



## **Pallas Capital Advisors LLC**

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

**Effective: July 8, 2021**

This Form ADV Part 2A ("Disclosure Brochure") provides information about the qualifications and business practices of Pallas Capital Advisors LLC ("Pallas" or the "Advisor"). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at (781) 971-5052.

Pallas is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Pallas to assist you in determining whether to retain the Advisor.

Additional information about Pallas and its Advisory Persons is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 310327.

**Pallas Capital Advisors LLC**  
45 Braintree Hill Office Park, Suite 201, Braintree, MA 02184  
Phone: (781) 971-5052 | <https://pallascapitaladvisors.com>

## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of Pallas.

Pallas believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. Pallas encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

### Material Changes

The following material changes have been made to this Disclosure Brochure:

- The Advisor now offers Family Office services. Please see Item 4 and Item 5 for additional details.
- The Advisor has custody over client funds as Supervised Persons may serve as trustee or power of attorney for certain client accounts. Please see Item 15 for additional details.
- The Advisor is subject to custody audits, due to Supervised Persons serving as trustee or power of attorney for certain client accounts. Please see Item 15 for additional details.
- The Advisor now engages a Solicitor for client referrals. Please see Item 14 for additional details.
- The Advisor now offers retirement plan advisory services. Please see Item 4 and Item 5 for details.
- The Advisor has adjusted its fee billing calculation to reflect that advisory fees are based on the average daily balance of assets under management.
- The Advisor has added discretionary 3(38) services for retirement plan advisory clients. Please see Item 4.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 310327. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at (781) 971-5052.

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## Item 4 – Advisory Services

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### A. Firm Information

Pallas Capital Advisors LLC (“Pallas” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The Advisor was organized as a Limited Liability Company (“LLC”) under the laws of the Commonwealth of Massachusetts in October 2019 and became a registered investment advisor in November 2020. Pallas is owned by Richard S. Mullen (Managing Director & Co-Founder), Charles C. Evangelakos (Managing Director & Co-Founder), and Gregory E. Boyle (Managing Director & Co-Founder).

This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Pallas. For information regarding this Disclosure Brochure, please contact James C. Landry (Chief Operating Officer & Director of Planning / Chief Compliance Officer) at (781) 971-5052.

### B. Advisory Services Offered

Pallas offers wealth management services which include investment management, financial planning and/or other advisory services to individuals, high net worth individuals, trusts, estates and retirement plans (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. Pallas's fiduciary commitment is further described in the Advisor's Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### Wealth Management Services

Pallas provides customized wealth management solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management, financial planning, and related advisory services as described below.

*Investment Management* – Pallas works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. Pallas will then construct an investment portfolio, consisting exchange-traded funds (“ETFs”), open-end mutual funds, individual stocks, individual bonds, and closed-end mutual funds. The Advisor may also utilize covered options, alternative investments, limited partnerships, and/or other types in investments, as appropriate, to meet the needs of the Client. The Advisor may retain certain types of investments based on a Client's legacy investments based on portfolio fit and/or tax considerations.

Pallas' investment approach are primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. Pallas will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

Pallas evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. Pallas may recommend, on occasion, redistributing investment allocations to diversify the portfolio. Pallas may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. Pallas may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

Pallas will provide investment management services and related services. Pallas accepts custody of a Clients funds or securities, through the deduction of management fees from the Client's account[s] at the Custodian, and in certain

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situations where a Supervised Person of Pallas may act as trustee or power of attorney for client accounts. For more information see Item 15 – Custody.

All Client assets will be managed within the designated account[s] at the Custodian, pursuant to the terms of the advisory agreement. Please see Item 12 – Brokerage Practices.

*Financial Planning Services* – Pallas will typically provide a variety of financial planning and consulting services to Clients as part of a wealth management engagement. Certain Clients may be offered financial planning and consulting services as a separate engagement, pursuant to a written financial planning agreement. Services are offered in several areas of a Client's financial situation, depending on their goals and objectives. Generally, such financial planning services involve preparing a formal financial plan or rendering a specific financial consultation based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, education savings, insurance needs, and/or other areas of a Client's financial situation.

A financial plan developed for, or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

Pallas may also refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of the Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor. However, Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor.

#### Family Office Services

The Advisor also provides Family Office Services. Family Office Service Clients are generally ultra-high net worth families. This high-touch service offering begins with the Advisor assisting Clients in establishing a team of advisors to oversee many facets of a Client's financial situation. The Advisor's specific services generally include, strategic and tactical planning in addition to investment management services.

