

Item 1

Cover Sheet



Firm Disclosure Brochure

Form ADV Part 2A

March 2022

SAPERE WEALTH MANAGEMENT LLC

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Matthews, North Carolina 28105

www.Sapere.com

This Form ADV, Part 2A (the “Brochure”) provides information about the qualifications and business practices of Sapere Wealth Management, LLC (“Sapere” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer at the number listed above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Sapere is available on the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

Sapere is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

**Item 2. Materials Changes**

Sapere is amending its Brochure to reflect updates since its last filing. There are no material changes to report since the initial filing; however, this revised Brochure contains certain routine annual updates and enhanced disclosures. Recipients of the Brochure are encouraged to read the Brochure carefully in its entirety.

Sapere will send clients either an updated Brochure or a summary of any material changes to this and subsequent Brochures on at least an annual basis. Clients are encouraged to read the Brochure in detail and contact the Firm with any questions. The latest version of the Brochure can be accessed via the SEC Website at www.adviserinfo.sec.gov, or by requesting a copy by contacting Sapere at (704) 321-5244.

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Item 4. Advisory Business

Description of the Firm

Sapere is a North Carolina limited liability company that was formed in 2002 by its principal owner, Scott Trease, to offer a specialized investment approach to a select client base.

Investment Management

Sapere manages portfolios on a discretionary basis by primarily allocating client assets amongst various equities, mutual funds, privately offered investment vehicles and private funds, some of which are managed by Sapere in accordance with the investment objectives and investment policy statement of its individual clients. Clients may also engage Sapere to advise on certain investment products that are not maintained at their primary custodian, such as variable annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Sapere directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Clients are advised that it remains their responsibility to promptly notify Sapere if there are changes in their financial condition or investment objectives for the purpose of evaluating and/or revising Sapere's advisory services.

Private Fund Management

Sapere serves as the investment manager to a number of private pooled investment vehicles (the "Private Funds"). The Firm's affiliate, Sapere Fund Management, LLC ("SFM"), is the general partner of the Private Funds. The General Partner may be deemed to be performing advisory services to the Private Funds, and therefore rely on Sapere's registration under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Pursuant to Sapere's registration in accordance with SEC guidance, SFM is deemed a "relying adviser" and the information set forth herein regarding the investment advisory services provided by Sapere to the Private Funds shall also apply in respect of SFM. Interests in the Private Funds are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended (the "Securities Act"). The Private Funds also currently rely on an exemption from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act").

Investment in the Private Funds involves a significant degree of risk. Relevant information, terms and conditions relative to the Private Funds, including the compensation received by Sapere or SFM as the general partner and/or investment manager, suitability, risk factors, and potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum, Limited Partnership Agreement or similar shareholder agreement, and Subscription Agreement (collectively, the "Offering Documents"), which each investor is required to receive and/or execute prior to being accepted as an investor in the Private Funds.

Given the above discussion relative to the objectives, suitability, risk factors, and qualifications for participation in the Private Funds, Sapere and SFM may give advice or take action with respect to the Private Funds that differs from that for individual client accounts. To the extent that a particular investment is suitable for both the Private Funds and certain individual client accounts, such investments will be allocated between the Private Funds and the individual client accounts pro rata based on the assets under management or in some other manner which Sapere determines is fair and equitable under the circumstances to all of its clients.

Financial Planning and Consulting Services

Sapere offers clients a range of financial planning and consulting services including, but not limited to, tax planning, budget analysis, investment planning, insurance planning, estate planning, retirement planning, business planning, employee benefits planning, college educational funding, and charitable giving.

In performing financial planning and consulting services, Sapere will generally not verify any information received from the client or, if applicable, from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Sapere may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Sapere recommends its own services. Clients are under no obligation to act upon any of the recommendations made by Sapere under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Sapere itself. Clients retain absolute discretion over all such implementation decisions.

Clients are advised that it remains their responsibility to promptly notify Sapere if there is ever any change in their financial situation or investment objectives as identified in the client's investment policy statement found in the client's executed investment management agreement, for the purpose of reviewing, evaluating, or revising Sapere's previous recommendations and/or services.

Customized Advisory Services

Sapere tailors its advisory services to accommodate the specific needs and objectives of clients. Sapere may agree to certain client-imposed restrictions (such as, securities not to be bought or sold), if the Firm determines, in its sole discretion, that such mandates will not interfere with the implementation of its management strategy or prove overly burdensome to its back office operations.

