

**Item 1 – Cover Page**

**Part 2A of Form ADV Brochure  
for:**

**LIQUID CAPITAL MANAGEMENT, LLC**

1010 B Street, Suite 430  
San Rafael, CA 94901  
Phone: (415) 713-5784  
Email:  
awoodworth@liquidstockcom

**March 31, 2023**

**This Brochure provides information about the qualifications and business practices of Liquid Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact the Firm at the address listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Liquid Stock is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.**

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

## **Item 2 – Material Changes**

Item 2 discusses only material changes to the Brochure since the last annual updating amendment.

Since the last Brochure filing, there have been no material changes to the information provided in this Brochure.

### Item 3 – Table of Contents

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	5
Item 6 - Performance-Based Fees and Side-By-Side Management .....	7
Item 7 – Types of Clients .....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 – Disciplinary Information.....	16
Item 10 – Other Financial Industry Activities and Affiliations .....	16
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	18
Item 12 – Brokerage Practices.....	19
Item 13 – Review of Accounts .....	20
Item 14 – Client Referrals and Other Compensation.....	20
Item 15 – Custody.....	20
Item 16 – Investment Discretion .....	21
Item 17 – Voting Client Securities .....	21
Item 18 – Financial Information .....	22

## Item 4 – Advisory Business

### A. Description of the Advisory Firm

Liquid Capital Management LLC (“Liquid Stock”), a Delaware limited liability company, was formed on October 12, 2018. Jeffrey Le Sage, Robert Pitti, and Gregory Martin are the principal owners of Liquid Stock.

### B. Types of Advisory Services

Liquid Stock serves as investment adviser to private investment funds (the “Funds”). An affiliate of Liquid Stock serves as the general partner to each of the Funds (the “General Partners”). Liquid Stock may decide in the future to sponsor or manage additional private investment funds or provide services to additional types of clients. Collectively with the Funds, these are Liquid Stock’s “Clients”.

Generally, the Funds are designed to achieve attractive risk-adjusted returns for investors through investments that utilize pre-IPO securities as collateral, principally by (i) identifying, originating, sourcing, structuring, monitoring, purchasing and otherwise investing, directly and indirectly in secured and unsecured liquidity transactions with persons and/or entities holding equity securities, and options to acquire equity securities, in late-stage private issuers (“Pre-IPO Issuers”); and (ii) holding and disposing of such securities, as further described in the Funds’ respective offering memorandum, limited partnership agreement, and subscription documents (collectively, the “Constituent Documents”). One of the Funds (the “SPV”) exists as a special purpose vehicle to effectuate an investment by another Fund and does not invest or operate in the same manner as the other Funds. The SPV is not open to investors. One of the Funds may also invest directly in the equity of Pre-IPO issuers, as further described in such Fund’s Constituent Documents.

Liquid Stock provides investment advice to the Funds regarding such investments, which are typically made through private contracts between the Fund and equity and/or option holders of Pre-IPO Issuers (“Counterparties”).

The Funds offered or are offering limited partnership interests (“Interests”) to certain qualified investors as described in Item 7, below (such investors or prospective investors are referred to hereafter as “Investors”).

### C. Client Tailored Services and Client Imposed Restrictions

Advisory services are tailored to achieve Clients’ investment objectives, but Liquid Stock does not provide tailored investment advice to the Investors of the Fund. Liquid Stock generally has the authority to select which and how many securities and other instruments to buy or sell without consultation with Clients or Investors, other than with respect to the approval of Pre-IPO Issuers by certain of the Funds’ Limited Partner Advisory Committees as described in Item 8.C. below.

### D. Wrap Fee Programs

Liquid Stock does not participate in wrap fee programs.

### E. Amounts Under Management

Liquid Stock manages the assets of the Clients and has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-Discretionary Amounts:</b>	<b>Date Calculated:</b>
\$325,058,349	\$0	December 31, 2022

## **Item 5 – Fees and Compensation**

### **A. Fee Schedule**

The fees and compensation payable to Liquid Stock are generally not negotiable, but Liquid Stock may, in its sole discretion, reduce, waive or calculate differently the management fee and carried interest (discussed below) with respect to any Investor.

#### **1. Management Fee**

Liquid Stock (either directly or via a General Partner) typically receives a quarterly management fee from each Fund (other than the SPV) calculated as a percentage of each Investor's capital commitment. The management fee is typically between 1.5% - 2.0% per year of the Investors' capital commitment. The management fee reduces when each Fund's capital has become fully invested or upon the expiration of the Fund's investment period. The General Partner may, in its sole discretion, reduce, waive or calculate differently the management fee with respect to any Investor. Please read each Fund's Constituent Documents for detailed information on the management fees you will pay as an investor in that Fund. The SPV does not charge a management fee.

#### **2. Carried Interest**

An affiliate of Liquid Stock, receives, upon distribution to Investors, a percentage of profits made by each Fund (other than the SPV). Carried interest is calculated as European fund-as-a-whole distribution waterfall. The carried interest ranges from 10% - 20% of Fund profits based on certain net internal rates of return, as specified in each Fund's Constituent Documents. The SPV does not distribute any carried interest. Carried interest is distributed only in respect of those Investors who are "qualified clients" as defined in Rule 205-3 of the Advisers Act.