Strategic planning may include, but is not limited to:

- Family Values Identification and Alignment
- Family Communication Planning & Implementation
- Family Education and Leadership Development
- Family Governance & Role Clarification
- Family and Business History
- Retreats and Education
- Philanthropy

Tactical planning may include, but is not limited to:

- Family Enterprise Administration, Consulting and Succession Planning
- Net Worth Management
- Estate and Tax Planning
- Risk Management and Insurance
- Strategic and Thematic Investing
- Impact Investing and Philanthropy

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### Retirement Plan Advisory Services

Pallas provides retirement plan advisory services on behalf of the retirement plans (each a “Plan”) and the company (the “Plan Sponsor”). The Advisor’s retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan and its Plan Participants. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Vendor Analysis
- Plan Participant Enrollment and Education Tracking
- Investment Policy Statement (“IPS”) Design and Monitoring
- Non-discretionary Investment Oversight Services (ERISA 3(21))
- Discretionary Investment Management Services (ERISA 3(38))
- Performance Reporting
- Ongoing Investment Recommendation and Assistance

These services are provided by Pallas serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of Pallas’ fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

### **C. Client Account Management**

Prior to engaging Pallas to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – Pallas, in connection with the Client, will develop a strategy that seeks to achieve the Client’s goals and objectives.
- Asset Allocation – Pallas will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – Pallas will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Pallas will provide investment management and ongoing oversight of the Client’s investment portfolio.

### **D. Wrap Fee Programs**

Pallas includes securities transaction fees, custodial costs and other fees and expenses (herein “Covered Costs”) together with its investment advisory fees. Including these fees into a single asset-based fee is considered a “Wrap Fee Program”. The Advisor customizes its investment management services for its Clients and does not provide different services for Clients in the Wrap Fee Program. The Advisor sponsors the Pallas Wrap Fee Program solely as a supplemental disclosure regarding the combination of fees. Depending on the level of trading required for the Client’s account[s] in a particular year, the Client may pay more or less in total fees than if the Client paid its own transaction fees. Please see Appendix 1 – Wrap Fee Program Brochure, which is included as a supplement to this Disclosure Brochure.

### **E. Assets Under Management**

As of December 31, 2020, Pallas manages approximately \$720,074,640 in Client assets, all of which are managed on a discretionary basis. Clients may request more current information at any time by contacting the Advisor.

## **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into one more written agreements with the Advisor.

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## **A. Fees for Advisory Services**

### Wealth Management Services

Wealth management fees are paid quarterly, in advance of each calendar quarter, pursuant to the terms of the wealth management agreement. Wealth management fees are based on the average daily balance of assets under management with the Advisor during the prior calendar quarter. Wealth management fees range from 0.25% to 1.55% annually. The wealth management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. Certain Clients may be offered a fixed rate fee schedule. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by Pallas will be independently valued by the Custodian. Pallas will not have the authority or responsibility to value portfolio securities.

### Financial Planning Services

Pallas offers financial planning services either on an hourly basis or for a fixed fee. Hourly fees range from \$300 to \$500 based on the complexity of the engagement and the resources provided by the Advisor. Fixed fees range from \$1,500 to \$20,000. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. An estimate for total hours and/or total costs will be provided to the Client prior to engaging for these services.

### Family Office Services

Family office service fees range from \$5,000 to \$30,000 per annum paid quarterly in advance. Depending on the needs and preferences of the Client, the fees may be asset-based or paid on a retainer basis.

### Retirement Plan Advisory Services

Fees for retirement plan advisory services are charged an annual asset-based fee of up to 1.50% and are billed in advance, pursuant to the terms of the retirement plan advisory agreement. Retirement plan advisory fees are based on the market value of assets under management at the end of the prior calendar quarter. Fees may be negotiable depending on the size and complexity of the Plan.

## **B. Fee Billing**

### Wealth Management Services

Wealth management fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning of the respective quarter. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the average daily balance of assets under management with the Advisor during the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. Clients are urged to also review and compare the statement provided by the Advisor to the brokerage statement from the Custodian, as the Custodian does not perform a verification of fees. Clients provide written authorization permitting advisory fees to be deducted by Pallas to be paid directly from their account[s] held by the Custodian as part of the wealth management agreement and separate account forms provided by the Custodian.