Wrap Fee Programs

The Firm does not sponsor or participate in any wrap fee programs.

Assets Under Management

As of December 31, 2021, the Firm had approximately \$303,639,980 in assets under management, all of which was managed on a discretionary basis.

Item 5. Fees and Compensation

Investment Management Fee

Sapere generally charges an annual fee equal to one percent (1.00%) of assets under management. The fee is prorated and charged quarterly in arrears, based upon the market value of the assets on the close of the prior billing period.

Fee Discretion

Sapere may, in its sole discretion, negotiate to discount or waive certain fees based upon certain criteria (e.g., legacy relationships, dollar amount of assets to be managed, related accounts, pro bono, etc.).

Additional Account Fees and Expenses

As further discussed in response to Item 12 (below), Sapere generally recommends that clients utilize the custody, brokerage and clearing services of Fidelity Institutional Wealth Services ("Fidelity") for investment accounts. The Firm's management fee is separate of and in addition to certain charges



imposed by Fidelity, including custody fees, securities brokerage commissions, transfer agent fees, and other related transaction fees.

Sapere may only implement its investment management recommendations after the client has arranged for and furnished Sapere with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Fidelity, any other broker-dealer recommended by Sapere, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “Financial Institutions”).

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), 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.

Solicitation Fees

Sapere reserves the right to charge a one-time solicitation fee for certain clients pursuant to a solicitation agreement in the amount of 1.00% of the client’s initial commitment. This fee may be in addition to management and other fees.

Fee Debit

Pursuant to agreements with each of its clients, Sapere is authorized to directly debit each client’s account for payment of its management fee. The Financial Institutions recommended by the Firm have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Sapere.

Fees for Management During Partial Quarters of Service

For the initial quarter of an engagement, fees are calculated on a pro rata basis. The advisory agreement between Sapere and the client will continue in effect until terminated by either party pursuant to the terms of the engagement agreement. Fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to the Firm’s right to terminate an account. Additions may be in cash or securities provided that Sapere reserves the right to liquidate any transferred securities or decline to accept particular securities into a client’s account. Clients may withdraw account assets on notice to Sapere, subject to the usual and customary securities settlement procedures. The Firm may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter that exceed 10% of the starting portfolio value for that quarter, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter.

Commissions or Sales Charges for Recommendations of Securities

The Firm does not receive any commissions or transaction fees associated with its investment management services. No principals or employees of Sapere are registered representatives of a broker/dealer.

Financial Planning and Consulting Fees



Sapere may charge a fixed fee and/or hourly fee for standalone financial planning and consulting services. These fees are negotiable, but generally range from \$1,000 to \$15,000 on a fixed fee basis and/or from \$125 to \$500 on an hourly basis, depending upon the level and scope of the services and the professional rendering them. If the client engages Sapere for additional investment advisory services, Sapere may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging Sapere to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Sapere setting forth the terms and conditions of the engagement. Generally, Sapere requires one-half of the financial planning/consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Item 6. Performance-Based Fees and Side-by-Side Management

Sapere does not provide services under a performance-based fee arrangement and therefore does not engage in side-by-side management of accounts with different fee structures.

Item 7. Types of Clients

Sapere provides its services to individuals including high-net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, limited liability companies and/or other business entities.

Minimum Account Fee

As a condition for starting and maintaining a relationship, Sapere generally imposes a minimum account size of \$50,000. This minimum fee may have the effect of making Sapere's services impractical for certain clients with smaller accounts. In addition, Sapere reserves the right to impose a minimum fee of

\$250 per quarter on any account which would otherwise have fees falling below \$1,000 per year. Sapere, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities.

Private Fund

Each investor generally must be an "accredited investor" (as defined in Regulation D under the Securities Act of 1933) and "qualified client" (as defined in Rule 205-3 under the Advisers Act) and must meet other criteria as specified in the Offering Documents. The minimum initial investment in the Fund is generally \$50,000, subject to waiver at our discretion.

