

**Item 1: Cover Page**

**Part 2A of Form ADV**  
**Firm Brochure**  
March 31, 2021

**Promus Capital, LLC**  
SEC File No. 801-69649

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This brochure provides information about the qualifications and business practices of Promus Capital, LLC. If you have any questions about the contents of this brochure, please contact the firm at 312-784-3990 or via email at [compliance@promuscapital.com](mailto:compliance@promuscapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or any state securities authority. Promus Capital, LLC is registered as an investment adviser with the SEC. Registration with the SEC or any state regulatory authority does not imply a certain level of skill or training.

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

## **Item 2: Material Changes**

This Brochure is the firm's annual amendment. The firm did not make any material changes to the Brochure since the firm filed its annual update on March 30, 2020. The firm notes that it updated its regulatory assets under management and made various non-material changes throughout the Brochure to clarify certain services and practices of the firm.

We have generally revised and expanded certain information to help clients better understand our firm and the advisory services we offer, the business issues we face, and the risks associated with investing.

If you have any questions about this Brochure or would like to request a copy of this Brochure, please contact the firm at [compliance@promuscapital.com](mailto:compliance@promuscapital.com) or 312-784-3990.

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## **Item 4: Advisory Business**

### **Description of Your Advisory Firm**

Promus Capital, LLC (“Promus Capital” or the “firm”), an Illinois limited liability company, was founded in May 2008. Promus Capital is wholly owned by Promus Holdings, LLC (“Promus Holdings”), whose principal owner is the Code Family Partnership, LP.

### **Description of Advisory Services Offered**

Promus Capital is an investment advisory firm offering a variety of services to individuals, high net worth individuals, trusts, retirement plans, charitable organizations, pension and profit sharing plans, state and municipal government entities, other investment advisers, insurance companies, sovereign wealth funds, corporations, partnerships, and other institutional investors (collectively, “clients”). The services provided by Promus Capital generally include portfolio management services, financial planning, and reporting and family office services. Clients may engage Promus Capital for one, some or all of its various services.

### **Portfolio Management Services**

Promus Capital generally offers its portfolio management services to clients through custom asset allocations or pursuant to model portfolio strategies. Portfolio management services may be provided on a discretionary or non-discretionary basis.

#### **Custom Asset Allocation**

Through its strategic allocation process, Promus Capital selects and weighs the asset classes for each client based upon appropriate levels of risk and return. Promus Capital participates in the selection, purchase, and sale of specific securities and/or selects third-party separate account managers to manage client accounts as part of an overall asset allocation methodology. Accounts may include, but are not limited to, cash, equity securities, fixed income, hedge funds, managed futures, private credit, private equity, real estate and real assets consistent with a client’s suitability, overall investment strategy, and risk tolerance. Depending on a client’s needs and objectives, Promus Capital may recommend and utilize affiliated and unaffiliated money managers (for more information, see “Promus Capital Affiliate Entities and Conflicts of Interest” below) to manage a portion of the client’s portfolio. Such money managers will manage client assets in a discretionary capacity that will allow the money manager to determine the type and amount of securities to be purchased or sold for the client with respect to the client’s assets managed by that particular money manager.

Promus Capital’s asset management services are predicated on the strategic allocation of client assets among different asset classes with different levels of risk and return. Promus Capital will analyze each client’s current investments, investment objectives, goals, financial circumstances, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance, and related financial circumstances. Recommendations are tailored to meet the specific needs, goals, and objectives of the client. Due to varying degrees of personal and financial circumstances among clients who otherwise share a common level of risk tolerance, clients may have materially different compositions of portfolio assets. In addition, Promus Capital

may utilize third-party software (e.g., Bloomberg) to analyze individual security holdings and separate account managers utilized within the client's portfolio.

For certain clients, Promus Capital may prepare an investment policy statement based on the client's investment objectives, goals, tolerance for risk, and such other factors unique to the client, and provide appropriate recommendations and implementation decisions. Generally, investment policy statements are created for clients who have multiple accounts, including trusts and corporate entities, with different investment objectives and goals and varying degrees of risk tolerance and tax sensitivity.

Promus Capital's investment advisory services take into account a client's personal financial circumstances, investment objectives, and risk tolerance. Generally, Promus Capital's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to Promus Capital in response to a questionnaire and/or in discussions with the client and reviewed in meetings with the firm;
- Analyzing the client's financial circumstances, investment holdings and strategy, and goals;
- Providing assistance in identifying a targeted asset allocation and portfolio design;
- Recommending a variety of securities including, but not limited to, mutual funds, exchange-traded funds ("ETFs"), separate account managers and, for appropriately qualified clients, privately placed pooled investment vehicles (including affiliated investment vehicles);
- Reporting to the client on a quarterly basis, or at some other interval agreed to with the client, information on contributions and withdrawals in the client's investment portfolio and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client); and
- Proposing changes in the client's investment policy statement and investment portfolio in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, and the performance record of the client's investments.

In addition to providing Promus Capital with information regarding their personal financial circumstances, investment objectives, and tolerance for risk, clients are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio and to promptly notify the firm of any changes in such restrictions or in their personal financial circumstances, investment objectives, goals, and tolerance for risk. On a quarterly basis, Promus Capital's reports to clients will remind them of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of their accounts. Promus Capital will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives, and tolerance for risk.

Subject to any written guidelines that a client may impose, Promus Capital may be granted discretion and authority to manage the client's account. Accordingly, Promus Capital is

authorized to perform various functions, at the client's expense, without further approval from the client. Such functions can include the authority to manage client portfolios in accordance with and in securities as described in Item 8 of this Brochure. This authority would include the determination of the price of securities to be purchased or sold and the amount of securities to be purchased or sold.

Once the portfolio is constructed, Promus Capital provides ongoing supervision and rebalancing of the portfolio as changes in market conditions and client circumstances may require. Promus Capital will obtain client approval prior to executing any transaction for non-discretionary accounts.

Promus Capital may also recommend other advisers to manage a portion of a client's account, including advisers affiliated with Promus Capital.