### Financial Planning Services

Financial planning fees may be invoiced up to 100% of the expected total fee upon execution of the financial planning agreement. The balance, if applicable, shall be invoiced upon completion of the agreed upon deliverable[s]. The Advisor completes financial planning engagements in six (6) months or less. The Advisor will not collect an advance fee of \$1,200 or more for services that will not be completed in under six (6) months.

### Family Office Services

Family office service fees are payable quarterly in advance and will be calculated by the Advisor or its delegate and either invoiced directly to the Client or deducted from the Client's account[s] at the Custodian.

### Retirement Plan Advisory Services

Retirement plan advisory fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

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### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than Pallas, in connection with investments made on behalf of the Client's account[s]. The Advisor has negotiated a fixed rate with its recommended Custodian for Covered Costs, which is based on assets under management in the Client's account[s]. Certain accounts may be excluded from this fixed rate arrangement. The Advisor, in its fiduciary duty, will select the investments most appropriate for the Client's investment portfolio[s], regardless of securities transaction costs. Securities transaction fees for Client-directed trades may be charged back to the Client. Please see Item 4.D above as well as Appendix 1 – Wrap Fee Program Brochure.

In addition, all fees paid to Pallas for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of Pallas, but would not receive the services provided by Pallas which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Pallas to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

### **D. Advance Payment of Fees and Termination**

#### Wealth Management Services

Pallas may be compensated for its wealth management services in advance of the quarter in which services are rendered. Either party may terminate the wealth management agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the wealth management agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Advisor will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the quarter. The Client's wealth management agreement with the Advisor is non-transferable without the Client's prior consent.

#### Financial Planning Services

Pallas requires an advance deposit as described above. Either party may terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate or in the case of a fixed fee engagement, the percentage of the engagement scope completed by the Advisor. Upon termination, the Advisor will refund any unearned, prepaid planning fees. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

#### Family Office Services

Pallas is compensated for its services in advance of the quarter in which family office services are rendered. Either party may terminate the family office services agreement with the Advisor, at any time, by providing advance written notice to the other party. The Client shall be responsible for family office services fees up to and including the effective date of termination. Upon termination, the Advisor will refund any unearned, prepaid fees from the effective date of termination to the end of the quarter. The Client's family office services agreement with the Advisor is non-transferable without the Client's prior consent.

#### Retirement Plan Advisory Services

Pallas is compensated for its services at the beginning of the quarter before advisory services are rendered. Either party may terminate the retirement plan advisory agreement, at any time, by providing advance written notice to the other party. The Advisor will refund any unearned, prepaid retirement plan advisory fees from the effective date of termination to the end of the quarter. The Client's retirement plan advisory agreement with the Advisor is non-transferable without the Client's prior consent.

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## **E. Compensation for Sales of Securities**

Pallas does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

Certain Advisory Persons are also Registered Representatives of Triad Advisors, LLC ("Triad"). Triad is a registered broker-dealer (CRD# 25803), member FINRA, SIPC. In an Advisory Person's separate capacity as a Registered Representative, the Advisory Person will implement securities transactions under Triad and not through Pallas. In such instances, the Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by the Advisory Person in one's capacity as a Registered Representative is separate and in addition to the Advisor's fees. This practice presents a conflict of interest because the Advisory Person who is a Registered Representative has an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on the Client. Clients are not obligated to implement any recommendation provided by the Advisor nor Advisory Persons. Neither the Advisor nor Advisory Persons will earn ongoing investment advisory fees in connection with any products or services implemented in the Advisory Person's separate capacity as a Registered Representative. Please see Item 10 – Other Financial Industry Activities and Affiliations.

Certain Advisory Persons are also licensed as independent insurance professionals. As an independent insurance professional, an Advisory Person will earn commission-based compensation for selling insurance products, including insurance products they sell to Clients. Any commissions generated by insurance sales do not offset regular advisory fees. Accordingly, this practice presents a conflict of interest in that the Advisor may be further compensated if the client purchases insurance products. However, clients are under no obligation to implement any recommendations made by any Advisory Persons or the Advisor, and furthermore, if the client decides to purchase insurance products, he or she is under no obligation to purchase the insurance product through the Advisor. Please see Item 10 – Other Financial Industry Activities and Affiliations.

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

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Pallas does not charge performance-based fees for its investment advisory services. The fees charged by Pallas are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

Pallas does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## **Item 7 – Types of Clients**

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Pallas offers investment advisory services to individuals, high net worth individuals, trusts, estates and retirement plans. Pallas generally does not impose a minimum relationship size.

