

Stokes Asset Management, LLC

Form ADV Part 2A Brochure

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This brochure provides information about the qualifications and business practices of Stokes Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number or email address listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Stokes Asset Management, LLC is a registered investment adviser, but registration does not imply a certain level of skill or training.

Additional information about Stokes Asset Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov and by searching for CRD# 322470.

Item 2: Material Changes

In this Item, Stokes Asset Management, LLC is required to identify and discuss material changes since filing its last annual amendment. Since the initial brochure filing July 14, 2022, the only material change is that the Fund's trading account will be custodied with the Charles Schwab Corporation ("Schwab") as the custodial broker-dealer for the Fund's accounts.

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Item 4: Advisory Business

- A. Stokes Asset Management, LLC (the “Adviser,” “we,” “us,” or “our”) is an investment adviser founded in 2022, registered with the U.S. Securities and Exchange Commission (“SEC”), and principally owned by Douglas Stokes, Gregory Stokes, and David Stokes.

Adviser’s current business activity is limited to providing discretionary investment advisory to one pooled investment vehicle that is structured as a Delaware limited partnership. The pooled investment vehicle is Stokes Opportunity Fund I, LP (the “Fund”), and the Fund’s general partner is Stokes Opportunity Fund I GP, LLC (the “General Partner”). The General Partner is under common control with the Adviser.

- B. The Adviser provides discretionary investment advisory services to the Fund based on the investment objectives of the Fund. Adviser does not provide tailored investment advice to the Limited Partners in the Fund. The Fund’s investment objective is to systematically take advantage of a market crisis event (the “Trigger Event”) by investing in stocks that are believed to increase in value when liquidity returns to the equity and debt markets and the economy rebounds. The Fund will seek capital appreciation principally by being a liquidity provider during a market dislocation through the purchase of what we believe to be undervalued equity positions. Before such time as a Trigger Event occurs, the assets of the Fund will remain uninvested in cash.

Discretionary investment management services to the Fund have been delegated by the General Partner to an investment sub-adviser (the “Sub-Adviser”), which as of the date of this brochure is O’Shaughnessy Asset Management, LLC.

- C. This document is not an offer to sell or a solicitation of an offer to buy interests in the Fund. Such an investment may be made by a potential investor (each, an “Investor”) only after receipt and review of the Fund’s Confidential Private Placement Memorandum (the “Memorandum”) and execution of certain agreements. The Memorandum contains important information concerning the risk factors and other material aspects of the Fund and it must be read carefully before making an investment decision. The information in this document is qualified in its entirety by, and should be read in conjunction with, the information contained in the Memorandum. A copy of the Memorandum is available upon request to Investors meeting the definitions of both ‘accredited investor’ and ‘qualified client’ as such terms are defined under U.S. federal securities laws.
- D. The Adviser does not participate in any wrap fee programs.
- E. Since this brochure was filed as part of Adviser’s initial registration, Adviser does not yet manage any discretionary or non-discretionary client assets.

Item 5: Fees and Compensation

- A. The Adviser receives no management fee from the Fund for its investment management services. However, the Fund is responsible for the Sub-Adviser's sub-advisory fee, which as of the date of this brochure is 0.87% per annum, charged quarterly in arrears based on the fair market value of the Fund's assets (exclusive of uninvested cash before a Trigger Event) and prorated for partial quarters.
- B. After an Investor has received all of the Investor's aggregate unreturned capital contributions, 20% of the cash available for distribution (as such term is defined in the Fund's limited partnership agreement) shall be distributed to the General Partner (the "Performance Allocation") and 80% shall be returned to the Investor. Thus, each Investor is subject to the payment of a performance-based fee to the Fund's General Partner.
- C. Unless otherwise indicated below, the General Partner, the Adviser, and the Sub-Adviser shall each bear their respective operating expenses in connection with managing the Fund's affairs including, without limitation, salaries, office rent, equipment, supplies and other similar administrative costs.

The Fund shall bear all of the costs and expenses associated with the organization of the Fund and the offering of its Interests, including, but not limited to: setup, formation, organizational, syndication and marketing costs, fees, and expenses in connection with the setup, formation, organization and structuring of the Fund, the General Partner (including the definitive agreements related thereto), including legal and accounting fees and expenses incident thereto. Costs and expenses relating to the organization of the Fund may be capitalized and amortized over a period of sixty (60) months or such period as the General Partner determines in its sole discretion. The General Partner shall be permitted to make special allocations, in its sole discretion, of income or expenses among the Partners to ensure that organizational expenses of the Fund are borne equitably by the Partners.

