

## **SUMMIT TRAIL ADVISORS, LLC**

SEC FILE NUMBER: 801 – 99352

### **WRAP FEE PROGRAM BROCHURE**

**DATED: MARCH 6, 2021**

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This Appendix 1 (“Wrap Fee Program Brochure”) provides information about the qualifications and business practices of Summit Trail Advisors, LLC (“Summit Trail” or the “Advisor”). If you have any questions about the contents of this Wrap Fee Program Brochure, please contact us at (212) 812-7010. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Summit Trail Advisors, LLC and its Advisory Persons is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our firm CRD# 220519.

References herein to Summit Trail as a “registered investment advisor” or any reference to being “registered” does not imply a certain level of skill or training.

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## **ITEM 2 – MATERIAL CHANGES**

This Appendix 1 (“Wrap Fee Program Brochure”) provides information about a variety of topics relating to an Advisor’s business practices and conflicts of interest. In particular, this Wrap Fee Brochure discusses wrap fee programs offering by the Advisor.

### Material Changes

There have been no material changes to this Wrap Fee Program Brochure since the last filing and distribution to Clients.

### Future Changes

From time to time, we may amend this Wrap Fee Program Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Wrap Fee Program Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Summit Trail.

At any time, you may view the current Wrap Fee Program Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 220519. You may also request a copy of this Wrap Fee Program Brochure at any time, by contacting us at (212) 812-7010.

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## ITEM 4 – SERVICES FEES AND COMPENSATION

### A. Services

For certain legacy relationships, the Advisor provides discretionary and/or non-discretionary investment advisory services on a wrap fee basis (See discussion below). Under a wrap fee, basis the Client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each Client's particular need.

The Advisor's investment management services on a wrap fee basis is in accordance with the Summit Trail Wrap Program (the "Program"). Under the Program, the Advisor is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, account maintenance, investment management fees, and fees charged by independent managers. However, Clients may be responsible for, but not limited to, trustee fees, mutual fund expenses, ETF expenses, mark-ups, mark-downs, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depositary Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to Client accounts. These fees and expenses are described in each fund's prospectus. Summit Trail can provide or direct you to a copy of the prospectus for any fund that we recommend to you. Such fees are in addition to any fees paid by the Client to the Advisor and are between the Client and the account custodian.

The current annual Program fee ranges from negotiable to 2.00%, as follows:

Assets Under Management	Annualized Fee
Less than \$5,000,000	2.00%
\$5,000,000 to \$10,000,000	1.75%
\$10,000,000 to \$25,000,000	1.50%
\$25,000,000 to \$50,000,000	1.30%
\$50,000,000 to \$100,000,000	1.10%
More than \$100,000,000	1.00%

Under the Program, if engaged on a discretionary basis, the Advisor shall have written authority to determine the type and amount of securities that are bought or sold. Clients who engage the Advisor on a discretionary basis may, at any time, impose restrictions, in writing, on the Advisor's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account(s), exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Advisor's use of margin, etc.). Pershing, LLC ("Pershing") and/or Fidelity Institutional Wealth Services, ("Fidelity") shall serve as the custodian for Program accounts.

**Use of Independent Managers:** For Client account[s] implemented through an Independent Manager ("Independent Managers"), the Client's overall fees may include Summit Trail's investment advisory fee (as noted above) plus advisory fees and/or platform fees charged by the Independent Manager[s], as applicable. The Independent Manager may assume responsibility for calculating the Client's fees and deducting all fees from the Client's account[s]. In such instances, Summit Trail will not charge its fee separately on those assets.

Turnkey asset management programs ("TAMP") related charges are not included in the investment management fee you pay to Summit Trail. You will be charged, separate from and in addition to your

investment management fee, any applicable TAMP fees as well as applicable Independent Manager fees. Summit Trail does not receive any portion of the fees paid directly to Dynasty or the service providers made available through the TAMP, including the Independent Managers.

TAMP and Independent Manager fees are determined by the particular TAMP and Independent Manager[s] with which Client assets are invested, and are calculated based upon a percentage of assets under management, as applicable. The program fee generally ranges up to 0.45% annually.

Clients should note the total fees reflected on custodial statements represent the aggregate of Summit Trail's investment management fee, TAMP fee and Independent Manager fee, accordingly. Clients are urged to review such statements to determine the total amount of fees associated with assets placed with Independent Managers. Client should also review the investment management agreement with Summit Trail to determine the investment management fee paid to the Advisor.