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

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### **A. Methods of Analysis**

Pallas primarily employs fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis from Pallas are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic

indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Pallas will be able to accurately predict such a reoccurrence.

As noted above, Pallas generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Pallas will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Pallas may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Pallas will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals. Please see Item 8.B. for risks associated with the Advisor's investment strategies as well as general risks of investing.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's investment approach:

### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

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45 Braintree Hill Office Park, Suite 201, Braintree, MA 02184  
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#### Fixed Income Risks

Fixed Income Securities are subject to specific risks, including the following: (1) interest rate risks, i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e. the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

#### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

#### Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

#### Margin Borrowings

The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

#### Alternative Investments (Limited Partnerships)

The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. Client should only have a portion of their assets in these investments.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

### **Item 9 – Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving Pallas or its management persons.** Pallas values the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor or Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 310327.

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

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#### Broker-Dealer Affiliation

As noted in Item 5, certain Advisory Persons are also a Registered Representatives of Triad. In one's separate capacity as a Registered Representative, an Advisory Person will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by an Advisory Person in one's separate capacity as a Registered Representative. Neither the Advisor nor the Advisory Person will earn ongoing investment advisory fees in connection with any services implemented in an Advisory Person's separate capacity as a Registered Representative.

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### Insurance Agency Affiliations

As noted in Item 5, certain Advisory Persons are also licensed insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with Pallas. As an insurance professional, an Advisory Person will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Any commissions generated by insurance sales do not offset regular advisory fees. Accordingly, this practice presents a conflict of interest in that the Advisor may be further compensated if the client purchases insurance products. However, clients are under no obligation to implement any recommendations made by any Advisory Persons or the Advisor, and furthermore, if the client decides to purchase insurance products, he or she is under no obligation to purchase the insurance product through the Advisor.

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

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### **A. Code of Ethics**

Pallas has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all persons associated with Pallas ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to the Client. Pallas and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Pallas' Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at (781) 971-5052.

### **B. Personal Trading with Material Interest**

Pallas allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Pallas does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. Pallas does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

Pallas allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Pallas requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO"). The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

### **D. Personal Trading at Same Time as Client**

While Pallas allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterward. **At no time will Pallas, or any Supervised Person of Pallas, transact in any security to the detriment of any Client.**

## **Item 12 – Brokerage Practices**

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### **A. Recommendation of Custodian[s]**

Pallas does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize Pallas to direct trades to the Custodian as agreed upon in the wealth management agreement. Further, Pallas does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where Pallas does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the

Advisor and will not incur any extra fee or cost associated with using a custodian not recommended by Pallas. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. As certain Advisory Persons of Pallas are also Registered Representatives of Triad, Triad must also approve any broker-dealer or custodian for use by the Advisor. Pallas may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, its reputation, and/or the location of the Custodian's offices.

Pallas will generally recommend that Clients establish their account[s] at Fidelity Clearing and Custody Solutions and related divisions and entities of Fidelity Investments, Inc., including National Financial Services LLC, and Fidelity Brokerage Services LLC (collectively "Fidelity"), a FINRA-registered broker-dealer and member SIPC. Fidelity will serve as the Client's "qualified custodian." Pallas maintains an institutional relationship with Fidelity, whereby the Advisor receives economic benefits from Fidelity.

Pallas has established an institutional relationship with Fidelity to assist the Advisor in managing Client account[s]. Access to the Fidelity platform is provided at no charge to the Advisor. The Fidelity platform includes brokerage, custody, administrative support, record keeping, technology and related services designed to support registered investment advisors like Pallas in serving Clients. These services are intended to serve the best interests of the Advisor's Clients.

Fidelity may charge brokerage commissions (securities transaction fees) for effecting certain securities transactions. Fidelity enables the Advisor to obtain certain no-load mutual funds without securities transaction fees and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. Please see Item 14 below for additional information.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. Pallas does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14 below.

**2. Brokerage Referrals** - Pallas does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where Pallas will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). Pallas will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

A Client may pay a commission that is higher than another qualified custodian might charge to effect the same transaction. The Advisor has determined in good faith that the commissions charged by Fidelity are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not necessarily the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the Custodian's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although the Advisor will seek competitive rates, to the benefit of all Clients, it may not necessarily obtain the lowest possible commission rates for specific Client account transactions. Although the investment research products and services that may be obtained by the Advisor will generally be used to service all of the Advisor's Clients, they may not equally benefit all Clients. Please also see Item 14.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4)



confidentiality and 5) skill required of the Custodian. Pallas will execute its transactions through the Custodian as authorized by the Client.

