



## **Performance Trust Capital Partners, LLC**

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This Brochure provides information about the qualifications and business practices of Performance Trust Capital Partners, LLC ("PTCP" or "Performance Trust"). If you have any questions about the contents of this Brochure, please contact us at (312) 521-1000 and/or [info@performancetrust.com](mailto:info@performancetrust.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.

PTCP is a dually registered broker-dealer and investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Performance Trust Capital Partners, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2.           Material Changes**

Our most recent Brochure is dated March 10, 2020. This Brochure represents a standard update to our most recent Brochure. There have been no material changes in the business of PTCP.

This document should be reviewed in its entirety. A copy of this Brochure may be obtained, free of charge, by contacting us at (312) 521-1000 or via email at [info@performancetrust.com](mailto:info@performancetrust.com). Our Brochure is also available on our website, [www.performancetrust.com](http://www.performancetrust.com), free of charge.

Additional information about PTCP is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with PTCP who are registered, or are required to be registered, as investment adviser representatives.

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## **Item 4.           Advisory Business**

### *Firm Description and Principal Owners*

Performance Trust Capital Partners, LLC (“PTCP” or “Performance Trust”) is dually registered with the U.S. Securities and Exchange Commission (“SEC”) as both a broker-dealer and an investment adviser. PTCP is also a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). PTCP was formed in 2006 and is the successor to Performance Trust Capital Partners, Inc., which was formed in 1994 as Betzold Trading & Research, Inc.

PTCP or its predecessors have been registered as a broker-dealer with the SEC and a member of FINRA, formerly known as the National Association of Securities Dealers (“NASD”), since 1994. PTCP initially registered with the SEC as an investment adviser in August 2011.

PTCP is a wholly-owned subsidiary of PT Financial Companies, LLC (“PTF”). PTF is owned principally by PT Financial Holdings, Inc., which is owned by an employee stock ownership trust.

### *Investment Advisory Services*

#### *Separately Managed Accounts*

PTCP provides investment advisory services primarily to institutions through separately managed accounts (“SMAs”). PTCP focuses on quantitative research and analysis, including through fixed-income securities.

PTCP provides non-discretionary investment advisory services on a continuous and regular basis to SMAs. PTCP tailors its investment advice to the individual needs of each client. PTCP clients may impose restrictions on investment in certain securities or types of securities in writing.

#### *Bond Trust Investment Portfolio Accounting Service*

PTCP offers an investment accounting system called Bond Trust (“Bond Trust”) to financial institutions. Bond Trust is a proprietary system developed by an unaffiliated provider of financial software solutions to asset managers worldwide. PTCP has contracted with an unaffiliated, independent service to determine securities prices (“3<sup>rd</sup> Party Pricing Service”). The 3<sup>rd</sup> Party Pricing Service will normally provide current market values for the client’s investment portfolio of securities. However, PTCP may provide current market values in certain circumstances, such as when the 3<sup>rd</sup> Party Pricing Service does not provide a price, or when the prices provided by the 3<sup>rd</sup> Party Pricing Service is—in the experience of PTCP—materially disconnected from current market values. PTCP discloses to clients the source of current market value information for Bond Trust, and the client has the option to ignore prices provided by PTCP.

#### *Performance Trust University®*

PTCP sponsors and presents investment-related seminars such as Principles of Performance™, Advanced Course®, Executive Session, and Earning Your Independence™ (collectively referred to as “Performance Trust University”). The seminars and the materials provided in conjunction with the seminars are intended to be educational in nature and to provide participants with information regarding principles of total return investing for fixed-income securities using bond math and logic. Presentations generally cover various securities sectors (e.g., bullets, callable agencies, collateralized mortgage obligations, etc.) and principles (e.g., slope, rolling the curve, yield, etc.). The information presented in the seminars are not intended as specific investment advice and do not purport to meet the investment objectives or needs of participants. Seminar participants are clients of PTCP for purposes of the seminar only and do not continue to be clients following completion of the seminar, unless the participant subsequently retains PTCP to provide other investment advisory services.

## *Assets Under Management*

As of December 31, 2020, PTCP is managing on a non-discretionary basis of approximately \$219,438,454.