**Fee Calculation:** The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of a Client.

Client's may make additions to and withdrawals from their account(s) at any time. However, reconciliations are performed on a quarterly basis to capture the difference in the market value of the assets on the last day of the previous quarter and the average daily balance of the assets for the quarter. An adjustment will be made in the form of a credit or debit to reflect the difference. For the initial period of an engagement, the fee is calculated on a pro rata basis through the end of the quarter. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the Client, as appropriate.

The Advisor may also provide investment advisory services with respect to non-custodial partnership/private fund investments, which are not held at the Primary Custodian. In such instances, the Client shall be required to complete the applicable private placement and/or account opening documents to establish these investments. The Advisor will debit its fee for providing investment advisory services with respect to these relationships directly from a brokerage account designated by the Client held at the Primary Custodian. For certain non-custodial partnership/private fund investments, the Advisor may not receive quarter-end investment valuations prior to its fee billing calculation. In such instances, the Advisor will use the most recent month-end or quarter-end valuation available for the calculation of investment advisory fees. The Advisor will recalculate its fee upon receipt of final valuations. Adjustments are reflected in the fee calculations for the next quarterly period.

**Fee Payment:** Clients will be charged in advance, at the beginning of each calendar quarter based upon the market value of the assets on the last business day of the previous quarter. Clients may elect to have the Advisor's advisory fees deducted from their custodial account(s).

**Investment Performance:** As a condition to participating in the Program, the participant must accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies purchased and/or undertaken by the Advisor) may not: (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

**ANY QUESTIONS:** The Advisor's Chief Compliance Officer ("CCO"), Thomas Harms, remains available to address any questions that a Client or prospective client may have regarding this Wrap Fee Program

Brochure.

## **B. Program Costs**

Participation in the Program may cost more or less than purchasing such services separately. Also the Program fee charged by Advisor for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by the Advisor, the amount of portfolio activity in the Client's account(s), and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if the Advisor were to negotiate transaction fees and seek best price and execution of transactions for the Client's account(s).

**Conflict of Interest:** Because Program transaction fees and/or commissions are being paid by the Advisor to the account custodian/broker-dealer, the Advisor has an economic incentive to minimize the number of trades in the Client's account(s). The Advisor's Chief Compliance Officer, Thomas Harms, remains available to address any questions that a Client or prospective Client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.

## **C. Fees**

The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, trustee fees, mutual fund expenses, ETF expenses, markups, mark-downs, transfer taxes, odd lot differentials, exchange fees, interest charges American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to Client accounts. Such fees and expenses are in addition to the Program's wrap fee.

**Tradeaway/Prime Broker Fees.** Relative to its discretionary investment management services, when beneficial to the Client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the Client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (Pershing and/or Fidelity). **Please Note:** Clients who engage the Advisor on a wrap fee basis will not incur tradeaway and/or prime broker fees.

## **D. Compensation**

Advisor's related persons who recommend the Program to Clients do not receive additional compensation as a result of a Client's participation in the wrap fee program.

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

The Advisor's Clients shall generally include individuals, high net worth individuals, business entities, trusts, estates, charitable organizations, and pension and profit sharing plans. The amount of each type of Client is available on the Advisor's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor. The Advisor, in its sole discretion, may charge a lesser investment advisory fee, or a flat fee, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition,

competition, negotiations with Client, etc.). The Advisor generally does not impose a minimum relationship size for establishing a relationship. However, certain strategies of STA may require a minimum asset amount in order to achieve optimal returns based on the needs of the Client, which may be waived at the sole discretion of the Advisor. Please Note: As result of the above, similarly situated Clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

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

### **A. Portfolio Manager Selection**

The Advisor may allocate a portion of a Client's Program assets among unaffiliated independent investment managers and/or separately managed accounts in accordance with the Client's designated investment objective(s). In such situations, the independent manager(s) or separately managed account managers shall have day-to-day responsibility for the active discretionary management of the allocated Program assets. The Advisor shall continue to render investment supervisory services to the Client relative to the ongoing monitoring and review of account performance, asset allocation and Client investment objectives. Factors which the Advisor shall consider in recommending independent manager(s) or separately managed accounts include the Client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

### **B. Related Persons**

The Advisor acts as the portfolio manager for the Program. Inasmuch as the execution costs for transactions effected in the Client account(s) will be paid by the Advisor, a conflict of interest arises in that the Advisor may have a disincentive to trade securities in the Client's account(s). In addition, the amount of compensation received by the Advisor as a result of the Client's participation in the Program may be more than what the Advisor would receive if the Client paid separately for investment advice, brokerage and other services.