The Fund will also be responsible for bearing all of its investment and operating expenses, including, without limitation: the Sub-Adviser's sub-advisory fee; all costs and expenses incurred in the holding, purchase, sale or exchange of securities; interest on and fees and expenses associated with amounts borrowed by the Fund; brokerage fees or commissions, or other similar transaction-related costs; costs and expenses incurred for research products and services including any terminals and publications; costs incurred in investigating, purchasing or managing securities; expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Fund, including claims by or against a governmental authority; taxes applicable to the Fund on account of its operations; fees and expenses incurred in connection with the maintenance of bank or custodian accounts. The Fund shall also bear expenses incurred by the General Partner in serving as the fund representative; any sales or other taxes or government charges which may be assessed against the Fund; the cost of liability and other premiums for insurance protecting the Fund, the General Partner, the Adviser, and their respective partners, members, stockholders, managers, managing directors, officers, directors, trustees, employees, agents or affiliates in connection with the activities of the Fund; all out-of-pocket expenses of preparing and distributing reports to Investors; out-of-pocket expenses associated with Fund communications with Investors, including preparation and distribution of annual, quarterly or other reports to Investors; costs associated with Fund meetings and events for Investors; all legal, accounting, tax, audit, consulting and professional services fees and expenses (including tax preparation and public relations) relating to the Fund and its activities; bookkeeping services; fees and expenses related to attending industry conferences; fees and expenses relating to outsourced finance, reporting, administration, accounting, and back office services; out-of-pocket fees and expenses related to regulatory compliance of the Fund, the General Partner, and the Adviser; all fees, costs and expenses relating to litigation and threatened litigation involving the Fund, including the Fund's indemnification obligations;

arbitration expenses; and all expenses that are not normal and recurring operating expenses and all other expenses properly chargeable to the activities of the Fund. The Fund shall bear all liquidation costs, fees, and expenses in connection with the liquidation of the Fund at the end of the Fund's term, specifically including but not limited to legal and accounting fees and expenses.

The General Partner, in its sole discretion, is authorized to take any of the following actions to pay the Fund expenses: (i) sell a portion of or all of the Fund's investments; (ii) accrue such expenses until such time as the Fund receives proceeds from its investments; or (iii) pay (or cause one of its affiliates to pay) the expenses on behalf of the Fund. The General Partner may also invoice the Investors with respect to any such Fund expenses, and any such invoices must be paid by the Investors within fifteen (15) days of receipt. If the full amount of the expenses due and owing are not paid by an Investor when due, the General Partner, in its sole discretion, may, in addition to the remedies described above, reduce the amount of any subsequent distributions or withdrawal proceeds payable to such Investor by an amount equal to the unpaid expenses, together with interest thereon determined by the General Partner at a commercially reasonable rate.

In the event that the General Partner or the Adviser pays for or advances to the Fund funds to pay for any of the above-referenced expenses that are payable by the Fund, the General Partner and the Adviser shall be entitled to reimbursement from the Fund for such expenses. The General Partner's determination of whether expenses are subject to reimbursement is final and binding on the Investors.

- D. For a complete description of the fees and expenses to be incurred by the Fund and its Investors, please refer to the Memorandum.

Item 6: Performance-Based Fees & Side-By-Side Management

As discussed in Item 5, above, each Investor is subject to the payment of a performance-based fee to the Fund's General Partner.

Investors should be aware that performance-based fee arrangements create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. In addition, the Adviser and its supervised persons have an incentive to favor the Fund as opposed to clients and accounts for which its affiliate (Stokes Family Office LLC or "SFO") and its supervised persons do not receive a performance-based fee (i.e., separately managed accounts). This creates a conflict of interest. The Adviser addresses this conflict of interest by fully disclosing it in this brochure, by selecting investments that it believes to be appropriate given the investment directives of the Fund, and by not conferring any favorable treatment to one type of client/account as opposed to another (whether directly or through SFO).

Item 7: Types of Clients

Adviser generally provides its services to pooled investment vehicles. As of the date of this brochure, the sole pooled investment vehicle to which the Adviser renders investment management services is the Fund.

Investors in the Fund are limited partners. The limited partners are not clients of the Adviser, but may be separately-managed account clients of the Adviser's affiliate, SFO. Investments into the Fund are being offered to Investors who are "accredited investors" as defined in Rule 501(a) of Regulation D under the Securities Act of 1933 ("the Securities Act") and who are "qualified clients" as defined in Rule 205-3 under the Investment Advisers Act of 1940 ("Advisers Act"). Investments into the Fund will not be registered under the Securities Act or the securities laws of any state.