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

### *Separately Managed Accounts, Institutions*

The fees for PTCP's investment advisory and management services are typically negotiated and will vary depending on the specific responsibilities required by the client. The fees are based on an annual percentage of the market value of the portfolio to be managed according to the following schedule:

<u>Account Size</u>	<u>\$ Fees</u>
\$10 million - \$25 million .....	25 Basis Points (annualized and billed quarterly)
Next \$25 million.....	23 Basis Points (annualized and billed quarterly)
>\$50 million .....	20 Basis Points (annualized and billed quarterly)

The specific manner in which fees are charged by PTCP is established in a client's written agreement with PTCP. PTCP will generally bill its fees on a quarterly basis. Clients are typically billed in arrears each calendar quarter. Clients may elect to be billed directly for fees or to authorize PTCP to directly debit fees from client accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

PTCP's fees are exclusive of brokerage commissions, transaction fees, trade clearing and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to PTCP's fee, and PTCP shall not receive any portion of these commissions, fees, and costs, unless otherwise negotiated in the client agreement. Certain private investment vehicles which PTCP may recommend charge their own management fees and other expenses, which are disclosed in the fund's Private Placement Memorandum. These fees and expenses are in addition to PTCP's fees.

### *Performance Trust University®*

PTCP typically charges a fixed fee of \$1000 per participant for Principles of Performance™, a 3-day seminar presented at various cities throughout the United States. There may be an Early Bird registration fee of \$750. PTCP typically charges a fixed fee of \$800 per participant for the Advanced Course®, a 3-day seminar hosted by PTCP in Chicago, Illinois. PTCP also has various 1-day or 2-day seminars called Executive Session or Earning Your Independence™, and the fee for participation ranges from \$250 to \$750. Fees are charged in advance of the seminar. In the event of cancellation by the participant, fees may be applied towards attendance at a future seminar or are refunded, less an administrative cancellation fee of \$150 (as of the date of this Brochure).

### *Bond Trust Investment Portfolio Accounting Service*

The cost the client pays for Bond Trust is based on the number of securities positions in the portfolio, regardless of size or type of securities and is not affected by the source of current market value information. Fees are paid in arrears.

#### Fee Schedule, Single Monthly Fee per Portfolio:

Tier A: Portfolio with 0 – 75 lots	\$225 a month
Tier B: Portfolio with 76-150 lots	\$250 a month
Tier C: Portfolio with 151-225 lots	\$275 a month
Tier D: Portfolio with 226-300 lots	\$300 a month
Portfolios with greater than 300 lots	Custom Pricing

Bond Trust Investment Portfolio Accounting Service may be terminated at the end of any month upon thirty days' notice in accordance with the client's written agreement with PTCP.

#### *Generally*

Fees for any particular client or account are negotiable and may be waived in certain circumstances. Fees charged may vary from client to client.

In their capacity as registered representatives of PTCP, PTCP's supervised persons may receive compensation based on the sale of securities or other investment products. This practice presents a conflict of interest in that it provides an incentive to the supervised person to recommend investment products based on the compensation received, rather than based on a client's needs. To address this conflict, the registered representative's supervisor periodically reviews sales of securities and other investment products for suitability. Clients have the option to purchase investment products that PTCP recommends through other brokers or agents that are not affiliated with PTCP.

Commissions and other compensation for the sale of investment products that PTCP recommends to clients provide the primary compensation of PTCP. PTCP does not reduce advisory fees to offset commissions or markups charged by PTCP to the same clients.

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

PTCP does not charge any performance-based fees.

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

PTCP provides portfolio management and brokerage services to U.S. business entities and other U.S. institutions. Clients may simultaneously receive both investment advisory services and brokerage services from PTCP.

The minimum account size for opening an institutional SMA is \$100,000,000. The minimum account size is subject to change without notice. PTCP may waive or reduce the minimum account size in its sole discretion.

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

#### *Methods of Analysis*

PTCP analyzes fixed-income investment (and divestment) opportunities using two main methods: the Application of Bond Math and the Application of Bond Logic for interest rate risk, and in some cases, for credit risk. Notably absent from PTCP's primary analytical methods are both interest rate forecasting and market trend research.

The Application of Bond Math for interest rate risk analysis involves quantifying the size and timing of cash flows that various fixed-income securities will or should provide across a broad range of future interest rate scenarios, from the present time through some defined future time horizon or horizons. This process includes dissecting contractual payments, embedded option exercise criteria, floating rate resets,

and engineered rules of cash flow (such as those defined for Collateralized Mortgage Obligations). The Application of Bond Logic for interest rate risk analysis involves employing experienced judgment in making assumptions about future obligor behavior and about market reactions in the event of each of the analyzed scenarios. Primary among these are the educated development of assumptions regarding mortgage prepayment rates given various prevailing interest rate incentive environments, and the deduction of appropriate assumptions about how future market participants would evaluate the bonds at the horizon dates given the securities' histories and prospects were each of the scenarios to unfold.

PTCP compares the relative interest rate risk and reward profiles of investment alternatives on the basis of total return calculations across these scenarios using the assumption development and cash flow quantification resulting from these two analytical methods.

For credit risk analysis, the same methods are applied, but the emphasis is no longer on interest rate scenarios or option behavior, but upon delinquency and default scenarios (Bond Logic) and contractual credit enhancement through subordination and structure (Bond Math).