When managing a Client's account(s) on a wrap fee basis, the Advisor shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs (including account transaction fees) incorporated into the wrap fee have been deducted. Accordingly, the Advisor has a conflict of interest because it could have an economic incentive to maximize its compensation by seeking to minimize the number of transactions/total costs or selecting mutual funds with no transaction fee in the Client's account(s).

### **C. Supervised persons**

As discussed below, the Advisor also offers to its Clients, discretionary and/or nondiscretionary investment advisory services, on a non-wrap fee basis, as well as, Financial Planning and Consulting on a stand-alone basis.

## **OTHER ADVISORY BUSINESS SERVICES**

### **INVESTMENT MANAGEMENT ON A NON-WRAP FEE BASIS**

The Advisor solely offers discretionary and/or non-discretionary investment advisory services on a non-wrap fee basis. The Advisor's annual investment advisory fee (up to 2.00%), shall be charged quarterly in

advance, depending upon the level of Client assets managed by the Advisor; and or the overall relationship. The Advisor, at its sole discretion, may offer a schedule that differs from the schedule herein. Please see Item 5 of the Disclosure Brochure for additional details.

Alternatively, the Advisor may offer its non-wrap investment management services on a flat fee basis. To the extent offered, the Advisor's flat fee for non-wrap investment management services will be based upon various subjective and objective factors. Advisor's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the Client, financial planning and consulting services. In the event that the Client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Advisor), the Advisor may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the Client.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE BASIS)**

The Advisor may be engaged to provide a Client with a one-time financial plan without ongoing investment management services on a stand-alone separate fee basis. Prior to engaging the Advisor to provide planning or consulting services, Clients are generally required to enter into a Financial Planning and Consulting Agreement with the Advisor setting forth the terms and conditions of the engagement describing the scope of the services to be provided, and the portion of the fee that is due from the Client prior to the Advisor commencing services.

If requested by the Client, the Advisor may recommend the services of other professionals, including certain of the Advisor's representatives in their individual capacities as registered representatives of a broker-dealer, (See disclosure at Item 9) for implementation purposes. The Client is under no obligation to engage the services of any such recommended professional. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Advisor.

If the Client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the Client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e. attorney, accountant, insurance agent, etc.), and not the Advisor, shall be responsible for the quality and competency of the services provided.

It remains the Client's responsibility to promptly notify the Advisor if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Advisor's previous recommendations and/or services.

#### **MISCELLANEOUS ADVISORY SERVICES DISCLOSURE**

**Business Relationship with Dynasty Financial Partners, LLC.** The Advisor maintains a business relationship with Dynasty Financial Partners, LLC ("Dynasty"), which provides the Advisor with operational and back office support including access to a network of service providers. Through the Dynasty network of service providers, the Advisor has access to discounts on trading technology, reporting, custody, brokerage, compliance and other related services. While the Advisor believes this open architecture structure for operational services best serves the interests of its advisory Clients, this relationship may potentially present certain conflicts of interest due to the fact that Dynasty retains a portion of the platform or other third party fees paid by the Advisor or Clients for the services referenced above. In light of the foregoing, the Advisor seeks at all times to ensure that any material conflicts are addressed on a fully-disclosed basis and handled in a manner that is aligned with its Clients' best interests. The Advisor does not receive any



portion of the fees paid directly to Dynasty, its affiliates or the service providers made available through Dynasty's platform. In addition, the Advisor reviews all such relationships, including the service providers engaged through Dynasty, on an ongoing basis in an effort to ensure Clients are receiving competitive rates in relation to the quality and scope of the services provided.

Dynasty's subsidiary, Dynasty Wealth Management, LLC ("DWM"), a registered investment advisor, also provides access to a range of investment services, including separately managed accounts ("SMAs"), mutual fund and exchange-traded fund ("ETF") asset allocation strategies and unified managed accounts ("UMAs") managed by external third party managers (collectively the "Investment Programs"). The Advisor may receive more advantageous pricing as assets increase, which poses a conflict of interest with the Client.

In light of the foregoing, Summit Trail seeks at all times to ensure that any such conflicts are addressed on a fully-disclosed basis and investment decisions are handled in a manner that is aligned with its Clients' best interests. Summit Trail does not receive any portion of the fees paid directly to Dynasty or the service providers made available through its platform, and the Summit Trail reviews all such relationships on an ongoing basis in an effort to ensure Clients are receiving competitive rates in light of the services they receive.