### **Model Portfolio Strategies**

Promus Capital offers various model portfolio strategies. Promus Capital may provide the model portfolio strategies on a non-discretionary basis or manage a client's account on a discretionary basis pursuant to a model portfolio strategy. The current model portfolio strategies are as follows:

- *Promus Core Equity* - The Promus Core Equity strategy is designed to give clients low cost, tax efficient exposure to the global equity markets. There are three iterations of the portfolio. By utilizing ETFs, mutual funds or a combination of both, these strategies have flexibility to tilt the equity allocation to segments of the market that Promus Capital believes are relatively undervalued and away from segments that we believe are relatively overvalued. The investment team meets on a regular basis to discuss the strategies. If the investment team believes the equity market is overvalued as a whole, it may raise cash to deploy at more attractive prices.
- *Promus Core Income* - The Promus Core Income strategy is designed to give clients efficient exposure to the global fixed income markets. There are five iterations of the global fixed income portfolio, three for taxable accounts and two for tax-exempt accounts. These five portfolios will generally reflect the same convictions. We have chosen to use tactical fixed income managers to tilt the portfolio to attractive sectors of the fixed income market while maintaining discipline around credit and interest rate risk.

### **Financial Planning Services**

To the extent specifically requested by a client, Promus Capital will provide financial planning services (including investment and non-investment related matters, including estate planning, insurance planning, etc.). Financial planning services are typically provided as part of Promus Capital's portfolio management services; however, Promus Capital may charge an additional fee for such services depending on the level of service provided and other considerations deemed relevant by Promus Capital in its sole discretion. Prior to engaging Promus Capital to provide these services and to the extent a client has not entered into an investment advisory agreement (also referred to as an investment management agreement) with Promus Capital, clients are generally required to enter into an agreement setting forth the terms and conditions of the engagement

(including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Promus Capital commencing services if applicable.

### **Family Office Services**

Promus Capital also offers certain reporting and family office services designed to help family office clients organize their financial situation and plan for the successful transfer of wealth to the next generation in a tax-advantaged manner. The services provided will vary on a client-by-client basis and may include, for example, the following:

- Charitable foundation/family philanthropy management
- Financial planning and investment consulting
- Risk management
- Investment monitoring and/or reporting
- Cash flow management

### **Investment Advisory Services to Retirement Plans and Plan Participants**

Promus Capital may also provide investment advisory services to retirement plans (“Plan”) or retirement plan participants (“Participants”). Promus Capital may prepare personal asset allocation targets after obtaining and evaluating information concerning their individual client circumstances provided by each Participant in response to a risk profiling questionnaire. Promus Capital may provide recommendations as to an appropriate asset class structure and/or securities from a list of securities approved by the plan sponsor (“Sponsor”).

The asset allocation and mutual fund recommendations made to such clients may differ from those made by Promus Capital to high net worth and affluent individuals and institutions for one or more of the following reasons:

- A Participant’s asset allocation target typically consists of a smaller number of asset categories to reflect the relatively smaller size of the Participant’s investment assets.
- The Sponsor has constrained the investment alternatives from which Promus Capital may make recommendations. In such cases, Promus Capital may be required to observe quantitative criteria established by the Sponsor in preparing Participant-oriented lists of mutual funds, or to confine the advice given to choices among a relatively narrow set of investment alternatives established by the Sponsor. Participants are informed when the Sponsor of the group imposes constraints on Promus Capital’s ability to recommend mutual funds or other securities.

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

Where Promus Capital has investment discretion over a client account, the account will be managed in accordance with the client’s financial situation, investment objectives, and any reasonable client restrictions. Promus Capital will remind clients to inform the firm of any changes to their personal financial circumstances, investment objectives, or risk tolerance, and any modifications or restrictions that should be imposed on the management of their accounts. Promus Capital will also contact clients at least annually to determine whether there have been any changes in a client’s personal financial circumstances, investment objectives, and tolerance for risk

**Client Assets Under Management**

As of December 31, 2020, Promus Capital advises \$1,002,248,161 of regulatory assets under management, which includes approximately \$411,299,764 of discretionary assets under management and approximately \$590,948,397 of non-discretionary assets under management.



## **Item 5: Fees and Compensation**

### **Methods of Compensation and Fees**

#### **Portfolio Management Services**

##### **Asset-Based Fee**

For clients who retain the firm to provide portfolio management services, Promus Capital's fee, payable in advance, is computed based on the market value of or best available information for the client's portfolio assets on the last business day of the preceding quarter. The quarterly fee is charged at one-fourth the annual rate specified in the client's investment advisory agreement. The initial quarterly fee, payable on the date the account is accepted, is computed based on the market value of or best available information for such portfolio assets on the date of such acceptance. A pro rata refund will be made to clients who terminate Promus Capital's services prior to quarter end. Promus Capital generally charges an annual fee of 1.00% on all assets; however, fees are negotiable, and fees charged to family office clients are generally in accordance with the following schedule (with the possible exception of family office clients whose relationship with the firm predates 2019):

<u><b>Account Size</b></u>	<u><b>Annual Fee</b></u>
\$0 – 5 million	1.00%
\$5 – 10 million	0.75%
\$10 – 20 million	0.65%
\$20 – 30 million	0.60%
\$30 – 40 million	0.55%
\$40 – 50 million	0.50%
\$50 – 100 million	0.45%
\$100+ million	0.30%
PAM products <sup>1</sup>	0.25%
Reporting only assets	0.15%

For investment advisory services, Promus Capital generally imposes a minimum account size of \$10,000,000 in investable assets, which may be waived by the firm in its sole discretion. The current 0.65% fee for a \$10,000,000 minimum account implies a minimum fee of \$65,000. As such, clients should be aware that for accounts with less than \$10,000,000 in investable assets, they may be able to find comparable services at more favorable pricing elsewhere.

Clients typically authorize the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due, with such payments to be reflected on the next account statement sent to the client. If the account lacks adequate cash to pay such fees, the firm may liquidate securities in an amount equal to the balance of unpaid fees to pay for the unpaid balance. Promus Capital may modify the fee at any time upon 30 days' written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

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<sup>1</sup> "PAM" refers to Promus Asset Management, LLC and its relying advisers; please see Item 10 below for additional information.