### *Investment Strategies*

PTCP's investment strategies follow directly from the results of the aforementioned analytical methods. When selecting investments from among all available options, PTCP avoids economic and market forecasting. Instead, alternatives are compared across a range of possible scenarios, and those investments (or combinations of investments) are favored which indicate a favorable imbalance between potential rewards and potential risks across the scenario set. Divestment decisions are made in the complementary way – PTCP seeks to sell those investments which now have an unfavorable imbalance between risk and reward across the scenario set.

These strategies are expected to perform well over time if the broader market is inefficient, particularly in its failure to properly quantify Bond Math or apply forward-looking Bond Logic. This inefficiency has been observed to perpetuate, especially at times when most market participants are focusing their energies on predicting which scenario is likely to occur, rather than on comparing alternatives across a broad range of scenarios.

### *Principal Risks*

We primarily recommend fixed-income securities to clients. Below are some more specific risks of investing:

- **Market Risk.** The prices of securities held by an investor may rapidly and unpredictably decline in response to certain events taking place around the world, including conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and interest rate fluctuations. Investors should have a long-term perspective and be able to tolerate declines in value.
- **Management Risk.** Our investment approach may fail to produce the intended results, and we cannot guarantee that we will achieve a client's investment objective.
- **Fixed-Income Securities Risks.**
  - **Interest Rate Risk.** The market value of fixed-income securities in which the client invests and, thus, the value of the client's account, can be expected to vary inversely with changes in interest rates. Debt securities with longer maturities are subject to potentially greater price fluctuation than obligations with shorter maturities. Fluctuations in the market value of fixed-income securities subsequent to their acquisition will not affect cash income from such securities but will be reflected in your account's value.
  - **Duration Risk.** Prices of fixed-income securities with longer effective maturities are more sensitive to interest rate changes than those with shorter effective maturities.

- **Credit Risk.** The issuer of the fixed-income security may not be able to make interest and principal payments when due, and the issuer may not be able to make dividend payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation.
  - **Prepayment and Extension Risk.** As interest rates decline, the issuers of fixed-income securities may prepay principal earlier than scheduled. As interest rates increase, slower than expected principal payments may extend the average life of fixed-income securities, locking in below-market interest rates and reducing the value of these securities. There is a greater risk that you will lose money due to prepayment and extension risks when investing in mortgage-backed securities.
- **Municipal Securities Risk.** Municipal securities rely on the creditworthiness or revenue production of their issuers or auxiliary credit enhancement features. Investments in municipal securities may be related in such a way that political, economic or business developments affecting one obligation would affect the others. Tax authorities are paying increased attention as to whether interest on municipal obligations is tax exempt, and we cannot assure you that a tax authority will not successfully challenge the exemption of a bond you hold. The ongoing issues facing the national economy are negatively impacting the economic performance of many issuers of municipal securities and may increase the likelihood that issuers of securities in which you may invest may be unable to meet their obligations.
  - **Mortgage-Related and Other Asset-Backed Securities.** Mortgage-related securities include mortgage pass-through securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals, stripped mortgage-backed securities and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. The value of some mortgage- or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose investors to a lower rate of return upon reinvestment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed-income securities. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security and may shorten or extend the effective maturity of the security beyond what was anticipated at the time of purchase. If rates of prepayment on underlying mortgages are slower than expected, this will increase the effective maturity of a mortgage-related security and the volatility of the security can be expected to increase. Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. Asset-backed securities typically are supported by some form of credit enhancement, such as a letter of credit, surety bond, limited guaranty or senior subordination. The degree of credit enhancement varies, but generally amounts to only a fraction of the asset-backed security's par value until exhausted. If the credit enhancement is exhausted, certificate holders may experience losses or delays in payment if the required payments of principal and interest are not made with respect to the underlying loans. The value of these securities also may change because of changes in the market's perception of the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing the credit enhancement. In addition, these securities also may be subject to prepayments which may shorten the securities' weighted average life and may lower their return.



***Investing in securities involves a risk of loss that you should be prepared to bear.*** Risk refers to the possibility that you will lose money (both principal and any earnings) or fail to make money on an investment. PTCP cannot guarantee that it will achieve a client's investment objective. Potential investors in any private fund recommended by PTCP should refer to the applicable fund's Private Placement Memorandum for a description of the fund's investment objective, investment strategies, and principal risks. Investors should consider carefully the investment objectives, risks, charges, and expenses of the fund prior to investing.

## **Item 9.       Disciplinary Information**

PTCP is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PTCP or the integrity of PTCP's management.