The Advisor has obtained financing for their business through Dynasty Advisors Financing Services, LLC ("DAFS"), a wholly-owned subsidiary of Dynasty Financial Partners, LLC (and affiliate of Dynasty Wealth Management, LLC). DAFS, in partnership with various independent banks, has provided the Advisor with a lending facility to assist with business transition expenses and other costs associated with launching the Advisor. The Advisor is not obligated to utilize the DAFS lending facility in order to obtain other services from Dynasty. All lending is subject to standard underwriting requirements. A portion of this loan may be furnished directly from Dynasty as a co-lender. In such situations, the Advisor will be subject to the same lending facility criteria and requirements as applied by the independent bank.

The Advisor's Chief Compliance Officer, Thomas Harms, remains available to address any questions that a Client or prospective Client may have regarding the above conflicts of interest.

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a Client, Advisor may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Advisor does not serve as an attorney or accountant, and no portion of its services should be construed as legal or accounting services. Accordingly, Advisor does not prepare estate planning documents or tax returns. To the extent requested by a Client, Advisor may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.), including representatives of Advisor in their separate individual capacities as representatives Summit Trail Securities, LLC, an affiliated SEC registered and FINRA Member broker-dealer ("STS"). The Client is under no obligation to engage the services of any such recommended professional. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Advisor or its representatives.

If the Client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the Client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e. attorney, accountant, insurance agent, etc.), and not the Advisor, shall be responsible for the quality and competency of the services provided.

The recommendation by Advisors' representatives that a Client purchase a securities commission product through Advisors' representative in their separate and individual capacities as a registered representative of STS, presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on the Client's needs. No Client is under any obligation to purchase any securities commission products from an Advisor's representative or to utilize the broker-dealer services of STS. Clients are reminded that they may purchase securities products recommended by Advisor through other, non-affiliated registered representatives and/or broker-dealers.

**Private Fund Investments** - The Advisor may provide investment advice regarding affiliated and unaffiliated private investment funds.

*Unaffiliated Funds* - The Advisor's role relative to any unaffiliated private investment fund shall be limited to its initial and ongoing due diligence and investment monitoring services. If a Client determines to become an investor in an unaffiliated private fund, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of the Advisor calculating its investment advisory fee (unless the Client purchases the fund from the Advisor's affiliated broker-dealer). The Advisor's Clients are under no obligation to consider or make an investment in an unaffiliated private investment fund(s).

*Affiliated Funds* - The Adviser is the General Partner and/or Investment Advisor to various private funds issued by Ascent Private Capital Management (the Affiliated Fund[s]). If a Client determines to invest in an Affiliated Fund, the amount of assets invested in the Affiliated Fund shall be included as part of "assets under management" for purposes of the Advisor calculating its investment advisory fee. The Advisor's Clients are under no obligation to consider or make an investment in an Affiliated Fund.

The Advisor does not receive a separate advisory fee or other forms of compensation for its investment advisory services to any Affiliated Funds. Rather, the Advisor's only compensation is the advisory fee that it receives from any value included as a part of assets under management.

**Advisory Arrangements.** Advisor may introduce Clients to private investment funds for which it serves as a sub-adviser. Advisor **does not** receive a separate sub-advisory fee for its sub-advisory services to the fund, nor any other type compensation from the fund. Rather, Advisor's only compensation is the advisory fee that it receives from the Client as discussed above at **Fees and Compensation**. However, in the event that STS serves in a broker-dealer capacity for such funds, STS shall receive commission compensation.

**STS/Commission Purchases**-The Advisor generally recommends private investment funds on a fee basis rather than on a commission basis through STS. STS will be recommended only when the Client prefers to pay a one-time commission to STS rather than an ongoing advisory fee to Advisor to monitor and review the fund on an ongoing basis.

**Independent Managers.** For those Clients that require an enhanced and/or specialized level of asset management services, Advisor may also recommend that certain Clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager(s). To the extent applicable, the Advisor shall recommend Independent Managers consistent with the Client's investment objectives. Factors which the Advisor shall consider in recommending Independent Managers

include the Client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

The Advisor shall continue to render advisory services to the Client relative to the ongoing monitoring and reviewing of account performance, for which Advisor shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

Clients who choose to engage the Advisor on a non-wrap fee basis and elect to utilize Independent Managers or separately managed accounts will incur costs in addition to the Advisor's advisory fee. Management fees charged by Independent Managers, together with the fees charged by the broker-dealer/custodian of the Client's assets, and any independent manager platform provider fee are exclusive of, and in addition to, Advisor's non-wrap investment advisory fee set forth above. Clients who engage the Advisor on a wrap fee basis will not incur additional management fees should their investment portfolio utilized Independent Managers.

The Advisor may provide investment advisory services to executives and/or principals of certain unaffiliated Independent Managers, thereby creating a conflict of interest. To the extent that the Advisor believes that the utilization of these investment managers is appropriate for a Client, the Advisor shall disclose the conflict to the Client and give the Client the right to restrict, in writing, the Advisor's use of any such independent manager.