#### **3. Fee Comparison**

Liquid Stock's compensation, including the management fee and carried interest may constitute a higher percentage of average net assets than would be found in other investment vehicles or with other investment advisers.

### **B. Payment of Fees**

Management fees, carried interest, and third-party fees (discussed below) are deducted from Client asset accounts. Management fees are paid in advance and are withdrawn at the beginning of the quarter.

Carried Interest is distributed when distributions are made by a Fund to Investors. Distributions are typically made within 30 days of the receipt of cash or marketable securities from the disposition of portfolio investments.

**C. Third-Party Fees**

Each Client bears costs and expenses that Liquid Stock reasonably determines to be necessary, appropriate, advisable or convenient to realize that Client's investment objective, including but not limited to: (i) management fees; (ii) all general investment expenses; (iii) all operating and administration expenses, including but not limited to, all custodial fees, accounting, brokerage commissions, clearing fees, borrowing charges, interest on margin and other borrowings, and taxes incurred in connection with the Client's account; and (iv) such other expenses as may be set forth in the Constituent Documents.

Liquid Stock's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the Clients. Such charges, fees and commissions are exclusive of and in addition to Liquid Stock's management fee, and Liquid Stock does not receive any portion of these commissions, fees, and costs.

Please see Item 12 of this Brochure regarding the use of brokers.

**D. Prepayment of Fees**

As discussed above, management fees of each Fund are payable quarterly in advance. While withdrawals are generally not permitted, if an Investor is permitted to withdraw capital, prepaid management fees are not refunded.

**E. Outside Compensation for the Sale of Securities**

A supervised person of Liquid Stock has an ownership interest in Rainmaker Securities, LLC ("Rainmaker"), a registered broker-dealer.

Liquid Stock recognizes that in light of its affiliation with Rainmaker and common ownership, potential conflicts of interest exist, as it gives Liquid Stock an incentive to recommend investment products based on the compensation received by Rainmaker. However, this conflict is mitigated given the nature of Liquid Stock's investment strategy as Liquid Stock does not usually transact business through broker-dealers. Liquid Stock does, in some cases, pay commissions to broker-dealers who source investments for the Fund.

Another supervised person of Liquid Stock is a registered broker-dealer who receives infrequent broker fees from Rainmaker in connection with secondary stock transactions unrelated to Liquid Stock.

To identify and address potential conflicts of interest, as well as comply with applicable legal, regulatory, and contractual requirements, Liquid Stock and Rainmaker have implemented policies and procedures designed to manage these risks, including a prohibition on Liquid Stock's supervised persons from directly receiving compensation for broker fees received from the Fund by Rainmaker.

Except as disclosed above, neither Liquid Stock nor any supervised persons of Liquid Stock accept compensation for the sale of securities or other investment products outside of the ordinary business of Liquid Stock. Further discussion on potential conflicts of interest are discussed below in Item 10.

**The foregoing discussion in Item 5 represents Liquid Stock's basic compensation arrangements. The management fees and incentive allocations described above are**

**structured to comply with Rule 205-3 under the Advisers Act. Fees and other compensation are negotiable in certain circumstances and arrangements with any particular Investor may vary. Although Liquid Stock believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.**

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

As discussed in Item 5.A., an affiliate of Liquid Stock receives carried interest equal to a percentage of the profits distributed to each Investor except for Investors in the SPV. The carried interest may provide a possible incentive for Liquid Stock to make riskier or more speculative investments on behalf of a Client than it might make otherwise. Notwithstanding these potential conflicts, Liquid Stock will evaluate investments in a manner that it considers to be in the best interest of each Client, given that Client's investment objectives, investment strategies, suitability of the investment, and risk profile.

## **Item 7 – Types of Clients**

As described in Item 4.B., Liquid Stock provides investment advice and management to the Funds, which are privately offered pooled investment vehicles.

Liquid Stock restricts the number of Investors in the Funds and offers Interests only through non-public transactions in order to maintain the Funds' exclusion from "investment company" status under the Investment Company Act of 1940. Investors are required to be "accredited investors," as defined in Regulation D under the Securities Act of 1933 and meet other eligibility criteria as specified in the Constituent Documents. Liquid Stock had the right, in its sole discretion, to waive any admission standard with respect to any Investor.

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

### **A. Methods of Analysis**

Liquid Stock utilizes the skills and relationships of their principals to source and execute on contemplated transactions. Liquid Stock's investment strategy is typically executed through independent research, including economic and industry analysis, fundamental research and other methods that Liquid Stock's principals may deem appropriate from time to time. Liquid Stock will typically conduct a due diligence process that it deems reasonable and appropriate based on the facts and circumstance applicable to each investment, including Counterparty due diligence and issuer due diligence. Due diligence will entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants may also be involved in the due diligence process to varying degrees. On certain occasions, Liquid Stock will not have access to issuer information directly from the company. This lack of information creates risks to Investors and Clients as Liquid Stock may make assumptions based on information it has compiled. Without direct access to information in such cases, those assumptions may be inaccurate or incomplete. Some of the information will also be compiled from Counterparties and potential Counterparties, which increases the risks regarding the reliability of the information that Liquid Stock receives.