In our capacity as a broker-dealer, and in connection with matters unrelated to our investment advisory business, we have:

- Consented to a censure and fine in the amount of \$45,000 by FINRA pursuant to a Letter of Acceptance, Waiver, and Consent effective October 9, 2017. Without admitting or denying the allegations, PTCP consented to FINRA findings that PTCP failed to report transactions in Trade Reporting and Compliance Engine (TRACE)-eligible securitized products to TRACE within the time required by FINRA Rule 6730. The findings stated that the Firm failed to report information regarding purchase and sale transactions effected in municipal securities to the Real-Time Transaction Reporting System (RTRS) in the manner prescribed by the Municipal Securities Rulemaking Board (MSRB) Rule G-14 RTRS procedures and the RTRS Users' Manual. The Firm failed to report information of such transactions within 15 minutes of trade time to an RTRS portal.
- Consented to a censure and fine in the amount of \$15,000 by FINRA pursuant to a Letter of Acceptance, Waiver, and Consent effective August 30, 2016. Without admitting or denying the allegations, PTCP consented to FINRA findings that PTCP failed to report transactions effected in municipal securities to the Real-Time Transaction Reporting System (RTRS) in the manner prescribed by the Municipal Securities Rulemaking Board (MSRB) Rule G-14 RTRS procedures and the RTRS Users' Manual. The findings stated that the Firm failed to report information of such transactions within 15 minutes of trade time to an RTRS portal.
- Consented to a censure and fine in the amount of \$15,000 by FINRA pursuant to a Letter of Acceptance, Waiver, and Consent effective March 25, 2016. Without admitting or denying the allegations, PTCP consented to FINRA findings that PTCP failed to report transactions in Trade Reporting and Compliance Engine (TRACE)-eligible securitized products to TRACE within 15 minutes of the time of execution.
- Consented to a censure and fine in the amount of \$7,500 by FINRA pursuant to a Letter of Acceptance, Waiver, and Consent effective May 11, 2015. Without admitting or denying the allegations, PTCP consented to FINRA findings that PTCP failed to report transactions in Trade Reporting and Compliance Engine (TRACE)-eligible securitized products to TRACE within 15 minutes of the time of execution.
- Consented to a censure and fine in the amount of \$20,000 by FINRA pursuant to a Letter of Acceptance, Waiver, and Consent effective October 6, 2014. Without admitting or denying the allegations, PTCP consented to FINRA findings that PTCP failed to report transactions in Trade Reporting and Compliance Engine (TRACE)-eligible securitized products to TRACE within 15 minutes of the time of execution and failed to report the correct time of trade execution for transactions in TRACE-eligible securitized products to TRACE. The findings stated that the Firm failed to show the correct time of order execution on the memorandum of brokerage orders.

- Consented to a censure and fine in the amount of \$7,500 by FINRA pursuant to a Letter of Acceptance, Waiver, and Consent effective September 8, 2008. Without admitting or denying the allegations, PTCP consented to FINRA findings that PTCP failed to report transactions effected in municipal securities to the Real-Time Transaction Reporting System (RTRS) in the manner prescribed by Rule G-14 RTRS procedures and the RTRS Users' Manual. The findings stated that the Firm failed to report information of such findings within 15 minutes of trade time to an RTRS portal.
- Paid an administrative fine of \$10,000 on January 15, 1999 to the State of Vermont, Securities Division. PTCP initiated an application for Vermont registration upon internally becoming aware that it failed to properly register in Vermont. After PTCP filed the application, the State of Vermont issued an order on January 7, 1999, stating its finding that PTCP had effected securities transactions and transacted business in Vermont while acting as a broker/dealer without being registered or exempt therefrom.

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

PTCP is registered with the SEC as a securities broker-dealer, which is PTCP's principal business activity.

Some of the officers and owners of PTCP are also owners of PT Asset Management, LLC ("PTAM") (f/k/a Performance Trust Investment Advisors, LLC), an SEC-registered investment adviser, through PTAM Holdings, LLC ("PTAM Holdings").

As an affiliate of PTAM, PTCP occasionally recommends to clients that they invest in mutual funds managed by PTAM and for which PTAM receives fees and PTCP receives as compensation a percentage of the amount invested in the mutual funds.

PTCP, its principals and their respective affiliates, officers and employees, may hold an interest in one or more mutual fund of PTAM as an investor, which interests may be significant from time to time. PTCP, its principals, and affiliates will have various conflicts of interest arising out of their relationships with the mutual funds.

## **Item 11. Code of Ethics**

Pursuant to Rule 204A-1 under the Advisers Act and to help prevent conflicts of interest, PTCP has adopted a Code of Ethics and Insider Trading Policy (the "Code") to, among other things, (a) set forth PTCP's standard of business conduct and related policies and procedures addressing compliance with fiduciary and ethical duties, (b) specify and prohibit certain types of personal securities transactions deemed to create a conflict of interest, and (c) aid PTCP in preventing, detecting and imposing sanctions for insider trading. Every member, officer, and employee of PTCP must review, acknowledge receipt of (at least initially at hire and annually) and follow these procedures, or risk serious sanctions, including dismissal, substantial personal liability and criminal penalties.