**Retirement Plan Rollovers – No Obligation / Conflict of Interest:** A Client or prospective Client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the Client's age, result in adverse tax consequences). If Registrant recommends that a Client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest if Registrant will earn new (or increase its current) compensation as a result of the rollover. No Client is under any obligation to rollover retirement plan assets to an account managed by Summit Trail.

**Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the Client. Thus, in the event that Registrant would like to make a transaction for a Client's account, and Client is unavailable, the Registrant will be unable to effect the account transaction (as it would for its discretionary Clients) without first obtaining the Client's consent.

**Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective Client can obtain many of the funds that may be utilized by Summit Trail independent of engaging Summit Trail as an investment advisor. However, if a prospective Client determines to do so, he/she will not receive the Summit Trail's initial and ongoing investment advisory services.

In addition to Summit Trail's investment advisory fee described below, and transaction and/or custodial fees discussed below, Clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the Advisor may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Advisor's advisory fee. When the account is holding cash positions, those cash positions will be subject the fee schedule as set forth above.

**Portfolio Activity.** Summit Trail has a fiduciary duty to provide services consistent with the Client's best interest. As part of its investment advisory services, Summit Trail will review Client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the Client's investment objective. Based upon these factors, there may be extended periods of time when Summit Trail determines that changes to a Client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Summit Trail will be profitable or equal any specific performance level(s).

**Reporting of External Accounts.** Advisor, in conjunction with the services provided by third-party services, may also provide periodic reporting services which can incorporate all of the Client's investment assets, including those investment assets that are not part of the assets managed by the Advisor (the "Excluded Assets"). The Client and/or their other advisors that maintain trading authority, and not the Advisor, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed to, in writing, Advisor's service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if the Advisor is specifically engaged to monitor and/or allocate the assets within the Client's 401(k) account maintained away at the custodian directed by the Client's employer. As such, except with respect to the Client's 401(k) account (if applicable), Advisor does not maintain any trading authority for the Excluded Assets. Rather, the Client and/or the Client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. In the event the Client desires that Advisor provide investment management services for the Excluded Assets, the Client must engage the Advisor to do so pursuant to the terms and conditions of the Investment Advisory Agreement between Advisor and the Client.

**Client Obligations.** In performing its services, Advisor shall not be required to verify any information received from the Client or from the Client's other professionals, and is expressly authorized to rely thereon. Moreover, each Client is advised that it remains their responsibility to promptly notify the Advisor if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Advisor's previous recommendations and/or services.

**Disclosure Statement.** This Disclosure Brochure shall be provided to each Client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

There is no material difference between how the Advisor manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a Client determines to engage the Advisor on a wrap fee basis the Client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each Client's particular need. If the Client determines to engage the Advisor on a non-wrap fee basis the Client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

### **Performance-Based Fees**

Neither the Advisor nor any supervised person of the Advisor accepts performance-based fees. However, the Advisor may recommend Investment Managers and investment funds, including Private Funds (including the Funds that STA is the Investment Manager to), which may assess a performance-based fee. Such a recommendation to invest with an Investment Manager or investment fund with a performance-based fee arrangement would be preceded by an assessment as to the suitability and appropriateness of such an investment, relative to other similar investments, if any, which do not have a performance-based fee arrangement.

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

The Advisor's investment process encompasses three major areas: 1.) Asset Allocation, 2.) Investment Selection, and 3.) Portfolio Construction. The investment process is designed to be customized to each Client and their particular attributes.

1. Asset Allocation is the process for determining a long-term asset allocation that is appropriate for an investor, as well as considering how each asset class will fare in the intermediate-term in relation to its long-term expectations. The first step is to define which asset classes exist and how to categorize the world of investments. Asset classes must be unique, and investable for consideration. We believe there are roughly 15 asset classes that exist today for sophisticated investors.

It is also important to classify these asset classes more broadly into groups that investors can understand. We believe all asset classes serve one of three purposes: Growth, Preservation, or Inflation Protection. Any asset class can be classified in one of these categories. By using broad categories that establish a clear goal and objective, we believe investors can better determine their proper allocation among the three groups, and therefore have portfolios that better fit their risk profile.

2. Investment selection is the process of determining how to invest in each asset class. We primarily utilize in open architecture, in that we do not generally select individual securities within our firm. Whenever possible, we build portfolios by selecting specialists in each asset class who focus their research process on a specific area of the investment marketplace. We typically utilize a combination of ETFs, Separate Accounts, Mutual Funds, and Limited Partnerships to invest our Client's portfolios.