The Adviser generally requires Investors to commit \$250,000 as a minimum initial investment, subject to the Adviser's sole discretion to accept subscriptions for lesser amounts.

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

- A. If a Trigger Event occurs, the Fund expects to engage in a buy-and-hold strategy and to initially accumulate approximately 40 to 60 positions within one to two months after the Trigger Event. The Fund will generally target investments in the securities of non-financial U.S. companies with market capitalizations (at time of initial purchase) between \$50 million and \$2 billion that are listed on a U.S. stock exchange or traded through NASDAQ or otherwise traded in the U.S. over-the-counter market (collectively, the "U.S. Markets"). Equity securities may include common stocks and preferred stock, warrants, securities convertible into common stock. Included in this category are (i) American Depositary Receipts ("ADRs") representing interests in underlying foreign stocks and (ii) equity securities of issuers domiciled outside the U.S, but whose securities are traded in the U.S. Markets. The Fund may also invest in exchange-traded funds and other exchange-traded products to, among other things, hedge portfolio risk. The Fund may hold cash and cash equivalents, including interests in commingled vehicles investing in cash instruments. Cash and cash equivalents will generally comprise less than 5% of the market value of the Fund's assets, but this percentage may at times be greater when the Fund deems it necessary to hold larger cash positions. In general, no more than five percent of the portfolio will be invested in any one security at the time of initial purchase or rebalance.

In selecting investments, the Fund aims to screen out low quality names within the investment universe by eliminating companies with poor financial strength, earnings quality, earnings growth, asset efficiency, operating cash flows, and net income. Then securities are selected to maximize exposure to levered, undervalued companies based on the Sub-Adviser's proprietary financial metrics. Liquidity is also taken into consideration when weighting securities. The Fund generally expects to hold investment positions between one and three years, although holding periods may be shorter or longer. There are no restrictions on the size of any individual position or concentration limits within a single sector or industry.

Investing in securities involves risk of loss that Investors should be prepared to bear. Past performance does not guarantee future returns. An investment in the Fund involves a high degree of risk and is suitable only for Investors of substantial means who have no immediate need for liquidity of the amount invested and who can afford a risk of loss of all or a substantial part of such investment. There can be no assurance that the Fund's investment objectives will be achieved, or that an Investor will receive a return of its capital. Investors may be subject to a number of risks, only some of which are set forth below.

- B. Like any investment strategy, ours involves material risks. Such material risks are described in further detail below; however, each Investor should carefully review the Memorandum, limited partnership agreement, subscription documents, and any other materials presented in connection with an investment into the Fund for a more complete description of the risks associated with such an investment.
- i. Investing for the long term means that the Fund's assets will be exposed to short-term fluctuations in the market. However, investing for the long term can expose clients to risks borne out of changes to interest rates, inflation, general economic conditions, market cycles, geopolitical shifts, and regulatory changes.
 - ii. Inflation risk is the risk that the value of a client's portfolio will not appreciate at least in an amount equal to inflation over time. General micro- and macro-economic conditions may also affect the value of the securities held in a client's portfolio, and general economic downturns can trigger corresponding losses across various asset classes and security types. Market cycles may cause overall volatility and fluctuations in a portfolio's value, and may increase the likelihood that securities are purchased when values are comparatively high and/or that securities are sold when values are comparatively low. Geopolitical shifts may result in market uncertainty, lowered expected returns, and

general volatility in both domestic and international securities. Regulatory changes may have a negative impact on capital formation and increase the costs of doing business, and therefore result in decreased corporate profits and corresponding market values of securities.

- iii. Investing in common stocks means that a client will be subject to the risks of the overall market as well as risks associated with the particular company or companies whose stock is owned. These risks can include, for example, changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. Common stocks tend to be more volatile and more risky than certain other forms of investments, especially as compared to fixed income products like bonds.

Investing in small- and micro-cap stocks in particular is extremely risky. Among other things, the issuers of such stocks are often smaller issuers with businesses that have not achieved a significant degree of stability or profitability which can create heightened risks that such businesses will not succeed, and such, investments in such securities are vulnerable to significant loss in value. Additionally, information about issuers of small- and micro-cap stocks, including information about their management, products and services, operations, and finances may not be readily available, and as such, investors could have less information on which to make investment decisions. Trading in small- and micro-cap stocks is often characterized by low trading volumes which can lead to the potential for significant liquidity risks which can make it difficult to dispose of such stocks when desired. Additionally, trading in such stocks is often characterized by significant volatility in the prices of such stocks. Furthermore, small-cap and micro-cap stocks have been the frequent target of those perpetrating corporate and securities fraud including, among other things, attempts to manipulate the prices of such securities.