Advisory fees are subject to the investment advisory agreement between the client and Promus Capital. Asset-based fees are charged quarterly in advance. The client and the client's custodian or broker-dealer will be invoiced at the beginning of each calendar quarter, based upon the market value of or best available information for (market value or best available information plus any credit balance or minus any debit balance) the client's account at the end of the prior quarter. The fees will be prorated if the investment advisory relationship commences other than at the beginning of a calendar quarter.

### **Fixed Fee Alternative**

In lieu of charging an asset-based fee, Promus Capital may charge the client a negotiable annual fixed fee charged quarterly in advance. Fixed fee amounts will be based on several factors, including the complexity of the client's holdings, the client's financial situation and objectives, and the nature and extent of services provided. Promus Capital may charge comprehensive fixed fees, which include both portfolio management services as well as family office services. Such fees will be negotiated prior to entering into a contractual relationship. Such fees will take into consideration Promus Capital's current asset-based advisory fee, the client's current investment assets, the extent and nature of family office services, and the degree of complexity inherent with respect to the client's personal and financial situation. Promus Capital does not impose a minimum net worth or portfolio size with respect to providing such services.

### **Client Payment of Fees**

With respect to the payment of asset based fees, Promus Capital will not take possession of client funds or securities at any time except to the extent that the firm may deduct fees directly from the client's account. Promus Capital will deduct advisory and custodial fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation as the client's custodian will not verify the calculation.

The fees charged by Promus Capital are exclusive of administration expenses, brokerage commissions, transaction fees, fund expenses and other related costs and expenses which shall be incurred by a client. Custody fees will vary depending on the custodian. All brokerage charges and related transaction costs are charged to the account(s) as they occur. Clients incur certain charges imposed by custodians, brokers, third party managers (including managers affiliated with us) 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.

Mutual funds, closed-end funds, ETFs, structured products and other pooled investment vehicles are subject to commissions, fees and expenses which are disclosed in the fund's prospectus or offering documents. Such charges, fees and commissions are exclusive of and in addition to our advisory fee. Although clients will not bear any sales load for any proprietary or affiliated funds, they may be charged a sales load for any unaffiliated funds.

Many funds offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to more commonly offered retail mutual fund share classes (typically, Class A (including load-waived A shares), B and C shares for mutual funds), some funds offer institutional share classes or other share classes specifically designed for purchase by an account for a fee-based investment advisory program. However, these share classes may also have higher transaction costs and may have minimum purchase criteria that limit availability to larger transactions. Clients should not assume that their assets will be invested in the share class (regardless of the type of fund structure – mutual fund, closed-end fund, hedge fund, private equity fund or other alternative vehicle) with the lowest possible expense ratio.

Promus Capital causes certain clients to invest in underlying funds which are advised or managed by affiliates of Promus Capital. With respect to certain clients, Promus Capital waives a portion of its fee with respect to an investment made in the underlying affiliated fund. Where Promus Capital has determined not to waive or rebate any such fees, the clients will be subject to an additional layer of fees as a result of an investment in an underlying affiliated fund. Regardless of the determination to waive or rebate any such fees, a client will pay its pro rata share of the expenses of any underlying affiliated fund in which the client invests. Please consult the governing documents or other relevant offering materials for more information.

### **Financial Planning Services**

To the extent clients engage Promus Capital for financial planning services not encompassed in its portfolio management services, Promus Capital's financial planning fees are generally billed on a fixed fee basis or based upon a percentage per annum for services provided at any asset level, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). All fee arrangements are subject to negotiation.

### **Family Office Services**

To the extent clients engage Promus Capital for reporting and family office services not encompassed in its portfolio management services, Promus Capital's reporting and family office services fees are generally billed on a fixed fee basis or based upon a percentage (%) per annum for services provided at any asset level, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). All fee arrangements are subject to negotiation.

### **Prepayment of Client Fees**

Promus Capital requires the prepayment of fees for its investment advisory services. Promus Capital's fees will either be paid directly by the client or disbursed by the client's qualified custodian to Promus Capital, subject to prior written consent of the client. The custodian will deliver an account statement directly to the client, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client may cancel its investment advisory agreement at any time. Promus Capital may terminate such agreements with 30 days' prior written notice to the client. Upon termination of an investment advisory agreement, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate its investment advisory agreement without penalty within five business days after entering into the agreement.

**Conflicts of Interest**

When allocating investment opportunities among our investment programs, products and clients, Promus Capital has an incentive to favor the investment programs, products and clients that generate the most revenue for Promus Capital and its affiliates.

Through its sole owner, Promus Holdings, Promus Capital has numerous affiliates that provide investment advisory services, as detailed in Item 10. Promus Capital has an indirect financial incentive to recommend products managed by affiliates and other services because revenues earned by the affiliates from such products ultimately flow to Promus Holdings or certain of its personnel. Promus Capital has mitigated this conflict by disclosing it to clients and reviewing accounts periodically to ensure that the investments are suitable for the client in light of, among other factors, the client's investment objective and financial circumstances.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Promus Capital does not charge performance-based compensation (i.e., fees based on a share of capital gains on or capital appreciation of the assets of a client). If deemed appropriate for a particular client, our recommended investments include certain investment vehicles managed by third parties and affiliates that charge performance-based compensation. Performance-based compensation may create an incentive for an adviser to make investments that are more speculative than would be the case in the absence of performance-based compensation. Please refer to the governing documents of the applicable underlying investment vehicle for important information concerning services, fees, risks, conflicts of interest, and other business matters pertaining to the underlying investment vehicle.

Promus Capital advises clients that may make similar or different investments. Any allocation or apportionment of a particular investment opportunity will be made in a manner that is fair and equitable to all applicable clients under the circumstances taking into account various client characteristics including, but not limited to, size, amount of available capital, investment strategy, risk profile, liquidity, overall portfolio composition, trading activity, and tax and legal considerations. Any action of Promus Capital with respect to a particular investment may, for a particular client, differ from or conflict with the recommendation, advice, or actions of Promus Capital to or on behalf of other clients.