In researching an active management organization, we utilize a research process built by the investment team at prior firms. We look at investment firms in four parts: Organization, Investment Process, Performance, and Operations. Our review of the organization is focused on determining whether the organization is likely to impede the investment process over the life of our investment. We seek to invest in firms that have positive attributes we prefer around ownership structure, compensation, product distribution, capacity management and numerous other items. In reviewing an investment process we seek to understand the quality of the information the manager possesses, how they have utilized that information, and how they make portfolio decisions. This is a process that can review many individual investments over multiple years. We then will review performance, which is essentially the results of the investment process. Not all strong performance track records are the same, and we seek to understand in depth how manager has added value, and whether the nature of that added value is likely to continue. Finally, we review the firm's operational capabilities, in terms of their operational policies and documents.

In the case of Limited Partnerships we conduct a review of the operations to ensure we are comfortable with the custodian, administrator, auditor, as well as other items.

Ongoing due diligence is a critical component of our recommended manager selection, and it is necessary to continue to review all four aspects of our active managers on a forward-looking basis. Please Note: While our ongoing due diligence includes Client's legacy managers, we may undergo a more thorough level of due diligence of our recommended managers. We continue to monitor the organization for any changes or signs of maturity or decline. We analyze data regarding the portfolios, and how the portfolios change over time. For marketable investments, we review performance monthly, and based on the type of investment will analyze performance drivers like attribution analysis on a quarterly basis. If there are changes to any of the key attributes of our managers we will make decisions about continuing to use a manager in Client portfolios, and could lead us to termination or redemption from an existing manager.

3. Portfolio construction is a process that marries the asset allocation and investment selection with the key attributes of the Client. Doing our review process with a Client, we will seek to understand their investment risk tolerance, engagement, belief in skill, tax status, income and spending needs, as well as numerous other factors. We will then create an investment policy on allocation to our three major asset class buckets: 1) Growth, 2) Preservation, or 3) Inflation Protection.

Portfolio construction for a Client will continue to be an ongoing process as well. Making sure that as their needs and goals change over time, our portfolios change as well.

The Advisor may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Advisor may utilize the following investment strategies when implementing investment advice given to Clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Advisor) will be profitable or equal any specific performance level(s).

The Advisor's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Advisor must have access to current/new market information. The Advisor has no control over the dissemination rate of market information; therefore, unbeknownst to the Advisor, certain analyses may be

compiled with stale information, severely limiting the value of the Advisor's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Advisor's primary investment strategies - Long Term Purchase and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Advisor may also implement and/or recommend the use of margin and options transactions. These strategies have a high level of inherent risk.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin.

To the extent that a Client authorizes the use of margin, and margin is thereafter employed by the Advisor in the management of the Client's investment portfolio, the market value of the Client's account(s) and corresponding fee payable by the Client to the Advisor may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, Clients authorizing margin are advised of the conflict of interest whereby the Client's decision to employ margin *may* correspondingly increase the management fee payable to the Advisor. Accordingly, the decision as to whether to employ margin is left totally to the discretion of Client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Advisor shall be with the intent of offsetting/"hedging" a potential market risk in a Client's portfolio.

Although the intent of the options-related transactions that may be implemented by the Advisor is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a Client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, Client may direct the Advisor, in writing, not to employ any or all such strategies for their accounts.

Currently, the Advisor primarily allocates Client investment assets among various individual equity and fixed income securities, mutual funds and/or exchange traded funds, Independent Managers, and separately managed accounts on a discretionary and non-discretionary basis in accordance with the Client's designated investment objective(s).

From time to time, and only in those cases where the Client is eligible to do so, the Advisor may recommend participating in initial and secondary public offerings (“IPOs”). In addition to the risks set forth above, given the nature of such offerings they may have more volatility in price than existing equities that are currently traded and have a trading history. Accordingly, the decision as to whether to participate in initial or secondary offerings is left totally to the discretion of Client.

In addition, the following are some of the risks associated with the Advisor’s strategies:

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

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

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

#### **Voting Client Securities**

Unless the Client directs otherwise in writing, the Advisor is responsible for voting Client proxies (However, the Client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.).

The Adviser votes Client proxies when authorized to do so in writing by a Client. Our firm understands our duty to vote Client proxies and to do so in the best interest of our Clients. Furthermore, it is understood that any material conflicts between our interests and those of our Clients with regard to proxy voting must be resolved before proxies are voted. Our firm subscribes to a proxy monitor and voting agent service offered by Broadridge ProxyEdge (“Broadridge”), which includes access to proxy analyses with research, vote recommendations from multiple providers of global analysis, administrative services, tracking proxy votes, recordkeeping, and reporting. Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our Chief Compliance Officer, Thomas Harms.