The Code imposes restrictions on "access persons" that includes employees' purchase or sale of securities in their personal accounts and other accounts in which they have a beneficial interest. Access persons may not place their interests before the interests of our clients and must conduct all personal securities transactions consistent with the Code, so as to avoid any actual or potential conflicts of interest, or an abuse of a position of trust or responsibility and must not take inappropriate advantage of their position with PTCP or one of our affiliates. Access persons are also required to pre-clear certain transactions, provide initial and annual disclosure of brokerage accounts, report quarterly of all transactions of reportable securities beneficially owned by the access person and are subject to restrictions on trading. In addition, the Code outlines guidelines concerning the misuse of material non-public information that are designed to prevent insider trading by any principal or employee.

Employees of PTCP can make personal investments in PTAM's mutual funds, subject to pre-clearance approval under the Code. PTAM's mutual funds are also available for investment by PTCP's employees under PTCP's 401(k) plan.

PTCP will provide a copy of the Code to any client or prospective client upon request.

## **Item 12. Brokerage Practices**

### *Recommending Brokerage Firms for Client Transactions*

PTCP requires its advisory clients to open brokerage accounts with PTCP; however, the safekeeping of assets and execution are generally through other registered broker-dealers. PTCP does not select or recommend other broker-dealers.

### *Best Execution*

As a fiduciary, PTCP has an obligation to seek to obtain best execution of advisory clients' transactions under the circumstances of the particular transaction. PTCP seeks to execute client transactions in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances. In executing securities transactions for client, PTCP seeks to obtain best execution of trades unless the client directs PTCP to use a broker selected by the client. In such cases, clients should be aware that they may not receive best execution and may pay a higher price and/or transaction and execution costs than could be obtained elsewhere.

### *Soft Dollars*

PTCP does not enter into any arrangements to accept commissions, finders' fees, referral fees or other "soft dollar" items such as brokerage or research services in exchange for referring clients' brokerage to a particular broker-dealer.

### *Trade Aggregation*

Purchases and sales of securities for clients may be aggregated or bunched with orders for other client accounts. Prevailing trading activity may make impossible the receipt of the same price or execution on the entire volume of securities purchased or sold. When PTCP cannot fill all orders at the same price, it may, in its discretion, average the various prices, and charge or credit accounts with the average price. Thus, the effect of the aggregation may operate on some occasions to the client's disadvantage. In addition, under certain circumstances, not all clients will be charged.

### *Principal and Agency Cross Transactions*

PTCP may act as agent or principal for trades executed with its advisory clients. When transacting fixed-income securities with its advisory clients, PTCP will take securities into its own inventory as a principal transaction or sell securities out of inventory to a client. PTCP's advisory agreements will disclose the manner of considering sales commissions or mark-ups. All principal transactions will require client consent. PTCP does not engage in any agency cross transactions.

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

### *Separately Managed Accounts*

The Director of Sales, or his designee, reviews each client's investment needs and their investment portfolio initially when the client opens an account with PTCP and thereafter, no less than quarterly. For fixed-income securities portfolios, and based on scenario analysis, the reviewer will use total return as a

measurement of levels of performance. Further, comparisons are done using total return methodology as reflected in PTCP's proprietary Level Playing Field®, which is produced approximately monthly. PTCP provides clients with a report at the end of each calendar quarter. In addition, clients shall receive statements from their custodian every month during which there is activity in their account(s).

#### *Bond Trust Investment Portfolio Accounting Service*

PTCP will provide a processing and reporting environment and internal infrastructure conducive to producing accurate and correct reporting. Reports are automatically generated monthly, although clients will have continuous access to their accounts via the web-based interface.

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

PTCP occasionally recommends to clients that they become investors in one or more mutual fund, which is managed by PTAM, an affiliate of PTCP, and for which PTAM receives fees. PTAM pays PTCP's registered representatives for client or investor referrals in respect to its mutual fund. PTCP also recommends to clients that they become investors in a new issue, which is underwritten by PTCP's Capital Markets team. In this particular case, no additional compensation, other than the traditional mark-up, will be given to PTCP's registered representatives for the recommendation. However, PTCP will receive compensation as an underwriter or co-manager of the deal.

The receipt of compensation for the promotion of PTAM's mutual funds or PTCP's underwritten new issue presents a conflict of interest and provides an incentive to recommend investment products based upon the compensation received, rather than a client's needs.

Potential investors in any mutual fund recommended by PTCP or new issue underwritten by PTCP should refer to the applicable fund's prospectus or new issue's Private Placement Memorandum for a description of the investment objective, investment strategies, and principal risks. Investors should consider carefully the investment objectives, risks, charges, and expenses of the fund or new issue prior to investing.

