

# Argos Capital Partners, LLC

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of Argos Capital Partners, LLC (“ACAP” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 314-898-9875. 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.

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

## Summary of Material Changes

No material changes to the brochure have been made since the previous annual amendment was filed in March 2022.

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## Advisory Business

ACAP registered with the Securities and Exchange Commission (“SEC”) as an investment adviser in 2008. Black Swan Investments, LLC is the principal owner of ACAP. As of December 31, 2022 the Company advised approximately \$1,093 million on a non-discretionary or consulting basis, on behalf of 960 accounts and managed \$413 million on a discretionary basis in 4 accounts.

ACAP provides financial planning and investment advisory services to ultra-high net worth individuals and their related trusts, partnerships and charitable accounts. ACAP also provides investment advisory services to a pension plan client. ACAP provides individualized investment advice, due diligence, and recommendations on asset allocation, exchange traded funds (“ETFs”), third-party managers, mutual funds, and individual investment securities (e.g., stocks, bonds, options, direct investments in real estate and private companies). Clients may impose restrictions on investing in certain securities or types of securities. Additionally, ACAP will review and make recommendations on other outside managers and investments that the clients have retained. Services of ACAP may also include, but are not limited to, the following:

- An investment policy statement that covers one’s risk tolerance and liquidity needs
- Ongoing monitoring, due diligence, asset allocation, and additional review of investment portfolios

- Retirement sufficiency analysis
- Aggregate investment reporting through an independent third party
- Biennial or quarterly contact with investment meetings

ACAP's primary investment recommendation is its passive index investing approach – which can entail either, investing in index tracking ETFs or, allocating assets to third party advisers to construct index tracking portfolios on behalf of clients. ACAP also conducts due diligence and makes recommendations on third-party advisers (for non-index tracking purposes) to clients. These opportunities may provide a wide range of investments including traditional equity investing, fixed income portfolios, as well as alternative strategies, such as hedge funds and private equity funds. Clients should review the disclosure documents of recommended investment managers for information on each manager's investment selection, analysis methods, and sources of information and investment strategies. ACAP also conducts due diligence and provides recommendations on individual alternative investments, such as mezzanine loans, real estate investments, and operating companies.

ACAP will at times advise clients upon investing assets directly in privately offered investments such as private operating companies and real estate offerings ("Privately Offered Investments"). Such investments may be sourced by ACAP or its clients. ACAP will not recommend that the client make such an investment unless they are eligible to do so. To be eligible to invest in a Privately Offered Investment, a client must meet all the requirements under state and federal security laws to be eligible to invest in a privately offered security. For example, depending on the investment, the client may be required to meet the definition of "accredited investor" as defined in rule 501(a) of Regulation D. If a client sources a potential investment, and that client elects to fund the entirety of that investment, ACAP will not recommend such investment to any other client. However, ACAP may need to make an investment allocation decision in the event that: it determines that a potential investment it has sourced may be appropriate for certain clients; or a client that has sourced its own investment elects not to fund the entirety of that investment and ACAP determines that the remainder of the investment may be appropriate for certain other clients. In such a situation, ACAP's allocation of these investments will be based on the following factors.

1. Liquidity – does the client have sufficient liquidity to make the investment?
2. Time horizon/Structure issues – can the client withstand the lack of liquidity over the expected time horizon of the investment?
3. Returns sought/Risk tolerance – considerations include:
  - a. Is the client comfortable investing in direct investments?
  - b. Underlying risk of investment, and
  - c. Diversity of other assets held by the client
4. Ability to make a decision - can the client make an investment decision with respect to the investment in the required time frame?
5. Size of investment - is the recommended size of investment appropriate relative to the client's net worth?
6. Taxes - when assessing the potential return on the investment, ACAP will consider the tax impact to the client.

Further, ACAP believes that all Privately Offered Investments it recommends will typically have similar potential for success. Thus, the allocation of any one Privately Offered Investment is less important than ensuring that such opportunities, generally, are allocated fairly over time. This could

result in certain clients not being allocated certain specific investment opportunities or being allocated less of such an opportunity than could otherwise be the case.

Prior to November 2018, if a client elected to make an investment in a Privately Offered Investment, such client typically made the investment directly. Starting in November 2018, if a client elects to make a Privately Offered Investment, the client may be required to make such investment via Argos Fund, LLC (the “Argos Fund”). The Argos Fund is a limited liability company, for which ACAP acts as investment adviser on a discretionary basis. Although clients retain discretion as to if and when to make a Privately Offered Investment, once the investment is made via the Argos Fund, ACAP has investment discretion over the invested assets until such time that the investment is liquidated.