Pallas may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Clients' accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by the Chief Compliance Officer of Pallas. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify Pallas if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by Pallas**

Pallas is a fee-based advisory firm, that is compensated solely by its Clients and not from any investment product. Pallas does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. Pallas may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Clients. Likewise, Pallas may receive non-compensated referrals of new Clients from various third-parties.

### Participation in Institutional Advisor Platform

As noted in item 12, Pallas has established an institutional relationship with Fidelity to assist the Advisor in managing Client account[s]. As part of the arrangement, Fidelity also makes available to the Advisor, at no additional charge to the Advisor, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies. The Advisor may also receive additional services and support from Fidelity. As a result of receiving such services for no additional cost, the Advisor may have an incentive to continue to use or expand the use of Fidelity's services. The Advisor examined this potential conflict of interest when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of the Advisor's Clients and satisfies its Client obligations, including its duty to seek best execution. Please see Item 12 above. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar

software, systems support, or services. In addition, Fidelity has provided the Advisor with financial support in the launch of the Advisor and reimbursements for various third-party service providers.

## **B. Client Referrals from Solicitors**

Pallas may engage and compensate an unaffiliated third-party (a "Solicitor") for Client referrals in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940. Clients will not pay a higher fee to Pallas as a result of such payments to a Solicitor. The Advisor shall enter into an agreement with the Solicitor, which requires that full disclosure of the compensation and other conflicts is provided to the prospective client prior to or at the time of entering into the advisory agreement.

## **Item 15 – Custody**

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All Clients must maintain their accounts with a "qualified custodian" as described in item 12. Pallas accepts custody of a Client's funds or securities, through the deduction of management fees from the Client's account[s] at the Custodian, and in certain situations where a Supervised Person of Pallas may serve as a client's trustee, or power of attorney.

Clients will receive account statements at least quarterly and generally monthly from the Custodian. You are urged to compare the Custodian account statements against statements prepared by Pallas for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custody statement is the official record of your account for tax purposes. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

### Surprise Independent Examination

As Pallas is deemed to have custody over certain Client accounts and/or securities as part of their role as trustee or power of attorney, pursuant to securities regulations the Advisor is required to engage an independent accounting firm to perform an annual surprise examination of those assets and accounts over which Pallas maintains custody. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website (<http://adviserinfo.sec.gov>).

## **Item 16 – Investment Discretion**

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Pallas generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Pallas. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of a wealth management agreement containing all applicable limitations to such authority. All discretionary trades made by Pallas will be in accordance with each Client's investment objectives and goals.

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

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Pallas does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18 – Financial Information**

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Neither Pallas, nor its management, have any adverse financial situations that would reasonably impair the ability of Pallas to meet all obligations to its Clients. Neither Pallas, nor any of its Advisory Persons, have been subject to a bankruptcy or financial compromise. Pallas is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.





## **Pallas Capital Advisors LLC**

### **Form ADV Part 2A – Appendix 1 ("Wrap Fee Program Brochure")**

**Effective: July 8, 2021**

This Form ADV2A – Appendix 1 ("Wrap Fee Program Brochure") provides information about the qualifications and business practices for Pallas Capital Advisors LLC ("Pallas" or the "Advisor") when offering services pursuant to a wrap fee program. This Wrap Fee Program Brochure shall always be accompanied by the Pallas Disclosure Brochure, which provides complete details on the business practices of the Advisor. If you did not receive the complete Pallas Disclosure Brochure or you have any questions about the content of this Wrap Fee Program Brochure or the Pallas Disclosure Brochure, please contact the Advisor at (781) 971-5052.

Pallas is a Registered Investment Advisor with the U.S. Securities and Exchange Commission ("SEC"). The information in this Wrap Fee Program Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Wrap Fee Program Brochure provides information about Pallas to assist Clients in determining whether to retain the Advisor.

Additional information about Pallas and its Advisory Persons is available on the SEC's website at <http://www.adviserinfo.sec.gov/> by searching with the Advisor's firm name or CRD# 310327.

## **Item 2 – Material Changes**

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This Wrap Fee Program Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. In particular, this Wrap Fee Program Brochure discusses wrap fee programs offered by the Advisor.