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

Methods of Analysis

Sapere utilizes a variety of methods and strategies to make investment decisions and recommendations with a primary emphasis on fundamental, top-down global macroeconomic analysis. These methods involve fundamental economic research, charting and technical analysis, encompassing value-driven, mean reversion type thinking with a one-to-three-year time horizon. In other words, Sapere dedicates a

significant amount of time “reading and thinking” to better understand the global macroeconomic environment of the day and then identifying the specific economic habitat that is present. Once the specific economic environment or economic habitat is identified, Sapere deploys assets into instruments/securities that are believed to be positioned to consistently achieve a successful investment outcome. Sapere believes that both safety and profits are rooted in buying/ selling short assets that exhibit abnormally large risk premiums, and then patiently waiting for a return to normalcy to harvest expected positive returns.

Investment Strategies

This section sets forth the quantifiable investment objective, the eligible investment universe, the risk profile, and the liquidity objective that Sapere seeks to achieve.

Investment Management Objectives

Sapere manages its model portfolios (the “Models”) from an absolute return perspective (as compared to the more traditional relative return perspective). Sapere believes that the client expects their professional advisors to achieve an agreed-upon outcome rather than simply “beating” an arbitrary index or benchmark. Simply said, absolute return investing focuses on achieving positive investment outcomes over adherence to a pre-defined investment process where the outcome is secondary. This means that Sapere deploys clients’ investment capital only where it: 1) sees opportunities for above-average returns with minimal risk of capital loss and without sacrificing ample liquidity, and 2) is able to secure assets at a price Sapere believes is so demonstrably far below historical norms that a patient investor could reasonably conclude that a simple return to normalcy will deliver attractive positive returns without regard for the direction of traditional investments like the stock market. In addition, from time to time, Sapere engages third party consultants to provide investment advice for strategies where Sapere believes that it does not have the requisite expertise in-house or would otherwise benefit from additional outside expertise to inform its investing and management decisions.

Model Portfolio Attributes

Allocation. The Models are comprised of various registered and unregistered funds, exchange traded funds, and private investments funds for which Sapere or its affiliates serve as general partner or investment manager (i.e., the Private Funds discussed above). In certain cases, the Models are also comprised of equities.

Liquidity

Sapere values liquidity and actively manages both investment and client liquidity. In general:

- Sapere will seek to make a minimum of one third of a client’s portfolio available to the client on no more than a monthly basis. Sapere will seek to accommodate requests for intra-month liquidity in consultation with the client.
- From time to time Sapere may consider investing in opportunities or strategies that require commitments of greater than one year. Sapere will seek to notify the client prior to making such investments. Such investments are not expected to exceed 40% of the client portfolio.
- Asset Class Constraints: Sapere has discretion to construct the holistic portfolio without any “asset class” limitations as long as the chosen investments remain within the stated liquidity constraints.
- Volatility: Sapere seeks to keep the maximum peak-to-trough drawdown for the holistic portfolio at less than twenty percent (20%).

Safekeeping

Client assets are held by third party custodians. With respect to the Private Funds, custody is held by major custodians and prime brokers, and administered by major independent administrators who verify the existence and the value of the assets at least quarterly.

Valuation

All portfolio assets are valued by third parties. Sapere does not provide pricing for any client asset.

Affiliated Funds

As discussed above, Sapere may create private investment funds or accounts to achieve investment objectives and capture certain advantages not available in the public markets. If an allocation is made to a Private Fund, Sapere will provide full offering materials to the client, including subscription documents. Fees from the client to the advisor are only charged once; absent specific discussion with the client, the client will not be charged additional fees at the Private Fund level.

The appropriate Model will be determined by Qualified Purchaser, Accredited Investor and Qualified Client status as well as the total market value of the assets Sapere is being asked to manage. Such status is determined according to definitions set forth in regulations under the Investment Company Act, the Securities Act, and the Advisers Act, respectively.

Risks of Loss

Investing involves risk, including the potential loss of principal, and past performance may not be indicative of future results. The profitability of a significant portion of Sapere's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds, currencies and commodities. ***There can be no assurance that Sapere will be able to predict those price movements accurately.***

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders, to the extent they do not invest through tax-deferred accounts, are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Many ETF shares trade at or near their most recent NAV. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a

shareholder may have no way to dispose of such shares.

Private Investments

Sapere recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage, positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, investors will not receive the same regulatory protections enjoyed by investors in registered investment companies. There are numerous other risks in investing in these securities. Clients should consult the Offering Documents prior to investing.