**B. Investment Strategies**

Liquid Stock primarily offers liquidity solutions that provide liquidity to Counterparties that typically do not involve a transfer of shares and which are non-recourse to the Counterparty's other assets, unless the Counterparty defaults under their private liquidity agreement (each, a "Liquidity Agreement"), in which case the obligation becomes full recourse against the Counterparty. Liquid Stock's strategy capitalizes on (a) the tax benefit of the liquidity provided and exercising options, (b) the inability for some Pre-IPO Issuers' employees and stockholders to sell their shares in the secondary market or otherwise because of the current terms of their option plan and associated transferability restrictions, (c) those employees and stockholders who don't want to enter into loan agreements because of some of the risks and tax inefficiencies of loans, and (d) those employees and stockholders who do not want to sell their shares because they believe the value of the issuer will continue to rise in the future. Liquid Stock aims to achieve returns by providing a synthetic structured equity solution to such Counterparties who need liquidity but who are unwilling or unable to either obtain loans or sell their shares through traditional financing options.

Liquid Stock intends to structure Liquidity Agreement transactions in a manner that is more tax-efficient than a sale or a loan and aims to preserve a material portion of the Counterparty's upside in their stock. Liquid Stock's strategy seeks to share in the upside of pre-IPO securities by providing the capital necessary for option-holders to exercise their options, allowing the appreciation in value of the ordinary stock to be taxed at long-term capital rates rather than ordinary income tax rates, and share in the returns generated through the tax-efficient solution.

Liquid Stock recognizes the value of relationships and seeks to approach Counterparties in a manner that is consultative and transparent so that each potential Counterparty fully understands the costs and benefits of the transaction offered. Liquid Stock also requires that each Counterparty retains its own tax/accounting and legal advisors, and does not provide this advice or wealth management advice to Counterparties. Liquid Stock believes this approach has been well-received in the marketplace and results in a significant number of new business referrals for future investments.

**C. Risks of Investments and Strategies Utilized**

**Investing in securities involves risk of loss that Clients should be prepared to bear.**

Investment and trading risk factors may include:

**Risks Inherent in the Funds' Investment Program.** The Fund's investments will consist primarily of liquidity transactions (each, a "Private Transaction") with Counterparties of Pre-IPO Issuers, and the obligations of each Counterparty to settle the Private Transaction are contingent upon an IPO, M&A sale transaction or other liquidity event of Pre-IPO Issuers (a "Liquidity Event"). In addition to the potential repayment of the amount advanced to a Counterparty (the "Contract Amount"), the Fund typically may also be entitled to receive payment under the Private Transactions equal to an accruing return (the "Investment Return") plus the value of a specified number or percentage of the collateral shares in a Pre-IPO Issuer, payable in cash, shares or a similar security (the "Stock Incentive"). In some cases, the Fund also retains a percentage of the Contract Amount, and such amount is capitalized into the Transaction (the "Retained Amount"). Some or all of the Retained Amount may be paid to broker dealers who source transactions for Liquid Stock. These amounts may



be paid to brokers when a Private Transaction is entered, even in situations when no capital is returned to the Fund.

The Private Transactions are referred to herein as the “Portfolio Investments”. The amount due to the Fund upon a Liquidity Event, including the Contract Amount, Investment Return, the Stock Incentive and the Retained Amount, if any (collectively, the “Settlement Amount”) is dependent on the value and performance of the Pre-IPO Issuers, causing significant risk in the event that the value of the Pre-IPO Issuers will fall. If, for instance, the equity value of a Pre-IPO issuer falls to zero, a Counterparty may simply provide the Fund with the worthless collateral shares in full settlement of the Private Transaction. In addition, since the Fund will typically not receive back the capital, nor a return of capital, from its Portfolio Investments until the occurrence of a Liquidity Event, it is exposed to significant risks related to whether the Pre-IPO Issuers achieves a Liquidity Event. It is possible that the Pre-IPO Issuer never achieves a Liquidity Event, in which case the Fund may return no capital to its Investors from such Portfolio Investment.