### Material Changes

The following material changes have been made to this Wrap Fee Program Brochure:

- The Advisor has custody over client funds as Supervised Persons may serve as trustee or power of attorney for certain client accounts. Please see Item 15 for additional details.
- The Advisor is subject to custody audits, due to Supervised Persons serving as trustee or power of attorney for certain client accounts. Please see Item 15 for additional details.
- The Advisor now engages Solicitors for client referrals. Please see Item 14 for additional details.
- The Advisor now offers retirement plan advisory services. Please see Item 4 and Item 5 for details.
- The Advisor has adjusted its fee billing calculation to reflect that advisory fees are based on the average daily balance of assets under management.

### Future Changes

From time to time, the Advisor may amend this Wrap Fee Program Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Wrap Fee Brochure (along with the complete Pallas Disclosure Brochure) or a Summary of Material Changes shall be provided to you annually and if a material change occurs in the business practices of Pallas.

You may view this Wrap Fee Program Brochure and the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov/> by searching with the Advisor's firm name or CRD# 165516. You may also request a copy of this Disclosure Brochure at any time, by contacting the Advisor at (781) 971-5052.

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## Item 4 – Services, Fees and Compensation

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### A. Services

Pallas Capital Advisors LLC (“Pallas” or the “Advisor”) provides customized investment advisory services for its Clients. This Wrap Fee Program Brochure is provided as a supplement to the Pallas Disclosure Brochure (Form ADV 2A). This Wrap Fee Program Brochure is provided along with the complete Disclosure Brochure to provide full details of the business practices and fees when selecting Pallas as your investment advisor.

As part of the wealth management fees noted in Item 5 of the Disclosure Brochure, Pallas includes, in addition to securities transaction fees, custodial costs, and other fees and expenses (herein “Covered Costs”) as part of its wealth management fee through this Wrap Fee Program. Securities transaction fees for Client-directed trades may be charged back to the Client. Securities regulations often refer to this combined fee structure as a “Wrap Fee Program”. The Advisor’s recommended Custodian does not charge securities transaction fees for exchange-traded fund (“ETF”) and equity trades in Client accounts, but typically charges for mutual funds and other types of investments. The Advisor sponsors the Pallas Wrap Fee Program.

The sole purpose of this Wrap Fee Program Brochure is to provide additional disclosure relating the combination of Covered Costs into a single “bundled” investment advisory fee. This Wrap Fee Program Brochure references back to the Pallas Disclosure Brochure in which this Wrap Fee Program Brochure serves as an Appendix. **Please see Item 4 – Advisory Services of the Disclosure Brochure for details on Pallas’ investment philosophy and related services.**

### B. Program Costs

Advisory services provided by Pallas are offered in a wrap fee structure whereby Covered Costs are included in the overall wealth management fee paid to Pallas. As the level of activity in a Client’s account[s] may vary from year to year, the annual cost to the Client may be more or less than engaging for advisory services where the Covered Costs are borne separately by the Client. The cost of the Wrap Fee Program varies depending on services to be provided to each Client, however, the Client is not charged more if there is higher trading activity or other Covered Costs. A Wrap Fee structure presents a conflict of interest as the Advisor is incentivized to limit the number of trades placed in the Client’s account[s] or to utilize securities that do not have transaction fees. The Advisor has negotiated a fixed rate with its recommended Custodian for Covered Costs, which is based on assets under management in the Client’s account[s]. Certain accounts may be excluded from this fixed rate arrangement. In such instances, the Advisor may utilize certain investments that the Custodian provides with no-transaction fee (“NTF Investments”). Advisory Persons of the Advisor, in their fiduciary duty, will always seek the most appropriate investments for inclusion in a Client’s portfolio. As such, the Advisor has an incentive to utilize NTF Investments to limit the overall cost to the Advisor. **Please see Item 5 – Fees and Compensation of the Disclosure Brochure for complete details on fees.**

### C. Fees

Wealth management fees are paid quarterly, in advance of each calendar quarter, pursuant to the terms of the wealth management agreement. Wealth management fees are based on the average daily balance of assets under management with the Advisor during the prior calendar quarter. management fees range from 0.25% to 1.50% annually. The wealth management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. Certain Clients may be offered a fixed rate fee schedule. The Client’s fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by Pallas will be independently valued by the Custodian. Pallas will not have the authority or responsibility to value portfolio securities. As noted above, the Wrap Fee Program includes Covered Costs incurred in connection with the discretionary investment management services provided by Pallas. Securities transaction fees for Client-directed trades may be charged back to the Client.