Starting in November 2018, ACAP also began advising Argos Opportunity Fund 19, LLC (the “Opportunity Fund”), and starting in October 2019, ACAP began advising the SPC Family Office Fund II, LLC (“Fund II”). The Opportunity Fund and Fund II were both created to invest alongside the Argos Fund. However, after December 31, 2020, the Opportunity Fund ceased making new investments. Also, as of the date hereof, Fund II is not making new investments but could continue to do so at some point in the future. Fund II exists to allow third-party investors to make one-off investments in individual Privately Offered Investment opportunities.

Sail Point Capital, LLC (“SPC”) was created in 2021 as a subsidiary of ACAP. In 2022, SPC became a relying advisor of ACAP. In April of 2022, SPC began advising SPC Co-Invest Fund III, LLC (“Fund III”) and Fund II. SPC and ACAP collectively conduct a single advisory business, and with this in mind, all references to ACAP hereafter are intended to refer to SPC unless stated or the context indicates otherwise.

Like the Opportunity Fund and Fund II, Fund III was created to invest alongside the Argos Fund. Fund III is limited to investing in privately offered real estate investment opportunities. Notwithstanding, but subject to, ACAP’s processes for allocating Privately Offered Investments among clients as discussed above, ACAP intends to offer up to 25% of each Privately Offered Investment opportunity that is a real estate investment matching Fund III’s investment profile to Fund III. Exceptions may apply in the case of client-sourced deals where the client is able to make the entirety of the sourced investment without the use of additional capital.

## **Fees and Compensation**

### Advisory Clients and the Argos Fund

Clients are billed in accordance with terms specified in the Investment Advisory Agreement. Clients typically pay ACAP via a check or wire or, when applicable, via their interest in the Argos Fund. Clients may pay fees in arrears or in advance. Fees are based on one of the following schedules.

ACAP collects a 15-basis point fee calculated on the total investable assets of each client. The valuation used to determine the basis point charged is a mutually agreed to number based on their calendar year end, and approved by the client prior to billing. Client fees are billed or deducted periodically, less than every six months. ACAP fees are not negotiable, but ACAP reserves the right to lower or waive fees at its discretion.

Or

Certain other (legacy) clients are charged a fee based solely on assets under management ranging from 0.4% to 1.0%.

Subject to a client's approval, they may also pay a performance fee on certain Privately Offered Investments that is equal to 10% of the realized profits earned from such investments, as defined in the Investment Advisory Agreement. Since 2020, for all Privately Offered Investments made through the Argos Fund, ACAP charges a 1% fee up front that is later credited/offset against the 10% performance fee. If the investment loses money, the client shall receive a credit against future performance fees in an amount equal to 10% of such loss. Performance based fees may create an incentive for ACAP to make investment recommendations that are riskier or more speculative than would be the case in the absence of a performance fee. Further, investment advisers have an inherent conflict of interest to favor accounts that pay more in fees, such as performance-based fees. ACAP has adopted and implemented written compliance policies and procedures, codified in our compliance manual, which generally address the above conflicts of interest.

Each client enters into an investment advisory agreement that continues in force and effect until either the client or ACAP gives written notice to the other party of its intention to cancel it, in which event the contract shall terminate on such date as is specified by the terminating party. When either party terminates the relationship, fees are prorated from the beginning of the billing period through the specified termination date with the exception of the performance-based fees, which remain in place for the duration of the underlying investment. If the account paid fees in advance, any prepaid unearned fees will be refunded to the client.

In addition to ACAP's investment advisory fees and performance fee, clients will incur trading costs and custodial fees e.g., wire fees, IRA fees). Due to the nature of the brokerage services provided, some commissions charged to the client are consistent with a full-service brokerage firms. (Please refer to the *Brokerage Practices* section for more information for potential conflict of interests with respect to brokerage commissions.) All fees paid to ACAP for investment advisory services are separate and distinct from the fees and expenses charged by third-party managers, ETFs and mutual funds, which may include trading and custodial costs in addition to or in lieu of those incurred by ACAP. ETF and mutual fund fees and expenses are described in each fund's prospectus; these fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest with a third-party manager or in an ETF or mutual fund directly, without the services of ACAP. In that case, the client would not receive the services provided by ACAP which are designed, among other things, to assist the client in determining which third-party manager, ETF or mutual fund(s) are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the third-party manager, ETF or mutual funds and the fees charged by ACAP to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. Affiliates of ACAP and/or their related persons may charge separate fees for bill pay services, legal work, accounting services, tax credit products, and/or insurance products.