**Decline in Value of Stock in Pre-IPO Issuers.** The value of each Private Transaction will depend upon the value of Pre-IPO issuers’ stock. When stock collateralizes the Private Transaction, the stock represents, in most cases, the Fund’s sole recourse in the event of non-repayment. (See “Imperfection in Security” below.) In addition, the Settlement Amount decreases as the value of the Counterparty’s stock decreases. If for instance, the value of the Pre-IPO shares falls to zero, the amount that Counterparty is required to pay to the Fund also decreases to zero, unless there has been a default under the Private Transaction. In addition, Pre-IPO issuers will be, and may continue to be for an indefinite time period, a private company. There is a risk that the length of time prior to a liquidity event, if one ever occurs, is extended beyond expectations. Liquid Stock has no avenue to cause the liquidity event at Pre-IPO Issuers to occur. In addition, the value of private companies, particularly common stock, has historically been extremely volatile. Although Liquid Stock utilizes all class of stock as collateral for its Portfolio Investments, most of its transactions are collateralized by common stock. Almost all of the Pre-IPO Issuers have also issued preferred shares and have indebtedness obligations that are senior to the equity (“Senior Securities”). The Senior Securities normally have priority over the shares that serve as collateral to the Private Transaction prior to an IPO, which increases the risk of the ability of the Fund to be repaid the Contract Amount or making any return on its Portfolio Investments. There have been numerous recent examples of companies where the value of the common stock has been reduced to zero by the combination of the decline in value of the Pre-IPO Issuer and the amount of Senior Securities. Such volatility may adversely affect the value of the common stock serving as collateral for the Private Transaction as well as the amount paid, if any, for the Contract Amount, Investment Return and Stock Incentive.

**Certain Risks Specific to Investments in the Pre-IPO Issuers.** Certain of the Pre-IPO Issuers have been identified but others have not. Certain of the Funds have a process to approve additional Pre-IPO Issuers with the approval of such Funds’ Limited Partner Advisory Committee (the “LPAC”). In addition, such Funds’ have the discretion to add additional Pre-IPO Issuers that have not been approved by the LPAC for up to 10% of the Fund.

Some of the current, and potentially some of the future Pre-IPO Issuers, have never operated profitably. In addition, each of the Pre-IPO Issuers have multiple business competitors. A number of the business models of the Pre-IPO Issuers are novel, and it is unclear whether they will be

sustainable business models or businesses. In part because of the novel-ness of their business models, some of the Pre-IPO Issuers have been a target of an extraordinarily large number of lawsuits bringing a wide range of claims. Courts and regulators in some jurisdictions have limited the scope of Pre-IPO Issuers' operations, placed onerous requirements on Pre-IPO Issuers, or prohibited Pre-IPO Issuers' operations entirely. The recent impact of COVID-19 on some of these Pre-IPO Issuers has exacerbated these risks and brings additional uncertainty with respect to the impact of COVID-19 in the future, or the ripple effect from COVID-19, including the potential for long term recessionary or depressionary, or inflationary periods. In short, some of the Pre-IPO Issuers are presently money losing companies without a proven profitable business model, and some of which are also subject to an extraordinarily broad array of commercial, legal, and regulatory risks. If the value of Pre-IPO Issuers shares depreciate during the term of a Fund, then the Fund will not meet its stated investment goals. Although the Private Transactions are structured to mitigate downside risk compared to a traditional equity investment, if the value of Pre-IPO Issuers shares materially depreciate during the term of the Funds, then it is possible that the Funds will experience partial or complete losses on their investments. In addition, in the event Pre-IPO Issuers are sold in an M&A transaction prior to going public, the liquidation preference of preferred classes of stock will reduce the return for common shareholders who are the most likely counterparties for the Funds' transactions, which would reduce investment returns and could result in an entire loss of capital.

**Lack of Diversification.** Since the Funds intend to invest in transactions with Counterparties that are stockholders of a limited number of Pre-IPO Issuers, poor performance by one or more of these Pre-IPO Issuers could severely affect returns to the Investors and may result in a full or partial loss of an investment in the Funds.

**Counterparty Performance.** As part of the Private Transaction process, the Funds perform due diligence on the Counterparty as the Private Transaction is entered directly with the Counterparty and is not guaranteed by the Pre-IPO Issuer. There are risks that Counterparties do not fulfill their contractual obligations. This could happen for a variety of reasons, including the Counterparty attempting to pledge or transfer the collateralized shares to a third party before or after the Private Transaction, the Counterparty entering bankruptcy or the Counterparty fleeing the country. If any of these risks materialized with one or more Counterparties, it could severely affect returns to the Investors and may result in a full or partial loss of an investment in the Fund.

In addition, the Funds intend to obtain information evidencing a Counterparty's ownership of the relevant stock but will obtain only limited information about Counterparties and Pre-IPO Issuers. The Fund will attempt to verify information provided by Counterparties, but the information may be inaccurate or intentionally false. Any such inaccuracies in information supplied by Counterparties or failure to accurately assess the Counterparties' ability or willingness to meet their contracted obligations could have a material and adverse effect on the value of the Funds' Portfolio Investments.

**Imperfection in Security.** Prior to such time as a Counterparty's stock in Pre-IPO Issuers or the proceeds of the disposition of Pre-IPO Issuers' stock, as the case may be, is pledged to the Fund (the "Security Interest") to secure such Counterparty's obligations under the Private Transaction, such Private Transaction may be an unsecured, or secured but not perfected, obligation of such Counterparty. In the event that a Counterparty defaults during a period when a Private Transaction is unsecured or not perfected, he or she may not have sufficient assets to satisfy the obligations under

the Private Transaction. In the event of the bankruptcy of such Counterparty, if a court determines that the Fund does not have a perfected security interest, then any secured creditors of the Counterparty may first be paid out of the proceeds of the liquidation of assets in which they have a security interest before any assets are available for distribution to unsecured parties. In such a situation, even if there are no secured creditors, the Fund may be paid on a pro rata basis with other parties, reducing the amount it receives from its Portfolio Investments that could result in the Fund not meeting its investment targets or returning any capital to its Investors.