Under this Wrap Fee Program, Pallas includes Covered Costs as part of its overall investment advisory fee. The Advisor has negotiated a fixed rate with its recommended Custodian for securities transaction fees, which is based on assets under management in the Client’s account[s]. Certain accounts may be excluded from this fixed rate arrangement. In such instances, the Advisor may utilize certain investments that the Custodian provides with no-transaction fee (“NTF Investments”). Advisory Persons of the Advisor, in their fiduciary duty, will always seek the most appropriate investments for inclusion in a Client’s portfolio. As such, the Advisor has an incentive to utilize NTF Investments to limit

the overall cost to the Advisor. The Advisor will only place Client assets into a Wrap Free Program when it is believed to be in the Client's best interest. The Advisor, in its fiduciary duty, will select the investments most appropriate for the Client's investment portfolio[s], regardless of securities transaction costs.

Clients may incur certain fees or charges imposed by third parties in connection with investments made on behalf of the Client's account[s]. In addition, all fees paid to Pallas for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of Pallas, but would not receive the services provided by Pallas which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Pallas to fully understand the total fees to be paid. Please see Item 5.C. – Other Fees and Expenses in the Disclosure Brochure (included with this Wrap Fee Program Brochure).

#### **D. Compensation**

Pallas is the sponsor and portfolio manager of this Wrap Fee Program. Pallas receives investment advisory fees paid by Clients for participating in the Wrap Fee Program and pays the Covered Costs associated with the management of the Client's account[s].

### **Item 5 – Account Requirements and Types of Clients**

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Pallas offers investment advisory services to individuals, high net worth individuals, trusts, estates and retirement plans. Pallas generally does not impose a minimum relationship size.

### **Item 6 – Portfolio Manager Selection and Evaluation**

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#### **Portfolio Manager Selection**

Pallas serves as sponsor and as portfolio manager for the services under this Wrap Fee Program.

#### **Related Persons**

Pallas personnel serve as portfolio managers for this Wrap Fee Program. Pallas does not serve as a portfolio manager for any third-party wrap fee programs.

#### **Performance-Based Fees**

Pallas does not charge performance-based fees.

#### **Supervised Persons**

Advisory Persons serve as portfolio managers for all accounts, including the services described in this Wrap Fee Brochure. Details of the advisory services provided are included in Item 4.A. of the Disclosure Brochure.

#### **Methods of Analysis**

Please see Item 8 of the Disclosure Brochure (included with this Wrap Fee Brochure) for details on the research and analysis methods employed by the Advisor.

#### **Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Pallas will assist Clients in determining an appropriate strategy based on their risk tolerance and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, risk tolerance and other factors to develop an appropriate strategy for managing a Client's account[s]. Client participation in

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this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's investment approach:

#### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

#### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

#### Fixed Income Risks

Fixed income securities are subject to specific risks, including the following: (1) interest rate risks, i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e. the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

#### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

#### Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

#### Margin Borrowings

The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

#### Alternative Investments (Limited Partnerships)

The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. Client should only have a portion of their assets in these investments.

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**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor. Please see Item 8.B. – Risk of Loss in the Disclosure Brochure for details on investment risks.**

#### Proxy Voting

Pallas does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. Further, the Advisor does not participate in any legal proceedings involving investments held in Client accounts. The Advisor will assist in answering questions relating to proxies and other matters, however, the Client retains the sole responsibility for decisions, voting and related activities. The Custodian will send these materials directly to the Client. If the Client instead directs these documents to the Advisor's attention, the Client is advised that the Advisor will not be responsible to take action on proxies and legal proceedings.

### **Item 7 – Client Information Provided to Portfolio Managers**

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Pallas is the sponsor and sole portfolio manager for the Wrap Fee Program. The Advisor does not share Client information with other portfolio managers because it is the sole portfolio manager for this Wrap Fee Program. Please also see the Pallas Privacy Policy (included after this Wrap Fee Program Brochure).

### **Item 8 – Client Contact with Portfolio Managers**

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Pallas is a full-service investment management advisory firm. Clients always have direct access to the Advisory Persons at Pallas.

### **Item 9 – Additional Information**

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

**There are no legal, regulatory or disciplinary events involving Pallas or its management person[s].** Pallas and its Supervised Persons value the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisor Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 310327.

Please see Item 9 of the Pallas Disclosure Brochure as well as Item 3 of each Advisory Person's Brochure Supplement for additional information on how to research the background of the Advisor and its Advisory Persons.