ACAP does not charge the Argos Fund any management fees as such fees are paid by the underlying clients that make their investments in Privately Offered Investments via the Argos Fund. However, for all Privately Offered Investments made through the Argos Fund, ACAP will collect the 10% performance fee (and the 1% fee that is offset against the performance fee) described above via the

client's investment in the Argos Fund, and not from the client directly. ACAP also pays the majority of expenses incurred by the Argos Fund. The Argos Fund only pays transactional expenses and extraordinary or non-routine expenses.

### The Opportunity Fund

During its Investment Period, the Opportunity Fund paid ACAP an annual management fee equal to 1% of the total committed capital of those Opportunity Fund investors that are not ACAP advisory clients ("Third Party Investors"). After the Investment Period, which has now ended, the Opportunity Fund pays a management fee equal to 1.0% of the total capital contributions of each Third-Party Investor used for investments that have not been disposed of or completely written off during the remaining term of the Opportunity Fund. No management fees will be charged after December 31, 2024.

Third Party Investors will also pay an affiliate of ACAP (the "Carry Member") a performance fee (by way of an incentive allocation) of 20% of all profits made on their investments in the Opportunity Fund that exceed an 8% internal rate of return.

ACAP does not charge the Opportunity Fund any management fees in relation to the capital of ACAP advisory clients that invest in the Fund, as such clients already pay ACAP advisory fees, as discussed above. Further, while such advisory client investors will pay performance fees, these performance fees will be calculated in accordance with the methodology described under *Advisory Clients and the Argos Fund* above. ACAP will collect such performance via the advisory client's investment in the Argos Fund, and not from the client directly.

### Fund II

Fund II investors typically pay SPC an annual management fee of 0.75% of each contribution they make to invest in each Privately Offered Investment, until such asset is disposed of or completely written off.

Fund II investors also pay a performance fee (by way of an incentive allocation) of 15% of all profits made on each applicable investment in Fund II.

While the fees of Fund II are typically not negotiable, SPC may enter into side letters with individual investor that may modify such fees and/or the timing of the payment thereof.

### Fund III

Fund III investors typically pay SPC an annual management fee of 1.25% of each contribution they make to invest in each Privately Offered Investment, until such asset is disposed of or completely written off.

Fund III investors also pay a performance fee (by way of an incentive allocation) of 20% of all profits made on each applicable investment in Fund III.

While the fees of Fund III are typically not negotiable, SPC may enter into side letters with individual investor that may modify such fees and/or the timing of the payment thereof.

The Opportunity Fund, Fund II and Fund III pay the following expenses:

1. Fees, costs and expenses related to the identification, evaluation, negotiation, acquisition, due diligence, restructuring, closing, holding, monitoring and disposition of Fund investments (whether or not consummated) and other assets, including, without limitation, travel expenses, commissions or brokerage fees or similar charges in connection therewith, to the extent not borne or reimbursed by a portfolio company or a potential portfolio company.
2. Expenses related to organizing and maintaining entities, such as holding companies, through or in which investments will be made.
3. Legal, auditing, consulting, investment and commercial banking, appraisal, custodial, accounting, registration, valuation, third-party administrator and other professional expenses.
4. Expenses for preparation of the Fund's financial statements, tax returns and filings (including investors' Schedule K-1s), and otherwise associated with reporting and providing information to investors.
5. Insurance premiums related to errors and omission liability insurance or other insurance as deemed appropriate by ACAP to protect the Fund, ACAP, its affiliates and any of their directors, officers, investors, partners, employees, agents or to indemnify ACAP and its affiliates against any liability related to the portfolio companies and operation of the Fund.
6. Indemnification and indemnity contributions or reimbursement obligations of the Fund with respect to any person, whether payable in connection with a Proceeding (as defined in the Fund's LLC Agreement) involving the Fund or otherwise.
7. Taxes, fees or governmental charges that may be assessed against the Fund.
8. Fees incurred in connection with the maintenance of bank or custodian accounts.
9. Costs associated with borrowings including principal, interest, placement and other fees, charges and costs associated with the borrowing of funds to the extent permitted hereunder.
10. Costs and expenses of any Proceeding (including investigations or threatened investigations) or threatened litigation involving Fund activities, including indemnification expenses.
11. Costs incurred by the Fund in connection with a defaulting investor.
12. Any extraordinary expense of the Fund, including fees and expenses associated with any tax or other audit, investigation, settlement or review of the Fund.
13. Out-of-pocket costs and expenses incurred by the Fund or ACAP in connection with any meeting or conference with any investor, including the annual meeting of investors, if any.
14. Expenses incurred by ACAP in serving as the tax matters representative.
15. Costs and expenses for terminating, dissolving and winding up the Fund.
16. All other expenses properly chargeable to the activities of the Fund.