- iv. Investments in limited partnerships are often subject to liquidity restrictions, which means that an Investor may not be able to redeem his or her investment until a redemption window is available. In addition, such investments can be more volatile and less transparent than an exchange-listed security that trades daily in an electronic marketplace. Limited partnerships are generally more difficult to value than exchange-listed securities, and therefore are more reliant on individual judgment as opposed to market prices when determining a valuation. Investors into limited partnerships are typically required to be either accredited investors, qualified clients, or both (as is the case with the Fund), and should carefully consider the specific risks described in the applicable private placement memorandum, limited partnership agreement, and other fund-related disclosure documents.
- v. The Fund may hold very few positions at any given time. The Fund's investment program will not be a diversified investment program, and Investors should understand that the Fund's investment objective does not include diversification of its investments. As such, the Fund may hold a limited number of investments in any of the sectors or categories described above without thought of diversifying its investments. The lack of diversification in the Fund's investments could lead to significant volatility in the performance results of the Fund.
- vi. Each of the Fund and the General Partner is a newly formed entity and has a very limited operating history upon which prospective Investors can evaluate their anticipated performance. Thus, although the principals and employees associated with the General Partner have experience making investments, there is no assurance that their future investment results will be the same as their past investment results or that their investment results will be similar to the investment results of other investment vehicles and/or accounts managed by the General Partner, SFO, or the Sub-Adviser.

- vii. The Fund is dependent upon its counterparties and certain third-party service providers, such as the Sub-Adviser and the Fund's administrator. Errors are inherent in the business and operations of any business, and although the Adviser will adopt measures to prevent and detect errors by, and misconduct of, counterparties and third-party service providers, and transact with counterparties and third-party service providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct could have a material adverse effect on the Fund and the Investors' investments therein.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Adviser's advisory business or the integrity of Adviser's management.

Item 10: Other Financial Industry Activities & Affiliations

- A. Neither Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Neither Adviser nor any of its management persons have any relationship or arrangement with any related person below:
 - i. broker-dealer, municipal securities dealer, or government securities dealer or broker
 - ii. futures commission merchant, commodity pool operator, or commodity trading advisor
 - iii. banking or thrift institution
 - iv. accountant or accounting firm
 - v. lawyer or law firm
 - vi. insurance company or agency
 - vii. pension consultant
 - viii. real estate broker or dealer
 - ix. sponsor or syndicator of limited partnerships
- D. Adviser is under common control with both the General Partner and SFO. These affiliations create a conflict of interest to the extent a separately-managed account client of SFO becomes an Investor of the Fund due to the additional compensation that the General Partner stands to earn as a result. In other words, the supervised persons shared between the Adviser, the General Partner, and SFO have a financial incentive to recommend that a separately-managed account client of SFO invest into the Fund. The Adviser addresses this conflict of interest and financial incentive by (i) fully disclosing the affiliations and associated conflicts of interest in this brochure, (ii) only soliciting SFO clients to invest in the Fund to the extent such an investment is believed to be in such client's best interest, (iii) not charging a separate management fee with respect to its investment management services to the Fund, and (iv) adhering to the Fund's investment objectives as stated in the Memorandum and limited partnership agreement.
- E. A number of the Firm's supervised persons are licensed insurance agents. Because these persons will not be offering insurance products to the Fund or its Investors, the Adviser believes this potential conflict of interest has been eliminated.

Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

- A. Adviser has adopted a code of ethics that will be provided to any client or prospective client upon request. Adviser's code of ethics describes the standards of business conduct that Adviser requires of its supervised persons, which is reflective of Adviser's fiduciary obligations to act in the best interests of its clients. The code of ethics also includes sections related to compliance with securities laws, reporting of personal securities transactions and holdings, reporting of violations of the code of ethics to Adviser's Chief Compliance Officer, pre-approval of certain investments by access persons, and the distribution of the code of ethics and any amendments to all supervised persons followed by a written acknowledgement of their receipt.
- B. Neither Adviser nor any of its related persons recommends to clients, or buys or sells for client accounts, securities in which Adviser or any of its related persons has a material financial interest.
- C. From time to time, Adviser or its related persons will invest in the same securities (or related securities such as warrants, options or futures) that Adviser or the Sub-Adviser acquires for the Fund. This has the potential to create a conflict of interest because it affords Adviser or its related persons the opportunity to profit from the investment decisions made with respect to the Fund. Adviser's policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by Adviser or its related persons if it would be to the detriment of any client and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances Adviser will act in the best interests of its clients.
- D. From time to time, Adviser or the Sub-Adviser will buy or sell securities for the Fund at or about the same time that Adviser or a related person buys or sells the same securities for its own (or the related person's own) account. This has the potential to create a conflict of interest because it affords Adviser or its related persons the opportunity to trade either before or after the trade is made in the Fund's account, and profit as a result. Adviser's policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by Adviser or its related persons if it would be to the detriment of the Fund and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances Adviser will act in the best interests of its clients.