Promus Capital has addressed these conflicts through policies and procedures designed to ensure that all clients are treated fairly and equitably over time. Promus Capital does not consider performance or fee structures when making investment and allocation decisions for clients.

## **Item 7: Types of Clients**

Promus Capital is an investment advisory firm offering a variety of services to individuals, high net worth individuals, trusts, retirement plans, charitable organizations, pension and profit sharing plans, state and municipal government entities, other investment advisers, insurance companies, sovereign wealth funds, corporations, partnerships, and other institutional investors. Promus Capital's provision of services is conditioned upon meeting certain minimum criteria established by the firm for each investment program offered.

For investment advisory services, Promus Capital generally imposes a minimum account size of \$10,000,000 in investable assets, which may be waived by the firm in its sole discretion.

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

### **Methods of Analysis and Investment Strategies**

Promus Capital may recommend or invest client assets in a broad range of investments, including, but not limited to, equities, fixed income instruments, options, futures, mutual funds, ETFs, private funds, other pooled investment vehicles, including private funds and investment vehicles managed by affiliates of Promus Capital. Promus Capital may also assist the client in selecting one or more appropriate managers for some or all of the client's portfolio. Such managers typically manage assets for clients who commit a minimum amount of assets to that manager, a factor that Promus Capital takes into account when recommending managers to clients. A description of the criteria to be used in formulating investment recommendations is set forth below.

Promus Capital may rely on the operational and investment experience of its personnel in specific industries, its own independent research, and other third-party sources. In addition, Promus Capital uses many sources of information to aid with portfolio construction including, for example, financial publications, third party research materials, conference calls hosted by investment sponsors or managers, corporate rating services, annual reports, prospectuses, and company press releases. Please refer to the model portfolio strategies referenced in Item 4 above for additional detail regarding certain investment strategies offered by Promus Capital. Please note that no specific approach to investing guarantees success or positive returns. Investing in securities involves risk of loss that clients should be prepared to bear.

Promus Capital identifies and implements the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, statistical analysis, and computer models utilizing long-term economic criteria. Promus Capital may employ outside vendors or utilize third-party software to assist in formulating, evaluating and monitoring investment recommendations to clients.

Promus Capital reviews certain quantitative and qualitative criteria related to individual securities, funds, and managers when formulating investment recommendations for its clients. Quantitative criteria may include the performance history of a fund or manager evaluated against that of its peers and other benchmarks, an analysis of risk-adjusted returns, an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis, the fund or manager's fee structure, and the portfolio manager's tenure.

Qualitative criteria used in recommending funds or managers include the investment objectives and management style and philosophy of a fund or manager, a fund or manager's consistency of investment style, employee turnover, efficiency and capacity. Promus Capital will discuss relevant quantitative and qualitative factors pertaining to its managed portfolios with clients.

Quantitative and qualitative criteria related to funds and managers are typically reviewed by Promus Capital on a quarterly basis or such other interval as mutually agreed upon by the client and Promus Capital. In addition, funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios

no longer accurately reflect the particular asset category attributed to the fund or manager by Promus Capital (both of which are negative factors in implementing an asset allocation structure). Based on its review, Promus Capital will make decisions regarding the retention or discharge of a fund or manager.

Each client's individual needs and circumstances will determine portfolio weightings and strategies, which can have an impact on fees depending on the funds or managers utilized. Promus Capital will endeavor to obtain equal treatment for its clients with funds or managers, but cannot assure equal treatment. Promus Capital will regularly review the activities of funds and managers it has selected.

### **Material Risks of Investments**

Investing in securities involves risk of loss that clients should be prepared to bear. While our investment approaches are designed to mitigate risk, there is no guarantee that clients will not lose money. Investors in all of our strategies face numerous investment risks to varying degrees, depending on the level of exposure the strategy has to a particular type of investment, including, but not limited to the following:

**General Market Risks.** Global markets are interconnected, and events like hurricanes, floods, earthquakes, forest fires and similar natural disturbances, war, terrorism or threats of terrorism, civil disorder, public health crises, and similar "Act of God" events have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term and wide-spread effects on world economies and markets generally. Certain Funds may have exposure to countries and markets impacted by such events, which could result in material losses.

### **Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, business and financial profile, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value. In addition, foreign securities have geopolitical, financial transparency, currency, regulatory and liquidity risks.

### **Warrants and Rights**

Warrants, typically issued with preferred stock or bonds, give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends, and have no rights with respect to the assets of the issuer. Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. Warrants become worthless if not exercised within the specified time period.



**Mutual Funds**

The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create value by investing in securities that have positive growth and the portfolio's diversification. Clients, as a shareholder of a mutual fund, will bear their pro rata portion of the mutual fund's advisory fee and other expenses, in addition to the fees payable to Promus Capital.

**Exchange-Traded Funds**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Certain ETFs may provide exposure to a portion of the U.S. or foreign market. Clients, as a shareholder of an ETF, will bear their pro rata portion of the ETF's advisory fee and other expenses, in addition to the fees payable to Promus Capital.

Investing in ETFs involves risk. ETFs can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral. Further, the use of leverage generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

**Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry additional risks including the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk, and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates change. Foreign bonds also have liquidity and currency risk. Commercial paper and certificates of deposit are subject to the level of general interest rates, the credit quality of the issuing bank, and the length of maturity.

**Municipal Securities**

Municipal securities carry certain unique risks including the municipality's ability to raise additional tax revenue or other revenue to pay interest on its debt and to retire its debt at maturity.

**U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities are typically supported by the full faith and credit of the United States.

**Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors are not provided with the same amount of information that they would

receive if the securities offering was a public offering. In addition, the securities issued in connection with private placements are restricted securities, which means they are not traded on a secondary market and generally lack liquidity.

### **Pooled Investment Vehicles**

A pooled investment vehicle is generally offered only to investors who meet certain eligibility requirements. Pooled investment vehicles sell securities through private placements, which are generally illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio companies are privately held with no publicly traded market, the firm will be unable to monitor or verify the accuracy of such performance information. Affiliates of Promus Holdings manage or sponsor private pooled investment vehicles in which a particular client may be invested (for more information, see "Promus Capital Affiliate Entities and Conflicts of Interest" below).