To the extent such an expense is incurred by the Opportunity Fund, Fund II and/or Fund III, and other ACAP clients (including the Argos Fund), ACAP will only allocate the pro rata share of such expense to the Opportunity Fund, Fund II and/or Fund III. As discussed above, ACAP will typically not allocate the balance of such expenses to the Argos Fund or any advisory client. Instead, ACAP will typically pay such balance of such expenses out of its own assets. Similarly, ACAP will typically pay the share of each expense allocated to the Opportunity Fund, Fund II and/or Fund III that is attributable to an advisory client that invests in such Fund.

## Performance Fees and Side-by-Side Management

Please refer to the *Fees and Compensation* section above for performance fee disclosures. Although ACAP manages accounts for which it charges a performance fee and accounts for which it does not, ACAP does not believe that this presents any conflicts of interest. ACAP only charges these fees on those parts of accounts that invest in Privately Offered Investments, and it charges such fees to all clients that invest in Privately Offered Investments.

## Types of Clients

As mentioned above in the *Advisory Business* section, ACAP provides investment advisory services to ultra-high net worth individuals and their related trusts, partnerships and charitable accounts. ACAP also provides investment advisory services to a pension plan client. For certain client accounts, ACAP may be deemed a fiduciary under certain Department of Labor rules. ACAP will abide by the Impartial Conduct Standards in relation to such accounts. Finally, ACAP provides investment advice to four private funds. Although, as discussed above, ACAP's relying adviser, SPC, is the direct adviser to two of these private funds.

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

ACAP's primary investment recommendation for liquid securities is index investing using ETFs. ACAP is beginning to explore allocating assets to third party advisers to construct index tracking portfolios on behalf of clients. Clients also employ active managers and other strategies as well. These strategies typically may include mutual funds, separately managed accounts, and alternative investments such as hedge funds, private equity funds, and direct investments in private companies and real estate. Investments pose a risk of loss that clients should be prepared to bear.

When performing due diligence on any third-party investment manager ACAP considers many factors including the following items.

- Fees charged by the manager both directly and indirectly through commissions on trades and other expenses.
- Turnover and its related costs and impact on overall performance.
- Management tenure.
- Use of leverage and the related increase risks associated with leverage.
- Track record of the manager both in the current strategy and with prior firms and prior funds.
- Operational support at the firm level.
- Interviews and at time on site visits are completed with representatives from the firms to discuss these factors.

When performing due diligence on real estate and private company investing ACAP looks at many factors including the following:

- Fees and expenses associated with the investment including fees paid directly through the

operating company.

- Likely tenure of the investment.
- The historic track record of any partners in the investment and the company or project itself.
- Financial information of the company or real estate project.
- Quality of existing investors and the nature of the investor base.
- Ensuring the operators interests are aligned with our clients. They should have a significant stake in the success of the venture.
- Quality of the expert advisors to the firm including attorneys, accounting firms and other third party support.
- The expected return should compensate clients for the lack of liquidity in the investment.

### Risk of Loss

All investing involves a risk of loss that clients should be prepared to bear. The identification of securities and other assets believed to be undervalued is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired by ACAP, third-party investments, or third-party managers. ACAP cannot give any guarantee that it will achieve a client's investment objectives or that clients will receive a return of its investment. Below is a summary of potentially material risks for each significant ACAP investment strategy used, the methods of analysis used, and/or the particular type of security recommended.

*Lack of Control* - ACAP will not have a role in the management of clients' third-party managed accounts and it will likely not have the opportunity to evaluate in advance the specific decisions made by any third-party managers. As a result, the rates of return to clients will primarily depend upon the choice of investments and other investment and management decisions of third-party managers, and returns could be adversely affected by the unfavorable performance of such managers. ACAP depends on third-party managers to develop the appropriate systems and procedures to control operational risks. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in operations may cause the client accounts to suffer financial losses.