#### Other Financial Activities and Affiliations

**Broker-Dealer Affiliation** – As noted in Item 10 of the Disclosure Brochure, certain Advisory Persons are also a Registered Representatives of Triad. In one's separate capacity as a Registered Representative, an Advisory Person will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by an Advisory Person in one's separate capacity as a Registered Representative. Neither the Advisor nor the Advisory Person will earn ongoing investment advisory fees in connection with any products or services implemented in an Advisory Person's separate capacity as a Registered Representative.

**Insurance Agency Affiliations** – As noted in Item 10 of the Disclosure Brochure, certain Advisory Persons are also licensed insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with Pallas. As an insurance professional, an Advisory Person will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Advisory Persons are not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by an Advisory Persons or the Advisor. **Please see Items 10 and 14 of the Form ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Brochure).**

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## **B. Code of Ethics, Review of Accounts, Client Referrals, and Financial Information**

Pallas has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons subject to Pallas' compliance program (our "Supervised Persons"). Complete details on the Pallas Code of Ethics can be found under Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading in the Disclosure Brochure (included with this Wrap Fee Program Brochure).

### Review of Accounts

Securities in Client accounts are monitored on a regular and continuous basis by Advisory Persons of Pallas and periodically by the Chief Compliance Officer ("CCO"). Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client. Details of the review policies and practices are provided in Item 13 of the Form ADV Part 2A – Disclosure Brochure.

### Other Compensation

*Institutional Advisor Platform (Fidelity)* – Pallas has established an institutional relationship with Fidelity to assist the Advisor in managing Client account[s]. As part of the arrangement, Fidelity also makes available to the Advisor, at no additional charge to the Advisor, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies. The Advisor may also receive additional services and support from Fidelity. As a result of receiving such services for no additional cost, the Advisor may have an incentive to continue to use or expand the use of Fidelity's services. The Advisor examined this potential conflict of interest when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of the Advisor's Clients and satisfies its Client obligations, including its duty to seek best execution. Please see Item 12 above. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services. In addition, Fidelity has provided the Advisor with financial support in the launch of the Advisor and reimbursements for various third-party service providers.

Please see Item 14 – Other Compensation in the Form ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Brochure) for details on additional compensation that may be received by Pallas or its Advisory Persons. Each Advisory Person's Brochure Supplement (also included with this Wrap Fee Brochure) provides details on any outside business activities and the associated compensation.

### Client Referrals from Solicitors

Pallas may engage and compensate an unaffiliated third-party such as Apperson Management (a "Solicitor") for Client referrals in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940. Clients will not pay a higher fee to Pallas as a result of such payments to a Solicitor. The Advisor shall enter into an agreement with the Solicitor, which requires that full disclosure of the compensation and other conflicts is provided to the prospective client prior to or at the time of entering into the advisory agreement.

### Surprise Independent Examination

As Pallas is deemed to have custody over certain Client accounts and/or securities as part of their role as trustee or power of attorney, pursuant to securities regulations the Advisor is required to engage an independent accounting firm to perform an annual surprise examination of those assets and accounts over which Pallas maintains custody. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website (<http://adviserinfo.sec.gov>).

### Financial Information

Neither Pallas, nor its management has any adverse financial situations that would reasonably impair the ability of Pallas to meet all obligations to its Clients. Neither Pallas, nor any of its Advisory Persons, has been subject to a bankruptcy or financial compromise. Pallas is not required to deliver a balance sheet along with this Disclosure Brochure, as the firm does not collect advance fees of \$1,200 or more for services to be performed six months or more in advance. Please see Item 18 of the Form ADV Part 2A – Disclosure Brochure.

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## Privacy Policy

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Effective: July 8, 2021

### Our Commitment to You

Pallas Capital Advisors LLC ("Pallas" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. Pallas (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

Pallas does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### Why you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Driver's license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

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## How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting. Pallas shares Client information with Triad Advisors, Inc. ("Triad") due to the oversight Triad has over certain supervised persons of the Advisor. You may also contact us at any time for a copy of the Triad Privacy Policy.	Yes	No
<b>Marketing Purposes</b> Pallas does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where Pallas or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent[s] or representative[s].	Yes	Yes
<b>Information About Former Clients</b> Pallas does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

## State-specific Regulations

Massachusetts	In response to Massachusetts law, the Client must "opt-in" to share non-public personal information with non-affiliated third parties before any personal information is disclosed. Client opt-in is obtained through the Client's execution of authorization forms provided by the third parties, by executing an Information Sharing Authorization Form, or by other written consent by the Client, as appropriate and consistent with applicable laws and regulations.
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## Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy and will provide you with a revised Policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

## Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (781) 971-5052.