### **Structured Products**

Structured products are designed to facilitate highly customized risk-return objectives. Structured products typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates, or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered over-the-counter and subject to no regulation.

Investment in structured products includes significant risks including valuation, liquidity, price, credit, and market risk. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are considered to be the issuing financial institution's liabilities. There is no uniform standard for pricing.

### **Government and Agency Mortgage-Backed Securities**

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA"), Fannie Mae ("FNMA"), and the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA creates pass-through securities from pools of government-guaranteed mortgages. The principal and interest on GNMA pass-through securities are backed by the full faith and credit of the U.S. government. FNMA and FHLMC issue pass-through securities from pools of conventional and federally insured and/or guaranteed residential mortgages. FNMA guarantees full and timely payment of all interest and principal, and FHMLC guarantees timely payment of interest and ultimate collection of principal of its pass-through securities. Mortgage-backed securities from FNMA and FHLMC are not backed by the full faith and credit of the U.S. government.

### **Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper, and other similar corporate debt instruments. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper is issued by companies to finance their current obligations and normally has a maturity of less than nine months.

### **Options on Securities**

A call option is a contract under which the purchaser of the call option, in return for a premium paid, has the right to buy the security (or index) underlying the option at a specified price at any time during the term of the option. The writer of the call option, who receives the premium, has the obligation upon exercise of the option to deliver the underlying security against payment of the exercise price. A put option gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy, upon exercise of the option, the underlying security (or a cash amount equal to the value of the index) at the exercise price. The amount of a premium received or paid for an option is based upon certain factors including the market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period, and interest rates.

### **Option Contracts on Indices**

An index assigns relative values to the securities included in the index. The value of the index fluctuates with changes in the market values of such securities. Index cash options operate in the same way as the more traditional options on securities, except that index options are settled exclusively in cash and do not involve delivery of securities. Thus, upon exercise of index options, the purchaser will realize and the writer will pay an amount based on the differences between the exercise price and the closing price of the index.

### **Option Contracts on Futures**

Options on futures contracts are similar to options on securities except that an option on a futures contract gives the purchaser the right, in return for the premium paid, to assume a position in a futures contract rather than to purchase or sell a security at a specified exercise price at any time during the period of the option. Upon exercise of the option, the delivery of the futures position to the holder of the option will be accompanied by transfer to the holder of an accumulated balance representing the amount by which the market price of the futures contract exceeds in the case of a call, or is less than in the case of a put, the exercise price of the option on the future.

### **Option Contracts on Commodities**

Physical commodities include soft assets such as crops and coffee that are generally grown as well as hard assets such as minerals and metals that are generally mined or extracted from the ground. Investing in commodities carries significant risks including price, credit and market risk. Many physical commodities, as well as intangible commodities (such as security or fixed income indices), serve as the underlier to commodity futures contracts.

### **Futures Contracts and Index Contracts**

A futures contract is a bilateral agreement where one party agrees to accept and the other party agrees to make delivery of cash for an underlying debt security, as called for in the contract, at a specified date and at an agreed-upon price. An index futures contract involves the delivery of an amount of cash equal to a specified dollar amount times the difference between the index value at the close of trading of the contract and the price at which the futures contract is originally struck. No physical delivery of the securities comprising the index is made. Generally, these futures contracts are closed out prior to the expiration date of the contracts.

### **Concentration Risks**

There is an inherent risk for clients whose investment portfolios lack diversification (i.e., investment portfolios heavily weighted in one security, industry or industry sector, geographic location, investment manager, type of investment instrument (e.g., equities versus fixed income)). Generally, clients with diversified portfolios incur less volatility and less fluctuation in portfolio value than those with concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

### **Cybersecurity Risk**

With the increased use of technologies such as the Internet to conduct business, clients are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking”, malicious software coding, or phishing) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting a client or its service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of such client to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting underlying funds and or managers with which a client invests, counterparties with which a client engages in transactions, governmental and other regulatory authorities, banks, brokers, dealers, insurance companies and other financial institutions. In addition, substantial costs may be incurred in order to prevent cyber incidents in the future. While the clients’ service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, clients cannot control the cyber security plans and systems put in place by their respective service providers or any other third parties whose operations may affect clients and their respective investors. Clients could be negatively impacted as a result.

**Item 9: Disciplinary Information**

Promus Capital has nothing to disclose for this item.

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

### **Broker-Dealer or Representative Registration**

Promus Capital is not registered as a broker-dealer and does not have an application to register pending.

### **Futures or Commodity Registration**

Promus Capital is not registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading advisor and does not have an application to register pending. Certain affiliates of Promus Capital claim relief from registration with the Commodity Futures Trading Commission.

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

Promus Capital is wholly owned by Promus Holdings, which also wholly owns Promus Asset Management, LLC, an SEC registered investment adviser (“PAM”). Registration with the SEC or any state regulatory authority does not imply a certain level of skill or training. Promus Access GP, LLC, Promus Realty Partners, LLC and Promus Equity Partners, LLC are relying advisers under PAM. PAM and its affiliates serve as the general partner, manager, or investment adviser of private funds, as applicable.