- *Real Estate and Private Companies* – ACAP provides investment advice on alternative direct investments such as real estate and private companies. Such investments are typically illiquid, not freely transferable, and do not have an actively traded market. Direct investments in real estate and private companies, like many other types of investments, historically have experienced significant fluctuation and cycles in value. Specific market conditions may result in occasional or permanent reductions in the value of a client's investments. The value of a client's investments may depend on many factors beyond our control, including, but not limited to: changes in general economic, local, or social conditions; changes in supply of or demand for competing investments; changes in interest rates; the availability and use of credit; the financial condition of buyers, sellers and tenants; changes in tax rates and other operating expenses; various uninsured or uninsurable risks; natural disasters; changes in the character of an investment's assets; changes in dividend distribution rates; and changes in an investment's management.

## **Disciplinary Information**

Neither ACAP nor any of its employees have been subject to any disciplinary action or judicial verdict in the past 10 years.

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

CFI is one of the broker dealers used by ACAP clients. CFI earns brokerage commission transactions and other fees on trades that Argos executes through CFI. ACAP is in the process of transitioning custodial assets from CFI to Fidelity.

ACAP and its managing partner, Mr. Tice, have an apparent conflict of interest with respect to its client usage of CFI. Neither Mr. Tice nor any other employee receive any fees, commissions or other compensation whatsoever from CFI. However, Mr. Tice's mother's estate owns a subordinated debenture of CFI. Because of these facts, ACAP has a conflict of interest in directing the execution of clients' trades to CFI.

As discussed under *Advisory Business* above, Sail Point Capital, LLC ("SPC") is a subsidiary and relying adviser of ACAP, which directly advises certain private fund clients. ACAP and SPC collectively conduct a single advisory business.

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

ACAP's officers, partners and employees are generally not permitted to purchase for their personal accounts the same securities that could be recommended to clients except for publicly traded exchange-traded funds ("ETFs") and mutual funds. However, certain of such persons are permitted to invest in (and have invested in (both directly and through accounts over which they could be deemed to have beneficial ownership)) the Opportunity Fund, Fund II and Fund III, which invests in Privately Offered Investments alongside the Argos Fund.

ACAP's investment advisory business is focused on providing advice on third-party managers, ETFs, mutual funds, and Privately Offered Investments which we believe does not present material risks with respect to personal trading. To avoid and/or mitigate any potential conflicts of interest involving personal trades, ACAP has adopted a Code of Ethics (the "Code") which includes a personal securities and insider trading policies and procedures. ACAP's Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of ACAP above one's own personal interests;
- Adhere to the fundamental standard that they should not take inappropriate advantage of their position;
- Mitigate any actual or potential conflict of interest;

- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

ACAP's Code also requires access persons to: 1) pre-clear certain personal securities transactions; 2) report personal securities transactions on at least a quarterly basis, and; 3) provide ACAP with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such access persons have a direct or indirect beneficial interest. The Code requires ACAP to monitor Employees' investment patterns, outside business activities, and also governs the giving and/or receipt of gifts and entertainment by ACAP and its Employees.

A copy of the Code will be provided to any client or prospective client upon request.

ACAP's current Chief Compliance Officer is Paul Tice. Mr. Tice is also engaged in providing advisory services to the Company's clients and his background and experience is summarized in ACAP's Brochure Supplement.

## **Brokerage Practices**

ACAP's investment advisory business is focused on providing advice on ETFs, third-party managers, mutual funds, and other investments; however, occasionally (upon client direction), ACAP may execute trades in individual securities on behalf of clients. Certain clients have granted ACAP trading authority through the execution of a limited power of attorney. It is ACAP's policy to always seek best execution for client securities transactions. If a client currently uses a broker or custodian and is satisfied with the services, we generally keep the relationship intact. We have relationships with numerous brokers and custodians as a client convenience. If there is no preference from the client, we will determine if the investment manager who the client invests with has a preference and generally use their preferred custodian. If the client and the investment manager offer no preference then we will typically recommend Fidelity, although we had previously recommended CFI in this regard. The ultimate decision is made by the client. Periodic surveys are conducted to ensure pricing is in line with the service level provided for each account. Clients who have directed that we use particular brokers (including CFI and Fidelity) are advised that such a direction of brokerage may result in their receiving less favorable executions in certain transactions, or in their paying higher transaction costs either in individual transactions or in the aggregate. Although it is ACAP's policy to always seek best execution for client trades, in such a directed brokerage arrangement, the Firm may not be free to seek best price and execution by placing transactions with other brokers or dealers. Accordingly, the client should consider whether that arrangement may result in disadvantages to the client that are not outweighed by the value of custodial and other services provided by that broker.