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

The Advisor shall be the Program’s portfolio manager. The Advisor shall provide investment advisory



services specific to needs of each Client. Prior to providing investment advisory services, an investment adviser representative will discuss with each Client, their particular investment objective(s). The Advisor shall allocate each Client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on the Advisor's services.

As indicated above, each Client is advised that it remains their responsibility to promptly notify the Advisor if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Advisor's previous recommendations and/or services.

To the extent the Program utilizes independent manager(s), the Advisor shall provide the independent manager(s) with each Client's particular investment objective(s). Any changes in the Client's financial situation or investment objectives reported by the Client to the Advisor shall be communicated to the independent manager(s) within a reasonable period of time.

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

The Client shall have, without restriction, reasonable access to the Program's portfolio manager.

## **ITEM 9 – ADDITIONAL INFORMATION**

A. The Advisor has not been the subject of any disciplinary actions.

### **Other Financial Activities and Affiliations**

**Registered Representative of Summit Trail Securities, LLC.** Certain Advisory Persons of the Advisor are also registered representatives of Summit Trail Securities, LLC ("STS"), an SEC registered and FINRA member broker-dealer.

Neither the Advisor, nor its Advisory Persons, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

**Registered Representatives of an Affiliated Broker Dealer.** As disclosed above, certain Advisory Persons of the Adviser are also registered representatives of STS, an affiliated SEC registered and FINRA member broker-dealer. Clients can choose to engage an Advisory Person, and/or other related persons of STS in their individual capacities as registered representatives of STS, to effect securities brokerage transactions on a commission basis.

**Conflict of Interest:** The recommendation by an Advisory Person or a related person of STS, that a Client purchase a securities commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular Client's need. No Client is under any obligation to purchase any commission products from an Advisory Person or through the Advisors' affiliated broker-dealer, STS. Clients are reminded that they may purchase securities products recommended by the Advisor through other, non-affiliated registered representatives of a broker-dealer and through other non-affiliated broker-dealers. The Advisor's Chief Compliance Officer, Thomas Harms, remains available to address any questions that a Client or prospective Client may have regarding the above conflicts of interest.

Insurance Company. The Advisor is a licensed insurance agency, and as such, may offer insurance products on a commission basis. The Advisor shall generally introduce the client to an unaffiliated insurance agency to manage the insurance process. The Advisor shall receive a portion of the insurance commission earned by the unaffiliated insurance agency. No client shall be under any obligation to purchase any insurance products from the Advisor or such introduced insurance agency. The recommendation by an Advisory Person that a Client purchase an insurance product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than based on a particular Client's need. Clients are reminded that they remain free to purchase insurance products through other insurance agencies.

The Advisor may, from time to time, refer prospective advisory Clients to an unaffiliated investment advisor(s) (the "referred advisor"). To the extent that the prospective advisory Client determines to engage the referred advisor, the terms and conditions under which the prospective Client shall engage the referred advisor shall be set forth in a separate written agreement between the prospective Client and the referred advisor. Upon engagement of the referred advisor by the prospective Client, the Advisor, pursuant to the terms and conditions of a separate agreement between the Advisor and the referred advisor, may receive a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 (the "Advisers Act"), and any corresponding state securities laws or requirements. Any such referral fee shall be paid solely from the referred advisor, and shall not result in any additional charge to the prospective Client.

**Conflict of Interest:** The recommendation by Advisor's that a prospective Client engage a referred advisor presents a conflict of interest, as the receipt of a referral fee may provide an incentive to recommend the referred advisor based on the referral fee to be received rather than the prospective Client's specific needs. No person or entity is under any obligation to engage a referred advisor recommended by the Advisor.

The Advisor's Chief Compliance Officer, Thomas Harms, remains available to address any questions that a Client or prospective Client may have regarding the above conflict of interest.

#### **Non Soft Dollar Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a Client utilize the services of a particular broker-dealer/custodian, the Advisor receives from *IB, Pershing, Fidelity, and/or Schwab* without cost (and/or at a discount) support services and/or products, certain of which assist the Advisor to better monitor and service Client accounts maintained at such institutions. Included within the support services that may be obtained by the Advisor may be investment-related research, pricing information and market data, software and other technology that provide access to Client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Advisor in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products received may assist the Advisor in managing and administering Client accounts. Others do not directly provide such assistance, but rather assist the Advisor to manage and further develop its business enterprise.