Promus Holdings holds a passive, minority interest in RDG Opportunity Fund MM, LLC and RDG Partners, LLC, separately operated and separately controlled managers of privately offered real estate investment vehicles focused on residential and mixed use properties, tax liens, distressed debt, and hard-money loans. PAM provides certain oversight and operational services with respect to a RDG investment vehicle, and for such services is entitled to receive a portion of the asset-based and transaction fees otherwise payable to RDG with respect to such investment vehicle. In addition, a passive minority member of Promus Holdings holds a majority interest in, and provides day-to-day management services to, Creation Investments Capital Management, LLC, Creation Investments Global Management, LLC, Creation Investments GP3, LLC, Creation Investments GP4, LLC, CI Credit GP, LLC, and their affiliates (collectively, “Creation”), separately operated and separately controlled managers of private equity investment vehicles focused on international microfinance investments. Certain other members of Promus Holdings hold passive, minority interests in Creation. In addition, certain personnel of Promus Holdings and certain clients of Promus Capital hold passive, minority interests in Broadcast Asset Management, LLC, a separately operated and separately controlled manager of privately offered investment vehicles. Certain clients of Promus Capital and its affiliates currently, and may in the future, hold investments in investment vehicles managed by Creation or Broadcast. Promus Capital and its affiliates have a conflict of interest in selecting or recommending investment vehicles managed by Creation or Broadcast to clients for investment as certain members of Promus Holdings will receive, directly or indirectly, a share of any management fees and/or incentive or performance fees charged to clients by Creation or Broadcast with respect to any such investments. Further, Promus Capital and its affiliates may be motivated to recommend investments in investment vehicles operated by Creation or Broadcast in order to increase the amount of assets under management and revenues of such parties.

Promus Holdings is entitled to receive a portion of the asset-based fees and performance-based compensation payable to Promus Venture Management, LLC and its affiliates, a venture capital firm principally owned and controlled by a former employee of Promus Holdings (collectively, “Venture Management”), with respect to certain investment vehicles managed by Venture Management (the “Revenue Share”). In connection with the Revenue Share, certain affiliates of Promus Capital hold significant economic interests in certain affiliates of Venture Management. Venture Management is separately operated and separately controlled, and Promus Capital and its affiliates do not maintain any management, control or voting rights with respect to Venture Management. Certain clients of Promus Capital and its affiliates currently, and may in the future, hold investments in investment vehicles managed by Venture Management. Promus Capital and its affiliates have a conflict of interest in selecting or recommending investment vehicles managed by Venture Management to clients for investment as Promus Holdings and/or its designee are entitled to receive the Revenue Share with respect to any such investments.

Where determined appropriate by Promus Capital, clients of Promus Capital invest in private funds managed by Promus Holdings affiliates. As a result of the conflicts described below, Promus Capital has an incentive to recommend an investment in a private fund managed by a Promus Holdings affiliate over another private fund. Some, but not all, of such conflicts include the following:

- Promus Holdings affiliates will receive a management fee and, depending on the private fund, performance-based compensation with respect to its managed of the affiliated fund. In addition, Promus Holdings’ affiliate may be entitled to receive certain ancillary fees that are common in the private equity and venture capital industry, such as management, monitoring, closing, transaction, structuring, board or similar fees, from a Fund or an underlying portfolio company held by a Fund (“Ancillary Fees”). These fees are in addition to any fees a client may pay to Promus Capital.
- A client that invests in an affiliated fund will pay the client’s pro rata share of the expenses of any affiliated fund.
- In addition to any fees and expenses of an affiliated fund, Promus Capital clients may pay a fee to Promus Capital for its advisory services. Furthermore, certain affiliated funds are fund-of-funds and invest with underlying managers or in underlying funds. In all such instances, the Promus Capital client would be paying multiple layers of fees.
- The affiliated fund may offer limited or no liquidity, and thus clients of Promus Capital may be holding the investment for an indefinite period of time. Even if the client terminates its relationship with Promus Capital, it may be unable to withdraw from the fund.
- The investment strategies employed by an affiliated fund may be volatile and utilize leverage. Therefore the risk of loss is increased. Any investor in an affiliated fund could lose all or a substantial portion of their investment.
- Promus Holdings’ affiliates may share revenues and expenses.
- Persons associated with Promus Holdings may own a significant amount of an affiliated fund, and may be subject to preferential terms such as waived or reduced management or performance fees.
- Promus Holdings personnel may receive directly or indirectly a share of any management and performance fees charged to a Promus Capital client by an affiliate fund, thus creating an extra incentive to recommend investments in that fund.

The governing documents of each affiliated fund contain additional information on conflicts of interest and fees. Promus Capital maintains policies and procedures designed to ensure that the interests of clients are put ahead of those of its personnel or affiliates. If you have any questions regarding the potential conflicts of interest described above, please contact your investment adviser representative or Promus Capital's Chief Compliance Officer at 312-784-3990.

Members, managers and employees of Promus Capital may also perform duties on behalf of Promus Holdings and PAM and its affiliates. In addition to the interests discussed above, certain Promus personnel are involved in other outside business activities, including board positions for institutions, charities, public companies and investment funds (including funds in which clients may invest). Promus Capital personnel may have conflicts of interest in allocating their time and activity between Promus Capital and other businesses with which they are associated. Promus Capital maintains policies and procedures designed to manage and monitor the conflicts of interests presented to Promus Capital and its clients by these activities.

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

Promus Capital may also recommend that clients invest in Nuveen investment products. Promus Capital may have an incentive to recommend Nuveen investments over other investment products, given that Terence J. Toth is a member of Nuveen's board of directors. Other than as described herein, Promus Capital does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor



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

### **Code of Ethics Description**

In accordance with the Investment Advisers Act of 1940, as amended (“Advisers Act”), Promus Capital has adopted a code of ethics (the “Code”) that includes written procedures governing the conduct of Promus Capital personnel. Promus Capital will send clients or prospective clients a copy of the Code upon request.

Promus Capital requires its personnel to adhere to the Code, which provides that personnel must put the interests of Promus Capital clients first in every situation and deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, and taking investment action. Among other things, the Code imposes certain requirements on access persons with respect to their personal securities transactions, addresses privacy and confidentiality obligations, and requires personnel to comply with all applicable securities laws and regulations.

### **Participation or Interest in Client Transactions & Personal Trading**

Promus Capital advises clients that may make similar or different underlying investments. Any allocation or apportionment of a particular investment opportunity will be made in a manner that is fair and equitable to all applicable clients under the circumstances taking into account various client characteristics including, but not limited to, size, amount of available capital, investment strategy, risk profile, liquidity, overall portfolio composition, trading activity, and tax and legal considerations. Any action of Promus Capital with respect to a particular investment may, for a particular client, differ from or conflict with the recommendation, advice, or actions of Promus Capital to or on behalf of other clients.