To the extent ACAP recommends a broker to use in effecting transactions, ACAP's primary consideration will be the broker's ability to provide best execution of trades. In making a decision about best execution, ACAP may consider a number of quantitative and qualitative factors including, but not limited to, the following (in no order of importance): trade execution price and commission, opportunity for price improvement, anonymity, liquidity, speed of execution, expertise with difficult securities, trading style and strategy, the number of errors committed by each broker, custodial services, and the quality of research services the broker may provide. Although ACAP generally seeks reasonably competitive commission rates, it does not seek formal competitive bidding and does not necessarily direct transactions to brokers that charge the lowest commission rates. The commission rates paid to any broker for execution of transactions will be determined through negotiations with the broker, taking into account industry norms for the size and type of transaction, and the nature of brokerage and research services provided.

ACAP does not have any formal soft dollar arrangements. On occasion, ACAP may receive research from broker-dealers. Research is not provided in connection with ACAP clients' securities transactions or contingent upon forthcoming securities transactions. To the best of ACAP's knowledge, the research is generally made available to institutional clients of the broker. In any event, ACAP's policy is for such products and services to fall within Section 28(e). In conjunction with ACAP's periodic best execution analyses, ACAP will review products and services received from broker-dealers to ensure ACAP is in compliance with the safe harbor of Section 28(e); further, ACAP will make a good faith determination that the value of the brokerage and research services obtained is reasonable in relation to the amount of the commissions paid.

Since ACAP provides individualized investment advice to clients, in most cases ACAP will not be in the position to aggregate client orders; therefore, transactions for each client account generally will be affected independently. ACAP may aggregate client trades when such aggregation is expected to be in the best interest of all participating clients. ACAP's allocation policy is to seek to allocate investment opportunities among clients in the fairest possible way, taking into account clients' best interests. ACAP will not favor or discriminate against any client or group of clients. Please see *Advisory Business* above for a description of how ACAP allocates Privately Offered Investment opportunities.

Advisory clients are not responsible for the payment of trade errors committed by ACAP in conjunction with the management of client accounts. Any gain resulting from a trade error will be retained by the advisory client.

## **Review of Accounts**

Paul N. Tice, Robert P. Ensor, Luke Ferraro or David Wickenhauser will review client accounts at a minimum of every six months and typically quarterly, shortly after the completion of each calendar quarter.

Reviews entail a review of client holdings, discussion of any investment recommendations, discussion with the client on their risk tolerance and investment horizon, as well as at minimum an annual review of the client's financial statements as prepared by the independent accountants.

Reports will be provided to the Company's clients (and the equity owners of such clients) on a

quarterly basis or if otherwise, upon request, provided that such reports are available or can be generated without unreasonable expense to the Company. Further, specific reports may be described in a client's investment advisory agreement.

## **Client Referrals and Other Compensation**

ACAP does not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services.

ACAP does not compensate any person for client referrals but does engage third-party placement agents for Fund III.

## **Custody**

ACAP does not have custody of most client assets. However, ACAP does have custody of the assets of four private fund clients, the Argos Fund, the Opportunity Fund, Fund II and Fund III.

## **Investment Discretion**

Any trading authority provided by advisory clients to ACAP will be non-discretionary.

ACAP does have investment discretion over the assets of the Opportunity Fund, Fund II and Fund III. In addition, once an advisory client has elected to make a Privately Offered Investment via the Argos Fund or any other private fund client, ACAP will have discretion over the assets used to make that investment until such time that the investment is realized and ACAP is able to return capital to the advisory client.

## **Voting Client Securities**

ACAP's policy is that it does not exercise voting authority with respect to clients' publicly traded securities. Clients are responsible for voting any such proxies. Clients should contact their custodian with questions about receiving proxies and process for the client to execute voting on such proxies. For certain legacy clients, ACAP receives proxies and forwards them to the client. The Argos Fund, Opportunity Fund, Fund II and Fund III may hold certain Privately Offered Investments for which there are associated voting rights. ACAP does not consider these voting rights to be proxies but will assess whether exercising such voting rights may be in the best interest of such clients on a case-by-case basis and act accordingly.

## **Financial Information**

ACAP has never filed for bankruptcy, does not solicit fees six months or more in advance, and is not aware of any financial condition that is expected to affect its ability to manage client accounts.