### **Item 15. Custody**

PTCP is deemed to have constructive custody of certain client funds and securities within the meaning of Rule 206(4)-2 under the Advisers Act based on the fact that certain of its advisory clients permit PTCP to deduct its advisory fees directly from the client's custodial account.

PTCP does not accept physical custody of client assets in our investment management programs. These assets remain in the client's custody or in the custody of the qualified custodian selected by the client. Clients should receive statements at least quarterly from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets. PTCP urges the client to carefully review such statements and compare such official custodial records to the account statements that PTCP may provide to the client. The client is encouraged to verify the accuracy of PTCP's fee calculation, as the custodian will not do so. PTCP's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

PTCP does not currently have discretionary authority to manage securities accounts on behalf of clients.

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

It is currently PTCP's policy not to exercise proxy voting authority over client securities. PTCP does not have authority to vote proxies for its clients on any matters regardless of whether PTCP's investment authority is discretionary or non-discretionary. Each client retains sole and absolute authority and

responsibility to vote proxies at their own expense with respect to investments owned by the client. Should PTCP change its policy to vote proxies, PTCP will utilize a third party vendor.

Clients will receive their proxies or other solicitations directly from their custodian. Clients are free to contact us about a particular solicitation and our office will do our best to help them.

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

As a registered investment adviser, PTCP is required in this Item to provide you with certain financial information or disclosures about PTCP's financial condition. PTCP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

#### **Item 19. Requirements for State Registered Adviser**

Because PTCP is a federally registered investment adviser, this Item is not applicable.

#### **Miscellaneous**

##### *Cybersecurity Policy*

PTCP's investment management and advisory business is dependent on devices, services and applications that connect to the internet such as smartphones, email, and cloud computing services. While these services increase efficiencies and revenues, this dependence increases PTCP's chances of being targeted by cyber-attacks. For these reasons, PTCP has adopted a Cybersecurity Policy to help in identifying, mitigating, and protecting against cyber-security threats. Password updates, software updates, firewall protections, physical barriers to entry and limited access to sensitive client data are several protections put in place to mitigate cyber-related threats. PTCP acknowledges that security threats can never be completely eliminated, and clients remain subject to cyber-related risks.

## **Privacy Policy**

Performance Trust Capital Partners, LLC ("Performance Trust") is committed to safeguarding the personal information that you provide. This notice describes our privacy policy and how we handle and protect personal information Performance Trust collects about individuals, such as yourself, who apply for or obtain Performance Trust's products and services. At Performance Trust, your privacy is our priority.

### **Information We Collect**

Performance Trust collects personal information about you for business purposes, such as evaluating your financial needs, processing your requests and transactions, informing you about products and services that may be of interest to you, and providing customer service. The personal information Performance Trust may collect about you includes:

- Information you provide to Performance Trust on applications and other forms (such as your name, address, social security number, occupation, assets, and income); and/or
- Information about your transactions with our affiliates, others and Performance Trust.

### **Protecting Your Information**

Our employees have limited access to your information. They have access only when it will help you do business with Performance Trust or help Performance Trust do business with you, including helping you accomplish your financial objectives, such as providing you with a broad range of products and services. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard customer information.

### **Disclosure to Nonaffiliated Third Parties**

We may share the personal information described above for business purposes with the following companies not affiliated with Performance Trust:

- Financial service institutions (such as mutual fund companies, securities brokers, clearing brokers and banks) with whom we have joint marketing agreements (such as agreements to market financial services or products that Performance Trust jointly offer, endorse or sponsor); or
- Companies under contract to perform services for Performance Trust or on our behalf (such as vendors providing data processing, computer software maintenance and development, transaction processing and marketing services).

We will share personal information with non-affiliated companies only when they agree to uphold and maintain our privacy standards when handling a customer's personal information.

Also, Performance Trust may disclose personal information with non-affiliated companies and regulatory authorities as permitted by applicable law. For example, Performance Trust may disclose personal information to cooperate with regulatory authorities and law enforcement agencies and as necessary to protect our rights or property.

### **Accessing and Revising Your Personal Information**

Performance Trust endeavors to keep our customer files complete and accurate. Performance Trust will give you reasonable access to the information we have about you. Most of this information is contained in account statements that you receive from us and applications that you submit to obtain our products and services. Performance Trust encourages you to review this information and notify us at (312) 521-1000 or via email at [info@performancetrust.com](mailto:info@performancetrust.com) if you believe any information should be corrected or updated. If you have a question or concern about your personal information or this privacy notice, please contact your Performance Trust representative.