Item 12: Brokerage Practices

A. Adviser considers several factors when retaining a custodial broker-dealer for Fund investment transactions and determining the reasonableness of such custodial broker-dealer's compensation. Such factors include the custodial broker-dealer's industry reputation and financial stability, service quality and responsiveness, execution price, speed and accuracy, reporting abilities, and general expertise. Assessing these factors as a whole allows Adviser to fulfill its duty to seek best execution for its clients' securities transactions. However, Adviser does not guarantee that the custodial broker-dealer it selects will necessarily provide the best possible price, as price is not the sole factor considered when seeking best execution. After considering the factors above, Adviser has retained Charles Schwab Corporation ("Schwab") as the custodial broker-dealer for the Fund's accounts.

- i. Adviser does not receive research and other soft dollar benefits in connection with client securities transactions, which are known as "soft dollar benefits". However, the custodial broker-dealer(s) retained by Adviser do provide certain products and services that are intended to directly benefit Adviser, clients, or both. Such products and services include (a) an online platform through which Adviser can monitor and review client accounts, (b) access to proprietary technology that allows for order entry, (c) duplicate statements for client accounts and confirmations for client transactions, (d) invitations to the custodial broker-dealer(s)' educational conferences, (e) practice management consulting, and (f) occasional business meals and entertainment.

The receipt of these products and services creates a conflict of interest to the extent it causes Adviser to retain Schwab as opposed to a comparable custodial broker-dealer. Adviser addresses this conflict of interest by fully disclosing it in this brochure, evaluating Schwab based on the value and quality of its services as realized by clients, and by periodically evaluating alternative custodial broker-dealers to recommend.

- ii. Adviser does not consider, in selecting or recommending custodial broker-dealers, whether Adviser or a related person receives client referrals from a custodial broker-dealer or third-party.
- iii. Adviser does not routinely recommend, request, or require that a client direct Adviser to execute transactions through a specified custodial broker-dealer other than Schwab.

Item 13: Review of Accounts

- A. The portfolio managers of Adviser, in connection with the Sub-Adviser, monitors the Fund's account on an ongoing basis pursuant to the Trigger Event and the Fund's investment objectives thereafter.
- B. Other factors that may trigger a review include, but are not limited to, material developments in market conditions, material geopolitical events, and changes to the Fund's investment objective.
- C. The administrator will send account statements and reports directly to clients no less frequently than quarterly. Such statements and reports will be mailed to clients at their address of record or delivered electronically, depending on the client's election. If agreed to by Adviser and client, Adviser or a third-party report provider will also send clients reports to assist them in understanding their account positions and performance.

Item 14: Client Referrals and Other Compensation

- A. Nobody other than clients provides an economic benefit to Adviser for providing investment advice or other advisory services to clients. However, as described above in Item 12, the custodial broker-dealer(s) retained for the Fund provides certain products and services that are intended to directly benefit Adviser, the Fund, or both.
- B. Neither Adviser nor a related person directly or indirectly compensates a person who is not Adviser's supervised person for client referrals.

Item 15: Custody

The General Partner of the Fund is under common control with Adviser, which causes the Adviser to be deemed to have indirect custody of the Fund's portfolio assets (funds and securities). The physical assets of the Fund are held in an account with Schwab as the qualified custodian. The Funds' financial statements are annually audited by an independent and unaffiliated third-party accounting firm, and such statements are annually distributed to Investors in the Funds.

If an Investor receives account statements from both the custodial broker-dealer and the Adviser or a third-party report provider, such Investor is urged to compare such account statements and advise Adviser of any discrepancies between them.

Item 16: Investment Discretion

Adviser is not limited in its authority to purchase securities for the Fund. Adviser has full discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold or the amount of securities to be bought or sold for the Fund.

Item 17: Voting Client Securities

Adviser will exercise all rights, powers, and privileges of ownership in all Fund property, including the right to vote, give assent, execute, and deliver proxies. Adviser has adopted proxy voting policies and procedures for voting proxies on behalf of the Fund.

Item 18: Financial Information

- A. Adviser does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. Adviser has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.
- C. Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.