Promus Capital generally does not engage in principal trading (i.e., the practice of selling securities to clients from a firm’s inventory or buying securities from clients into a firm’s inventory). However, Promus Capital may recommend securities to advisory clients in which it or its affiliates and their respective officers, directors, employees, principals, partners, and families (collectively, the “Related Parties”) have an economic interest (e.g., as an investor, adviser, general partner, or manager).

Promus Capital causes certain clients to invest in underlying funds which are advised or managed by affiliates of Promus Capital. With respect to certain clients, Promus Capital waives a portion of its fee with respect to an investment made in the underlying affiliated fund. Where Promus Capital has determined not to waive or rebate any such fees, the clients will be subject to an additional layer of fees as a result of an investment in an underlying affiliated fund. Regardless of the determination to waive or rebate any such fees, a client will pay its pro rata share of the expenses of any underlying affiliated fund in which the client invests. Please consult the governing documents or other relevant offering materials for more information.

As discussed in Item 10, certain members of Promus Holdings will receive, directly or indirectly, a share of any management fees and/or incentive or performance fees charged to investment vehicles managed by Creation or Broadcrest. Certain clients of Promus Capital and its affiliates currently, and may in the future, hold investments in investment vehicles managed by Creation or

Broadcrest. Promus Capital and its affiliates have a conflict of interest in selecting or recommending investment vehicles managed by Creation or Broadcrest to clients for investment as certain members of Promus Holdings will receive, directly or indirectly, a share of any management fees and/or incentive or performance fees charged to clients by Creation or Broadcrest with respect to any such investments.

As noted in Item 10, Promus Holdings and/or its designees are entitled to the Revenue Share with respect to certain investment vehicles managed by Venture Management. Certain clients of Promus Capital and its affiliates currently, and may in the future, hold investments in investment vehicles managed by Venture Management. Promus Capital and its affiliates have a conflict of interest in selecting or recommending investment vehicles managed by Venture Management to clients for investment as Promus Holdings and/or its designees are entitled to receive the Revenue Share with respect to any such investments.

The Related Parties may serve as advisers or managers to funds or conduct investment activities for their own accounts. Such funds or accounts may have investment objectives or strategies similar to those of clients. The Related Parties may engage in securities transactions for their own accounts that differ from those recommended or effected for clients.

Promus Capital and the Related Parties may purchase or sell the same securities (including interests in underlying investments) as are purchased or sold for or recommended to clients in accordance with the Code. Such transactions may take place at or about the same time that such transactions are made for or recommended to clients. The personal securities transactions by access persons may raise potential conflicts of interest when such transactions are made in a security that is either owned by a client or considered for purchase or sale for a client. Such conflict generally refers to the practice of front-running (trading ahead of the client), which Promus Capital specifically prohibits. Promus Capital has adopted policies and procedures that are intended to address these conflicts of interest. Promus Capital will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee, or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. Promus Capital's policy is to place the clients' interests above those of the firm and its employees. Promus Capital personnel must follow Promus's procedures when purchasing or selling the same investments purchased or sold for a client. These policies and procedures require Promus Capital personnel to act in the client's best interest, prohibit front-running, and provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

## Item 12: Brokerage Practices

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

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

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades;
- Capabilities to facilitate transfers and payments to and from accounts (e.g., wire transfers, check requests);
- Breadth of investment products available (e.g., stocks, bonds, mutual funds, exchange-traded funds);
- Availability of investment research and tools that assist Promus Capital in making investment decisions;
- Quality of services;
- Competitiveness of fees (e.g., commission rates, margin interest rates);
- Reputation, financial strength, and stability of the provider;
- Prior service to Promus Capital and its other clients; and
- Availability of other beneficial products and services.

Promus Capital does not utilize soft dollar arrangements. Promus Capital does not direct brokerage transactions to executing brokers for research and brokerage services. Promus Capital does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

Promus Capital typically recommends that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc., a FINRA-registered broker-dealer, member SIPC, and Fidelity's National Financial Services LLC, a FINRA-registered broker-dealer, member SIPC (herein collectively referred to as "Custodian"), to maintain custody of clients' assets and to execute securities trades on its clients' behalf. Promus Capital is not affiliated with Custodian. Custodian does not charge separately for custody services, but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through or that settle into Custodian accounts.

Custodian may provide Promus Capital with access to their institutional trading and custody services, which are typically unavailable to Custodian retail investors. These services are generally available to independent investment advisers on an unsolicited basis, at no charge to them so long as a certain minimum amount of the adviser's client assets are maintained in accounts at Custodian. These services are not contingent upon Promus Capital committing to Custodian any specific amount of business (e.g., assets in custody or trading commissions). Custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

Custodian also makes available to Promus Capital other products and services that benefit Promus Capital but may not directly benefit its client accounts. Many of these products and services may be used to service all or some substantial number of Promus Capital's accounts, including accounts not maintained at Custodian. Custodian also makes available to Promus Capital software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution and allocate aggregated trade orders for multiple client accounts, provide research, pricing, and other market data, facilitate payment of Promus Capital's fees from its clients' accounts, and assist with back-office functions, recordkeeping, and client reporting.

Custodian also offers other services intended to help Promus Capital manage and further develop its business. These services may include business consulting, publications and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

Custodian may also provide other benefits such as educational events or occasional business entertainment of Promus Capital personnel. In evaluating whether to recommend that clients custody their assets at Custodian, Promus Capital may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors considered, and not solely the nature, cost, or quality of custody and brokerage services provided by Custodian.

Custodian may make available, arrange, and pay third-party vendors for the types of services rendered to Promus Capital. Custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Promus Capital.

Promus Capital may participate in institutional customer programs sponsored by broker-dealers and recommend such broker-dealers to clients for custody and brokerage services. While there is no direct link between Promus Capital's participation in such programs and the investment advice given to clients, Promus Capital receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations;
- Research-related products and tools;

- Consulting services;
- Access to a trading desk serving Promus Capital participants;
- Access to block trading, which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts;
- The ability to have advisory fees deducted directly from client accounts;
- Access to an electronic communications network for client order entry and account information;
- Access to mutual funds with no transaction fees and to certain institutional money managers; and
- Discounts on certain products or services provided to Promus Capital by third-party vendors.