**Insufficient Security.** After such time as the Security Interest is in effect to secure a Counterparty's obligations under a Private Transaction, the Private Transaction will be a secured obligation of such Counterparty. The Fund's recourse once the Private Transaction is secured is limited to the Security Interest, except in the case of an event of default (as defined in the Liquidity Agreement) by a Counterparty of its obligations under the Private Transaction.

If the value of the collateral shares is less than the Contract Amount, unpaid and accrued annual Investment Return, and Stock Incentive, so long as there hasn't been an event of default under the Liquidity Agreement, then the Fund's recourse may be limited to the value of such shares and, the Fund would sustain a loss on the Private Transaction equal to any such deficiency without further recourse to the Counterparty or any other person.

**Third Party Security Interests.** A Counterparty may have incurred, or may in the future incur, debt or additional obligations or, despite it being a breach of the terms of a Private Transaction, may become subject to other claims giving other persons a security interest in its assets, including the collateral shares. In addition, if following the execution of the Liquidity Agreement establishing the Security Interest, a Fund fails to have a first priority perfected Security Interest, its ability to exercise its remedies with respect to the Security Interest may be adversely affected. To the extent that any third-party security interest in Pre-IPO Issuers stock is superior or equal to the Fund's interest, or the Fund's Security Interest is unperfected, then upon the occurrence of an event of default and after the exercise of remedies, the Fund may be required to turn over the proceeds of the exercise of remedies to holders of superior security interests before any funds are available to satisfy amounts outstanding under the Private Transaction.

**Absence of Financial Restrictions.** While it is intended that the terms of each Private Transaction will prohibit any future liens being made by the Counterparty in respect of stock subject to a Security Interest, a Private Transaction might not place limitations on a Counterparty's ability to incur debt or additional obligations and may not require a Counterparty to notify the Fund before such Counterparty incurs debt or additional obligations. To the extent that a Counterparty has or incurs additional indebtedness, the Counterparty may choose or be required to make payments to other creditors, rather than the Fund. To the extent a Counterparty incurs secured indebtedness at a time that its Private Transaction is unsecured, the ability of the secured creditors to exercise remedies against the assets of such Counterparty and their priority of payment may impair the Fund's ability to receive full repayment under the Private Transaction. Consequently, any such secured indebtedness may impair a Counterparty's ability to repay its Private Transaction.

**Complex Transactions.** The Private Transaction is a complex transaction that is often negotiated with the Counterparty and the Counterparty's legal advisors. The transactions themselves are

complex, which creates risk for the Fund and its Investors. In addition, the Firm may enter into transactions and/or guarantees directly with Pre-IPO Issuers or other third parties to mirror the structure and return profile that Liquid Stock intends to achieve. These transactions may add additional levels of complexity and risks, including those third parties, as well as related persons, to bring lawsuits against the Firm that may impact the value of the Portfolio Investments.

**Protection Under Federal Bankruptcy or State Insolvency Laws, Laws Governing Estates and Inheritances, Laws Governing Spousal Rights.** A Counterparty may seek protection under federal bankruptcy law or similar laws. If a Counterparty files for bankruptcy (or becomes the subject of an involuntary petition), a stay will go into effect that will automatically put any pending collection actions on hold and prevent further collection action absent bankruptcy court approval. Whether any payment will ultimately be made or received on such Private Transaction after a bankruptcy filing depends on each Counterparty's particular financial situation and the nature of the Security Interest held by the Fund. It is possible that a Counterparty's liability on its Private Transaction will be discharged in bankruptcy. In a bankruptcy proceeding, the Fund may receive nothing, or only a fraction of any amount outstanding, on the Private Transaction. Similarly, laws governing inheritances and estates may complicate the settlement of Private Transactions in the situation when a Counterparty passes away. Although Liquid Stock believes that the obligation under the Liquidity Agreement passes to the estate and beneficiaries, the intestate process may complicate or delay the payment of a Settlement Amount upon a Liquidity Event. In such a situation, it is possible that the Fund may receive nothing, or only a fraction of the Settlement Amount, on the Private Transaction. Similarly, the Fund will enter into Liquidity Agreements in countries and states (like California) that have community property laws. Although Liquid Stock attempts to address these risks by requiring the consent of a Counterparty's spouse and guarantee by such spouse of the obligations of the Counterparty, community property laws could impact the ability of the Fund to settle Private Transactions. Those risks increase in the situations when a Counterparty divorces their spouse, or where a Counterparty is already divorced prior to such a transaction, where the former spouse makes a claim on the underlying collateral shares. There is also a risk that Counterparties don't disclose that they have a spouse, or any other individual has community property rights in the collateral shares. In addition, there is a risk that the Counterparty gets married, or another individual becomes entitled to community property rights in the collateral shares after the Private Transaction is entered into. In such a situation, the individual that may be entitled to community property rights in the collateral shares will not have entered into a spousal consent or guarantee, increasing these risks.