Similarly Managed Model Accounts

Sapere manages certain accounts through the use of similarly managed “model” portfolios, whereby the firm allocates all or a portion of its clients’ assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act.

The strategy used to manage a Model may involve an above average portfolio turnover that could negatively impact clients’ net after tax gains. While the firm seeks to ensure that clients’ assets are managed in a manner consistent with their individual investment policy statement, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client’s individual tax ramifications.

Equity Market Risks

Equity investments, such as stocks or investment funds that invest in the stock market, are subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security’s prospects.

Clients are advised that it remains their responsibility to promptly notify Sapere if there is ever any change in their financial situation or investment objectives as identified in the client’s investment policy statement found in the client’s executed investment management agreement, for the purpose of reviewing, evaluating, or revising Sapere’s previous recommendations and/or services.

Item 9. Disciplinary Information

We have determined that there are no legal or disciplinary events material to your evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

As referenced in Item 4, the Firm’s affiliate, SFM, is the general partner to the Private Funds managed by Sapere. Additionally, SFM is registered as a Commodity Pool Operator with the National Futures Association and serves as the investment manager and general partner of Sapere CTA Fund, LP, a

managed futures fund.

In addition, the Firm's affiliate, Sapere West Capital, LLC ("SWC"), which is under common control with the Firm, is the owner and manager of USCFID West Coast LLC ("USCFID"), a Florida limited liability company formed to operate as an EB-5 regional center. As of the date hereof, USCFID has not yet conducted any business, and SWC is not currently performing services on its behalf.

Item 11. Code of Ethics

The Firm has adopted a code of ethics for all supervised persons of the firm (e.g. employees) describing its high standard of business conduct and fiduciary duty to its clients ("Code of Ethics").

This Code of Ethics is based on the principle that all employees and certain other persons have a fiduciary duty to place the interest of clients ahead of their own interest and the interests of Sapere. The Code of Ethics applies to all "Access Persons" (i.e. employees and certain other persons with access to confidential information regarding client investments). Access Persons must avoid activities, interests and relationships that might interfere with making decisions in the best interest of advisory clients.

As fiduciaries, all Access Persons must, at all times: (1) Place the interests of advisory clients first. For example, a supervisor or employee would violate the Code of Ethics by causing an advisory client to purchase a security he or she owned for the purpose of increasing the price of that security; (2) Avoid taking inappropriate advantage of their position. For example, Access Persons may not use their knowledge of portfolio transactions to profit by the market effect of such transactions; and (3) Conduct all personal securities transactions in full compliance with the Code of Ethics, including pre-clearance of personal trades and the reporting of personal securities holdings and trades on an ongoing basis. These pre-clearance and reporting requirements ensure that Access Persons do not place their personal interests ahead of clients' interests when making their personal securities transactions, particularly with respect to personal investments in securities owned by clients.

To supervise compliance with the Code of Ethics, we require that anyone associated with this advisory practice and who possesses access to advisory recommendations (before or at the time they are entered into) ("access persons") to provide annual securities holding reports and quarterly transaction reports to our Chief Compliance Officer or his designee. We also require access persons to receive advance approval from our Chief Compliance Officer or his designee prior to investing in any initial public offerings or private placements, and with regard to trading of certain individual securities.

The Code of Ethics further includes our policy prohibiting the use of material non-public information and protecting the confidentiality of client information. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

Clients and prospective clients may contact Sapere to request a copy of its Code of Ethics.

Sapere generally does not act in the capacity of a principal in executing advisory clients' securities transactions (e.g., own securities bought or sold by clients). Sapere generally does not engage in cross-trades among advisory clients (e.g., causing one advisory client to buy or sell a security to or from another advisory client). Sapere generally does not execute agency-cross transactions (e.g., Sapere acts as an investment advisor on behalf of one client to buy or sell a security while acting as the broker for the other party to the same transaction).