Custodian may also pay for business consulting and professional services received by Promus Capital, and may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses for Promus Capital's personnel to attend conferences). Some of the products and services made available by Custodian through its institutional customer programs may benefit Promus Capital but may not benefit its client accounts. These products or services may assist Promus Capital in managing and administering client accounts, including accounts not maintained at Custodian. The benefits received by Promus Capital or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Promus Capital may also participate in similar institutional advisor programs offered by other broker-dealers or trust companies, and its continued participation may require Promus Capital to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Promus Capital will typically receive benefits similar to those listed above.

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

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

Promus Capital, pursuant to the terms of its investment advisory agreement with clients, may have discretionary authority to determine which securities to buy and sell, and the amount of such securities. Promus Capital recognizes that the analysis of execution quality involves a number of qualitative and quantitative factors. Promus Capital will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. Some of these factors include but are not limited to the following:

- The financial strength, reputation, and stability of the broker;
- The ability to effect prompt and reliable executions at favorable prices;
- The availability of the broker to effect transactions of varying degrees of difficulty in the future;
- The efficiency of error resolution, clearance, and settlement;
- Block trading and positioning capabilities;
- Performance measurement;
- Online access to computerized data regarding customer accounts;
- Availability, comprehensiveness, and frequency of brokerage and research services;
- The economic benefit to the client; and
- Related matters involved in the receipt of brokerage services.

Since Promus Capital may manage accounts with similar investment objectives, the firm may aggregate orders for securities for such accounts. In such event, Promus Capital allocates the securities purchased or sold, as well as expenses incurred in the transaction, in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts. Promus Capital's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Promus Capital will follow procedures to ensure that allocations do not favor or discriminate against any client or group of clients. Account performance is never a factor in trade allocations.

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

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

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

### **Item 13: Review of Accounts**

The review of client accounts is conducted by the investment adviser representative servicing the client relationship. The investment adviser representative is also responsible for ensuring that any significant change in a client's investment strategy or in the concentration of a client's assets is appropriate for and has been reviewed with the client. Such reviews are performed no less frequently than annually.

Promus Capital may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Promus Capital formulates investment advice. In addition, Promus Capital will make recommendations and implementation decisions from time to time to rebalance and reallocate each client's investments in accordance with such client's investment objectives, goals, risk tolerance, and relevant financial circumstances.

Promus Capital engages a third party to produce quarterly client reports that provide account performance and compares account performance against appropriate benchmarks.

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

Promus Capital has entered into agreements with solicitors who will refer prospective advisory clients to Promus Capital in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with Promus Capital. The solicitor must provide the client with a disclosure document describing the fees it receives from Promus Capital, that such fees do not result in an increase in fees that Promus Capital would otherwise charge the client, and whether an affiliation exists between Promus Capital and the solicitor. The payment of fees may cause a solicitor to recommend Promus Capital over another adviser that does not pay solicitation fees.

Promus Capital personnel may attend events which involve the receipt of indirect compensation and benefits such as hotel accommodations, transportation, meals, golf, and related entertainment from one or more unaffiliated investment managers. Promus Capital maintains policies and procedures designed to manage and monitor the conflicts of interests presented to Promus Capital and its clients by such activities.

Personnel of Promus Capital and its affiliates may, from time to time, have opportunities to invest or co-invest in certain business opportunities with clients. Such investments or co-investments may yield additional benefits to such personnel in the form of receipt of favorable investment opportunities, lower commissions or fees, lower minimum investment requirements, or other favorable terms. These investment or co-investment opportunities may create potential conflicts of interest in that the client presenting such opportunities may have an expectation from Promus Capital of a favorable or preferred allocation on future investment opportunities. As a matter of business policy, Promus does not allocate investment opportunities to clients on the basis of receipt of client-referred co-investment opportunities.

Promus Capital may receive direct or indirect benefits for referring certain of its clients to third parties for various services such as tax, accounting, and other professional services.



## **Item 15: Custody**

Client assets will be maintained with a qualified custodian. In certain instances, Promus Capital is deemed to have custody of certain of its clients' assets under Rule 206(4)(2) of the Advisers Act (the "Custody Rule"). Promus Capital has implemented policies and procedures to comply with the Custody Rule's requirements. To the extent Promus Capital has custody of a client's assets, Promus Capital will enter into an engagement with an independent public accountant to conduct an independent verification of those client funds and securities of which it has custody at least once during each calendar year. Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients should carefully review such statements. Promus Capital urges its clients to compare the account balance(s) shown on their Promus Capital performance review to the balance(s) on their custodian's statements. The custodian's statement is the official record of the account.

In addition, as also noted in Promus Capital's Part 1A of Form ADV, related parties of Promus Capital, namely PAM and its relying advisers as identified in Item 10 above, have custody over Promus Capital client assets under the Custody Rule due to PAM and its relying advisers' control of private funds in which Promus Capital clients have invested. PAM and its relying advisers have implemented policies and procedures to comply with the Custody Rule's requirements. PAM and its relying advisers require an annual audit of the private funds by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB) and such financial statements are distributed to the investors in the private funds in accordance with the requirements of the Custody Rule.

**Item 16: Investment Discretion**

Promus Capital may provide discretionary or non-discretionary portfolio management services depending on a client's preference and the type of securities for which the firm will provide advice. If a client grants Promus Capital discretionary authority, clients grant a limited power of attorney to Promus Capital with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In such cases, Promus Capital will exercise full discretion as to the nature and type of securities to be purchased and sold and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## **Item 17: Voting Client Securities**

Promus Capital does not take discretion with respect to voting proxies on behalf of its clients. Promus Capital may make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Promus Capital supervised and/or managed assets.

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

If Promus Capital receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Promus Capital may utilize electronic mail where appropriate in these situations if the client has authorized electronic contact.

**Item 18: Financial Information**

Promus Capital has nothing to disclose for this item.