## **Business Continuity Plan Summary Notice**

Performance Trust Capital Partners, LLC has a Business Continuity Plan (BCP) in place, including redundant data centers and alternate processing facilities, to address interruptions to our normal course of business. The plans are reviewed annually and updated as necessary. Our plans outline the actions Performance Trust Capital Partners, LLC will take in the event of a significant business disruption ranging in severity from a firm only disruption to a regional disruption, including relocating technology and operational personnel to pre-assigned alternate regional facilities. Technology data processing can also be switched to an alternate regional data center.

Performance Trust Capital Partners, LLC's redundancy technology facilities are equipped for resumption of business and are tested at least annually. Our recovery time objective for business resumption, including those involving a relocation of personnel or technology, is up to eight hours. This recovery objective may be negatively affected by the availability of external resources and circumstances beyond our control.

Performance Trust Capital Partners, LLC maintain relationships with its clearing firm, Pershing. We fully introduce your accounts to Pershing as it maintains your assets and settles your transactions on your behalf. In the event of a regional catastrophic event including, but not limited to a natural disaster, terrorist attack, or other severe failure where Performance Trust Capital Partners, LLC can no longer conduct business, Pershing may be contracted directly to process limited trade-related transactions, cash disbursements, and security transfers. Instructions to Pershing must be in writing and transmitted via facsimile or postal service as follows:

Pershing LLC  
P.O. Box 2065  
Jersey City, NJ 07303-2065  
Fax: (201) 413-5368

For additional information about how to request funds and securities when Performance Trust Capital Partners, LLC cannot be contacted due to a significant business disruption, please visit the Customer Support section of the Pershing web site at [www.pershing.com](http://www.pershing.com) or call (201) 413-3635 for recorded instructions. If you cannot access the instructions from the web site or previously noted telephone number, Pershing may be contacted at (213) 624-6100 ext. 500 as an alternate telephone number for recorded instructions.

If you have any questions regarding this summary, please contact your Performance Trust representative.





## BROCHURE SUPPLEMENT (Part 2B of FORM ADV)

### Education and Business Standards

Performance Trust Capital Partners, LLC ("PTCP") requires that investment advisers in its employment have a bachelor's degree, including further coursework demonstrating knowledge of financial investment. Examples of acceptable coursework include: an MBA, a CFA, a CHFC, a CFP, JD or CPA. Additionally, investment advisers must have work experience that demonstrates their aptitude for investment management.

### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst® (CFA): Chartered Financial Analysts are certified by CFA Institute to use the CFA designation. CFA® is a registered trademark owned by CFA Institute. According to CFA Institute's website (see [www.cfainstitute.org](http://www.cfainstitute.org)), CFA certification requirements are generally as follows:

- Hold a bachelor's (or equivalent) degree (or be in the final year of a bachelor's degree program) or have equivalent education or work experience.
- Successful completion of the three exam levels of the CFA Program.
- Have at least 4 years of professional work experience (or a combination of professional work and university experience that totals at least four years), including at least 4 years of professional work experience in the investment decision-making process.
- Join CFA Institute as a regular member, which includes adhering to the Member's Agreement and filing a Professional Conduct Statement, in addition to paying annual dues.

Certified Public Accountant (CPA): Certified Public Accountants are licensed by the National Association of State Boards of Accountancy, Inc. (NASBA) to use the CPA mark. CPA certification requirements:

- Bachelor's degree from an accredited college or university, which includes a minimum number of qualifying credit hours in accounting and business administration with an additional 1 year study. After August 1, 2009, this requirement for 5 years study is the "150 hour rule" set by the NASBA and has been adopted by the majority of state boards; prior to August 1, 2009, 120 hours plus 2 years of work experience was the requirement.
- Successful completion of the Uniform Certified Public Accountant Examination which is set by the American Institute of Certified Public Accountants and administered by the NASBA.
- Additional state education and experience requirements, depending on the state.
- Most states require a special examination on ethics.
- Continuing professional education, which varies by states, but most require 120 hours of CPE every 3 years with a minimum of 20 hours per calendar year.



## David Robert (“Robbie”) Howland

### Item 1 - Cover Page

Supervised Person's name and address:

David Robert Howland  
Performance Trust Capital Partners, LLC  
500 West Madison, Suite 450, Chicago, Illinois 60661

Tel: 312.521.1412

Fax: 312.521.1512

**The date of this brochure supplement is March 22, 2019.**

**This Brochure Supplement provides information about David Robert Howland that supplements the Performance Trust Capital Partners, LLC (“PTCP”) Brochure. You should have received a copy of that Brochure. Please contact [info@performancetrust.com](mailto:info@performancetrust.com) if you did not receive PTCP’s Brochure or if you have any questions about the contents of this supplement.**

### Item 2 - Educational Background and Business Experience

Mr. Howland, born in 1968, joined PTCP in November 2005. Prior to joining PTCP, he worked briefly for Countrywide Securities Corporation as a Director from 2004 to 2005. From February 1995 to September 2004, Mr. Howland was with Betzold Research & Trading, Inc. which was the predecessor to PTCP. Mr. Howland began his career as a sales representative with Nike Securities, LP in 1991. He graduated with a BA in Communications from Taylor University in May 1990 and received an MBA from Kellogg School of Management in 2002. He is Series 7, 24, 65 and 63 registered.