Item 12. Brokerage Practices

As discussed in Item 5, Sapere generally recommends that clients utilize the custody, brokerage and clearing services of Fidelity. Factors which Sapere considers in recommending Fidelity or any other

broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by the Firm's clients comply with Sapere's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Sapere determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Sapere seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other Financial Institutions with whom Sapere and the Financial Institutions have entered into agreements for brokerage clearing services. Sapere periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Client Directed Brokerage

The client may direct Sapere in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Sapere will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Sapere (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Sapere may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Trade Aggregation

Transactions for each client generally will be effected independently, unless Sapere decides to purchase or sell the same securities for several clients at approximately the same time. Sapere may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Sapere's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Sapere's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Sapere determines to aggregate client orders for the purchase or sale of securities, including securities in which Sapere's employees may invest, Sapere shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the SEC. Sapere shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Sapere determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and



cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Sapere may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Sapere in its investment decision-making process. Such research generally will be used to service all of Sapere's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Sapere does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Sapere may receive from Fidelity certain computer software and related systems support which allow the Firm to better monitor client accounts maintained at Fidelity. Sapere may receive the software and related support without cost because Sapere renders investment management services to clients that maintain assets at Fidelity. The software and related systems support may benefit Sapere, but not its clients directly. Additionally, the Firm may receive the following benefits from Fidelity through its Institutional Wealth Services Group:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its Fidelity institutional clients;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

In fulfilling its duties to its clients, Sapere endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Sapere receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Sapere's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Soft Dollar Benefits

The Firm does not receive soft dollar benefits.

Item 13. Review of Accounts

Account Reviews

Sapere monitors the portfolios of its investment management clients as part of a continuous and ongoing process, while quarterly reviews and allocation adjustments are made by Sapere's Office of the Chief Investment Officer. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Sapere and to keep the Firm informed of any changes thereto.

Account Statements and General Reports

Clients are provided with transaction confirmation notices and custodial statements directly from the

client's custodian, which will generally be Fidelity. Clients may also receive quarterly reports from Sapere that may include relevant account and/or market-related information, such as an inventory of account holdings and account performance. Financial planning or consulting clients are provided with reports to the extent specified in the advisory agreement. Clients should compare the account statements they receive from their custodian with those they receive from Sapere.

Item 14. Client Referrals and Other Compensation

Economic Benefits

Sapere may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12.

Client Referrals

Sapere does not currently compensate persons for client referrals. However, Sapere may enter into a solicitation arrangement to pay a solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act, which requires, among other things, written disclosure of solicitor fee arrangements.

Item 15. Custody

The Firm has custody over the assets of the Private Funds because either the Firm or one of the Firm's affiliates serves as the general partner of each Private Fund. In order to comply with Rule 206(4)-2 of the Advisers Act (*i.e.*, the "Custody Rule") with respect to the Private Fund assets, the Firm causes an independent auditor to audit the assets of each Private Fund and then distribute the Private Fund's audited financial statements to the Private Fund's investors.

In addition, certain clients provide Sapere with the ability to invoice their custodian for payment of the Firm's fees, which results in a form of constructive custody. The Financial Institutions where client accounts are custodied have agreed to send statements to clients, at least quarterly, indicating all amounts disbursed from their accounts, including the amount of fees paid directly to Sapere. Sapere may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by their custodian and compare them to those received from the Firm.

Item 16. Investment Discretion

Sapere retains the authority to exercise discretion on behalf of clients. Sapere is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. The Firm is given this authority through a limited power-of-attorney included in the advisory agreement between Sapere and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Sapere assumes discretion over the security selection process, including the amount, time and price at which transaction are executed.

Item 17. Voting Client Securities

Sapere generally accepts the authority to vote a client's securities (*i.e.*, proxies) on their behalf. The Firm has adopted proxy voting procedures which include many specific examples of voting decisions



for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds. Certain issues may also be considered on a case-by-case basis based on the relevant facts and circumstances and more often than not the Firm will side with management's recommendations.

In situations where there may be a conflict of interest in the voting of proxies due to a financial, business or personal relationship that Sapere or its employees maintain with persons having an interest in the outcome of certain votes, the Firm takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Sapere maintains records in accordance with Rule 204 under the Advisers Act relating to proxy voting for securities in client accounts. Such records include:

- A copy of related policies and procedures;
- Proxy statements received regarding client securities, which were satisfied by relying on the third-party vendor contracted to provide voting services;
- A record of each vote cast, which the third-party vendor maintains on our behalf; and
- Each written client request for proxy voting records and our written response.

A client may obtain the following information by submitting a verbal request by calling the firm or a written request to the firm's mailing address.

Item 18. Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures regarding any financial conditions that may impair their ability to meet contractual commitments to clients. Sapere has no financial conditions that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.