**Private Transaction Terms and Transfer Restrictions in Pre-IPO Issuers' Bylaws, Employee Stock Plan and Stock Option Agreements.** Some of the Pre-IPO Issuers do not provide, and Liquid Stock does not and will not have, complete financial, legal, accounting, or regulatory information about Pre-IPO Issuers and its businesses. As a result, it is difficult to determine the risks associated with Pre-IPO Issuers, the value of its equity securities, and appropriate terms for each Private Transaction. Certain of the Pre-IPO Issuers' bylaws, employee plan, and stock option agreements are also extremely restrictive. In those situations, they do not currently allow a transfer or pledge of their options or underlying shares. There is a risk that Pre-IPO Issuers, or the Counterparty, takes the position that the liquidity transactions contemplated by the Fund are voidable or not enforceable pursuant to the terms of the plan. Although we do not believe that this position has merit, there can

be no assurance that Pre-IPO Issuers or our counterparties pursue such a claim that the Fund would have to defend, and in the event that either did so, the outcome of such proceeding.

**Risk Inherent in Non-Recourse Investments.** The counterparties of the Funds' investments will not be guaranteeing any return of payment to the Fund. Therefore, the Funds' only recourse for a return on investment may be determined by the value of the Pre-IPO Issuers' securities involved in the investment.

**Issuer's Company Management Team.** Each issuer's day-to-day operations will be the responsibility of such company's management team. Although Liquid Stock will be responsible for monitoring the performance of each investment and intends to make investments with collateral in issuers operated by strong management, there can be no assurance that the existing management team, or any successor management team, will be able to operate the issuer in accordance with the Fund's plans or expectations. With respect to management at the issuers, many issuers rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect such issuer's performance.

**Limitations on Ability to Exit Investments.** Liquid Stock expects the Funds to typically exit from its investments when an issuer is acquired, goes public or when the Counterparty sells shares in a secondary sale. At any particular time, one or more of these avenues may not be open to the Fund, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time and investments may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although Liquid Stock expects that investments will be either disposed of prior to dissolution or suitable for in-kind distribution at dissolution, the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

**Absence of Liquidity and Public Markets.** There will be no public markets for the Funds' holdings of Liquidity Agreements, collateral shares or private securities and no readily available liquidity mechanism at any particular time for any such investments held by the Funds. In addition, the realization of value from the Portfolio Investments will not be possible or known with any certainty until a Liquidity Event of the Pre-IPO Issuer that provides the Counterparty with enough liquidity to pay Liquid Stock the Contract Amount, Stock Incentive Amount and Investment Return, or if Liquid Stock elects, in its sole discretion and only if possible, to sell these investments and subsequently distribute the proceeds to its investors or to distribute securities to investors in lieu of cash.

**Limited Portfolio Diversification.** The portfolio holdings of the Funds will not be broadly diversified. As a consequence, the aggregate return on an Investor's investment in a Fund may be substantially adversely affected by the unfavorable performance of even a single issuer or Counterparty. The Funds' specific investment focus is inherently more risky and could cause the Funds' investments to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences compared with a fund, or a portfolio of funds, that is more diversified or has a broader industry focus. For instance, a downturn of the economy or in the business of any one issuer, or the default by any single Counterparty, could impact the aggregate returns delivered to investors by the Fund.

**Investments in Public Companies.** The Funds may hold securities in public companies. Investments in public companies may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, movements in the stock market and trends in the overall economy, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times (including due to the possession by the Fund of material non-public information), increased likelihood of shareholder litigation, regulatory action by U.S. and non-U.S. regulators and increased costs associated with each of the aforementioned risks.

**Regulatory Risks of Liquid Stock's Investment Program.** Liquid Stock's model of providing liquidity solutions to natural persons exposes the Funds to heightened regulatory scrutiny from, among others, the U.S. Securities and Exchange Commission, the Consumer Financial Protection Bureau, and similar state regulators such as the California attorney general. Generally, regulators tend to impose heightened scrutiny on transactions with individuals as opposed to transactions with companies, that are generally viewed as more sophisticated counterparties.

**Cybersecurity Threats.** Liquid Stock's, the Funds' and the issuers' information and technology systems may be vulnerable to damage or interruption from computer viruses, hacking that leads to erroneous wires and banking transactions, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Liquid Stock, the Funds and the issuers may face cybersecurity threats to gain unauthorized access to sensitive information, including, without limitation, information regarding the Investors and the Funds' investment activities, or to render data or systems unusable, which could result in significant losses. Although Liquid Stock has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Liquid Stock, the Funds and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. If such events were to materialize, they could lead to losses of capital and/or losses of sensitive information or capabilities essential to the Funds, and/or the portfolio company's operations and could have a material adverse effect on their reputations, financial positions, results of operations, or cash flows, and also could lead to financial losses from remedial actions, loss of business, or potential liability, or could lead to the disclosure of Investor's personal information. Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, unauthorized or incorrect wires and corruption of data. The Funds' or a in issuer's controls and procedures, business continuity systems, disaster recovery systems and data security systems could prove to be inadequate. These problems may arise in both the Funds' or an issuer's internally developed systems and the systems of third-party service providers.