### Item 3 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### Item 4 - Other Business Activities

Not applicable.

### Item 5 - Additional Compensation

Not applicable.

### Item 6 - Supervision

As an investment adviser of PTCP, Mr. Howland is supervised by the Head of Sales, David Gobberdiel. Mr. Gobberdiel can be reached at (312) 521-1448 ([dgobberdiel@performancetrust.com](mailto:dgobberdiel@performancetrust.com)).

# Karl Raymond Brorson

## Item 1 - Cover Page

Supervised Person's name and address:

Karl Raymond Brorson  
Performance Trust Capital Partners, LLC  
500 West Madison, Suite 450, Chicago, Illinois 60661

Tel: 312.521.1473

Fax: 312.521.1573

**The date of this brochure supplement is October 18, 2019.**

**This Brochure Supplement provides information about Karl Raymond Brorson that supplements the Performance Trust Capital Partners, LLC ("PTCP") Brochure. You should have received a copy of that Brochure. Please contact [info@performancetrust.com](mailto:info@performancetrust.com) if you did not receive PTCP's Brochure or if you have any questions about the contents of this supplement.**

## Item 2 - Educational Background and Business Experience

Mr. Brorson, born in 1985, joined PTCP in March 2008. Mr. Brorson currently serves as Vice President of the Balance Sheet Strategy Group. While leading a team based out of Chicago, Mr. Brorson advises financial institutions in North America on how to effectively invest in fixed-income securities using total return and scenario analysis that fits into the broader balance sheet. Tapping into his background as a senior fixed-income analyst, Mr. Brorson combines his knowledge and experience to execute strategies in conjunction with Performance Trust's disciplined risk/reward methodology. Mr. Brorson graduated from North Park University in Chicago with a BA in Business and Economics and holds a Master's degree in Business Administration with a focus in finance from Batterman School of Business at Concordia University in WI. Mr. Brorson also serves as President of the Financial Managers Society's Boston Chapter, in Boston MA. Mr. Brorson is Series 7, 65 and 63 registered.

## Item 3 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

## Item 4 - Other Business Activities

Not applicable.

## Item 5 - Additional Compensation

Not applicable.

## Item 6 - Supervision

As an investment adviser of PTCP, Mr. Brorson is supervised by the Head of Sales, David Gobberdiel. Mr. Gobberdiel can be reached at (312) 521-1448 ([dgobberdiel@performancetrust.com](mailto:dgobberdiel@performancetrust.com)).

## Andrew Pace

### Item 1 - Cover Page

Supervised Person's name and address:

Andrew Pace

Performance Trust Capital Partners, LLC

500 West Madison, Suite 450, Chicago, Illinois 60661

Tel: 312.521.1473

Fax: 312.521.1573

**The date of this brochure supplement is October 18, 2019.**

**This Brochure Supplement provides information about Andrew Pace that supplements the Performance Trust Capital Partners, LLC ("PTCP") Brochure. You should have received a copy of that Brochure. Please contact [info@performancetrust.com](mailto:info@performancetrust.com) if you did not receive PTCP's Brochure or if you have any questions about the contents of this supplement.**

### Item 2 - Educational Background and Business Experience

Mr. Pace, born in 1983, joined PTCP in February 2008. Mr. Pace provides investment advice and executes fixed-income trading strategies for depository institutions and institutional investors. He has written articles for the Disciplined Investor® and has been featured in the Wall Street Journal as a fixed-income expert. Mr. Pace has also instructed at Principles of Performance™ programs and presented to various boards of depository institutions. Prior to joining PTCP, Mr. Pace was a professional football player in the NFL and NFL Europa. Mr. Pace graduated with a Bachelor of Science degree from Vanderbilt University in May 2006 and an MBA degree from Northwestern University's Kellogg School of Management in June 2016. He is Series 7, 65 and 63 registered.

### Item 3 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### Item 4 - Other Business Activities

Not applicable.

### Item 5 - Additional Compensation

Not applicable.

### Item 6 - Supervision

As an investment adviser of PTCP, Mr. Pace is supervised by the Head of Sales, David Gobberdiel. Mr. Gobberdiel can be reached at (312) 521-1448 ([dgobberdiel@performancetrust.com](mailto:dgobberdiel@performancetrust.com)).