account reviews are conducted at least annually. Such reviews are conducted by Himanshu H. Shah, President of Shah Capital, and Chaya Rao, Chief Compliance Officer. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Shah Capital and to keep Shah Capital informed of any changes thereto.

Shah Capital shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

### **Client Referrals and Other Compensation**

Shah Capital currently has no arrangements, formal or informal, to compensate any person for client or investor referrals, nor do we or any of our affiliates receive compensation for referring clients or investors to any third party.

#### **Benefits Received by Shah Capital Management, Inc.**

As disclosed at Item 4 of this Wrap Fee Brochure, we request that Program clients direct the use of TDAI for trades placed in the client's Program account. Clients should note that Shah Capital has an arrangement with TDAI through which TDAI provides Shah Capital with TDAI's "platform" services. The platform services include, among other things, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Shah Capital in conducting business and in serving the best interests of their clients but that may benefit Shah Capital. In addition to these services, benefits received by Shah Capital include the receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its platform participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information. As part of the arrangement, TDAI also makes available to Shah Capital, at no additional charge to us, certain research and brokerage services, including research services obtained by TDAI directly from independent research companies.

As a result of receiving such services for no additional cost, Shah Capital may have an incentive to continue to use or expand the use of TDAI's services. Shah Capital examined this potential conflict of interest when it chose to enter into the relationship with TDAI and has determined that the relationship is in the best interests of Shah Capital's clients and satisfied its client obligations.

#### **Financial Information**

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

As an advisory firm that both has investment discretion and is deemed to have custody of certain client accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have no adverse financial circumstances to report.

Shah Capital has not been the subject of a bankruptcy petition at any time during the past ten years.