**Force Majeure.** Liquid Stock's investment recommendations may be affected by force majeure events (*i.e.*, events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic

or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including the Clients or a Counterparty to the Clients) to perform its obligations until it is able to remedy the force majeure event and/or prompt precautionary government-imposed closures of certain travel and business. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact the Client's returns, cause personal injury or loss of life, disrupt global markets, damage property, or instigate disruptions of service. In addition, the cost to a Client of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect a Client's expected returns. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which a Client may invest and the markets a Client may trade specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over industry assets, could result in losses to a Client, including if its investments are canceled, unwound or acquired (which could be without adequate compensation). Any of the foregoing may therefore adversely affect the performance of Liquid Stock's strategies.

**Business Disruption Due to Pandemics and Changing Economic Conditions.** The success of Clients' investment strategies could be significantly impacted by changing external economic conditions in the United States and globally. The stability and sustainability of growth in global economies may be impacted by terrorism, acts of war, pandemics or other unforeseen disasters. Changing economic conditions could potentially adversely impact the performance and valuation of portfolio holdings. In addition, the availability, unavailability, or hindered operation of external credit markets, equity markets, and other economic systems may have a significant negative impact on portfolio operations and profitability. There can be no assurance that such markets and economic systems will be available as anticipated or needed for Liquid Stock to operate and manage portfolios successfully. The spread of COVID-19 beginning 2020 has shown such an ability to result in a broad-based economic decline and significant market volatility and continues to present material uncertainty and risk with respect to portfolios' performance and financial results. Aside from the broad effects on the economy, the pandemic may also have specific implications for Liquid Stock's operations and activities of its personnel, which can range from employees working remotely to more significant impacts such as illness and restrictions on non-essential travel. Liquid Stock is prepared to spend the necessary time and attention addressing implications from changing economic conditions such as those caused by the pandemic, including minimizing impact on its business, Clients, and/or specific investments as relevant.

**Dependence on Service Providers.** Each Client is dependent upon businesses that are not controlled by Liquid Stock that provide services to the Client (the "Service Providers"). Examples of Service Providers include a Client's administrator, prime brokers, custodians, legal counsel and auditor. Errors are inherent in the operations of any business, and although Liquid Stock will adopt measures to prevent and detect errors by, and misconduct of Service Providers, and transact with

Service Providers that 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 Clients and the Fund investors' investments therein.

Each Client is reliant on the performance of the Service Providers. In that regard, each Fund investor's relationship in respect of their investments in a Fund is with the Fund only. Accordingly, absent a direct contractual claim between the Fund investor and the relevant Service Provider, no Fund investor will have any contractual claim against any Service Provider for any reason related to its services to the relevant Fund.

More information about the Clients' investments and the associated risk factors is available in the Constituent Documents.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with Liquid Stock. Prospective Investors and Clients should read the entire Brochure as well as the Constituent Documents and other materials that may be provided by Liquid Stock and consult with their own advisers prior to engaging Liquid Stock's services.**

### **Item 9 – Disciplinary Information**

Liquid Stock and its management persons have not been a party to any legal or disciplinary events that would be material to a client's or prospective client's evaluation of its investment advisory business or the integrity of its management.

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

**A.     Registration as a Broker-Dealer or Broker-Dealer Representative**

Rainmaker, a FINRA-registered broker-dealer, is under common control with Liquid Stock. Certain management persons of Liquid Stock are also registered representatives of Rainmaker.

Liquid Stock recognizes that in light of its affiliation with Rainmaker and common ownership, potential conflicts of interest could exist. Although Rainmaker is a brokerage platform and not a direct competitor of Liquid Stock, it provides an alternative form of liquidity. Because of Mr. Martin's minority ownership interest in Rainmaker, he may be incentivized to refer potential Counterparties to Rainmaker that could also be candidates to receive financing from Liquid Stock. To identify and address potential conflicts of interest, as well as comply with applicable legal, regulatory and contractual requirements, Liquid Stock and Rainmaker have each implemented certain policies and procedures which are designed to manage these risks.

**B.     Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Liquid Stock nor its management persons are registered as futures commission merchant, commodity pool operator, or a commodity trading advisor.