There is no corresponding commitment made by the Advisor to *IB, Pershing, Fidelity or Schwab*, or any other entity, to invest any specific amount or percentage of Client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

#### Additional Benefits

Advisor has received from Pershing and Fidelity, certain additional economic benefits, related to business development needs, (“Additional Benefits”) that may or may not be offered to Advisor again in the future. Specifically, the Additional Benefits include partial payment for certain research and technology expenses for the benefit of the Advisor. Over the past two years, Pershing has made payments to third party vendors for technology and research related expenses. Pershing and Fidelity has made one off payments between \$1,000 and \$10,000 infrequently and irregularly to these third party service providers over the course of the last two years. Each payment is non-recurring and individually negotiated. The Advisor has no expectation that these Additional Benefits will be offered again; however, Advisor reserves the right to negotiate for these Additional Benefits in the future. Pershing and Fidelity provides the Additional Benefits to Advisor in its sole discretion and at its own expense, and neither the Advisor nor its clients pay any fees to Pershing for the Additional Benefits. The Advisor and Pershing and/or Fidelity has entered into any written agreement to govern the Additional Benefits.

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

The Advisor maintains a Code of Ethics that is applicable to all individuals associated with Summit Trail (our “Supervised Persons”). In addition, the Advisor maintains an investment policy relative to personal securities transactions for Supervised Persons with access to Client investment information (our “Access Persons”). This investment policy is part of the Advisor’s overall Code of Ethics, which serves to establish a standard of business conduct that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Advisers Act, the Advisor also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Advisor or any Supervised Person.

As disclosed above, the Advisor may recommend participation in initial and secondary offerings to eligible Clients. In such cases, offerings may be available in limited quantities wherein the Advisor may need to allocate shares to Clients in a lesser proportion than as requested by the Client. These situations create a conflict of interest and in such cases the Advisor will manage such conflicts through applicable policies and procedures.

Neither the Advisor nor any related person of Advisor recommends, buys, or sells for Client accounts, securities in which the Advisor or any related person of Advisor has a material financial interest.

The Advisor and/or its Access Persons may buy or sell securities that are also recommended to Clients. This practice may create a situation where the Advisor and/or its Access Persons are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Advisor did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Advisor’s Clients) and other potentially abusive practices.

The Advisor has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Advisor’s Access Persons. The Advisor’s securities

transaction policy requires that an Access Person of the Advisor must provide the Chief Compliance Officer or designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Each quarter, Access Persons shall provide a summary of their personal transactions to the Chief Compliance Officer or designee. Each Access Person must also provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Advisor selects.

The Advisor and/or its Access Persons may buy or sell securities, at or around the same time as those securities are recommended to Clients. This practice creates a situation where the Advisor and/or its Access Persons are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. The Advisor has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Advisor's Access Persons.

#### Review of Accounts

For those Clients to whom Advisor provides investment supervisory services, account reviews are conducted on an ongoing basis by the Advisor's Principals. All investment supervisory Clients are advised that it remains their responsibility to advise the Advisor of any changes in their investment objectives and/or financial situation. All Clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Advisor on an annual basis.

The Advisor may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in Client investment objectives and/or financial situation, market corrections and Client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the Client accounts. The Advisor may also provide a written periodic report summarizing account activity and performance.

#### Client Referrals and Other Compensation

The Advisor receives an indirect economic benefit from Pershing and/or Fidelity. The Advisor, without cost (and/or at a discount), receives support services and/or products from Pershing and/or Fidelity.

The Advisor's Clients do not pay more for investment transactions effected and/or assets maintained at Pershing and/or Fidelity as result of this arrangement. There is no corresponding commitment made by the Advisor to Pershing and/or Fidelity or any other entity to invest any specific amount or percentage of Client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The Advisor's Chief Compliance Officer, Thomas Harms, remains available to address any questions that a Client or prospective Client may have regarding the above arrangement and any corresponding conflict of interest any such arrangement may create

The Advisor or its Advisory Persons may compensate an unaffiliated solicitor (herein a "Solicitor") if a Client is introduced to the Advisor by a Solicitor. The Advisor may pay the Solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act as well as any applicable state securities regulations. Referral fees are paid solely from the Advisor's investment management fee and do not result

in any additional charges or higher fees to the Client. The Solicitor will provide the Client with a copy of the Advisor's Disclosure Brochure along with a Solicitor's Disclosure Statement containing the terms and conditions of the solicitation arrangement including compensation.

Financial Information

The Advisor does not solicit fees of more than \$1,200, per Client, six months or more in advance.

The Advisor is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain Client accounts.

The Advisor has not been the subject of a bankruptcy petition.