C. Relationships Material to this Advisory Business and Possible Conflicts of Interest

Other than as discussed above, Liquid Stock or its management persons have the following additional relationships that may be material to its advisory business or to its Clients:

- (1) Archer Venture Acquisitions I, LLC, under common control with Liquid Stock, serves as a general partner to a pooled investment vehicle. Archer Venture Acquisitions I, LLC also shares a supervised person with Liquid Stock and shares a physical location with Liquid Stock.
- (2) Archer Venture Capital II GP, LLC, under common control with Liquid Stock, currently provides management and investment advisory services to other private investment vehicles and serves as their general partner. Archer Venture Capital II GP, LLC also shares a supervised person with Liquid Stock and shares a physical location with Liquid Stock.
- (3) Archer Venture Capital III GP, LLC, under common control with Liquid Stock, currently provides management and investment advisory services to other private investment vehicles and serves as their general partner. Archer Venture Capital III GP, LLC shares a certain supervised person with Liquid Stock and shares a physical location with Liquid Stock.
- (4) Archer Venture Management, Inc., under common control with Liquid Stock. Archer Venture Management, Inc. also shares certain a supervised person with Liquid Stock and shares a physical location with Liquid Stock.
- (5) Archer Venture Capital Management, LLC, under common control with Liquid Stock, currently acts as investment adviser to other pooled investment funds. Archer Venture Capital Management, LLC shares a supervised person with Liquid Stock and shares a physical location with Liquid Stock.
- (6) Envisage Partners, LLC, under common control with Liquid Stock, currently acts as investment adviser to other pooled investment funds. Envisage Partners, LLC shares a certain supervised person with Liquid Stock and shares a physical location with Liquid Stock.
- (7) Section Capital Series LP Associates, LP, which acts as a general partner to other pooled investment funds, shares a supervised person with Liquid Stock.
- (8) VSL Associates, LLC, which serves as a general partner to another pooled investment vehicle, shares a supervised person with Liquid Stock.
- (9) VSL Associates II, LLC, which serves as a general partner to another pooled investment vehicle, shares a supervised person with Liquid Stock.

A number of actual and potential conflicts of interest between the Clients could exist in relation to the above relationships, including the possibility of conflict with respect to the allocation of

investment opportunities among the Clients. Liquid Stock has established a variety of restrictions, procedures, and disclosures designed to address potential conflicts between the interests of its Clients and the interest of itself and its related persons and to ensure its actions are consistent with the best interests of its Clients. Liquid Stock has sole discretion to resolve such conflicts as it determines to be appropriate, consistent with its fiduciary duties to Clients.

**D. Selection of Other Advisors or Managers**

Liquid Stock does not utilize nor select other advisors or third-party managers. All assets are managed by Liquid Stock.

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

**A. Code of Ethics**

Liquid Stock has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-of the Advisers Act. The Code governs the activities of each member, officer, director and employee of Liquid Stock (collectively, “Employees”). Liquid Stock holds its Employees to a high standard of integrity and business practices that reflects its fiduciary duty to the Client. In serving its Clients, Liquid Stock strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its Employees and Client securities transactions. When persons covered by the Code engage in personal securities transactions, they must adhere to the following general principles as well as to the Code’s specific provisions: (a) at all times the interests of the Client must be paramount; (b) personal transactions must be conducted consistent with the Code in manner that avoids any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Employees covered by the Code have certain trading restrictions and reporting obligations of their personal securities transactions, including required pre-approval for certain securities trades. Each Employee is provided with a copy of the Code and must annually certify that they have received it and have complied with its provisions. In addition, any Employee who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Chief Compliance Officer.

Liquid Stock will provide a copy of the Code to Investors and prospective Investors upon request. Such a request may be made by submitting a written request to Liquid Stock at the address on the cover page to this Brochure.

**B. Recommendations Involving Material Financial Interests**

Liquid Stock may recommend to Clients, or buy or sell for Client accounts, securities or options on securities in which Liquid Stock has a material financial interest or may buy and sell for itself securities that Liquid Stock also recommends to Clients. This presents a potential conflict of interest because it may create a financial incentive for Liquid Stock to recommend certain investments to Clients. To mitigate this risk, Liquid Stock requires that all employees sign and adhere to the Code. Liquid Stock also documents any transactions that could be construed as conflicts of interest.

**C. Investing Personal Money in the Same Securities as Clients**

From time-to-time Liquid Stock, its Employees and/or the related persons may own securities, or options on securities, of issuers whose securities or options on such securities are subsequently utilized as collateral shares in Portfolio Investments for Clients because of Liquid Stock's recommendations regarding a particular security. Liquid Stock's policy as to such transactions is that neither Liquid Stock nor any of its Employees or related persons are to benefit from price movements that may be caused by transactions for Clients or otherwise, noting that any such price movements are less likely since the Portfolio Investments are different from the securities that Employees and/or the related persons may own. Liquid Stock addresses this conflict by requiring Employees to sign and adhere to the Code and to report personal securities holdings and transactions to Liquid Stock.

**D. Trading Securities At/Around the Same Time as Clients' Securities**

As discussed above, from time to time, Liquid Stock, its Employees, or related persons of Liquid Stock may buy or sell securities of issuers for themselves whose securities or options on such securities are subsequently utilized as collateral shares for Portfolio Investments. Liquid Stock will always document any transactions that could be construed as conflicts of interest and will always transact Client business before the business of its Employees and/or related persons when similar securities are being bought, sold or utilized as collateral.

## **Item 12 – Brokerage Practices**

Given the nature of Liquid Stock's investment strategy, Liquid Stock does not usually transact securities transactions through broker-dealers or make investments in liquid securities, and as such, commissions are not ordinarily payable in connection with the Fund's investments. On a limited basis, Liquid Stock may engage in certain hedging activities and on those occasions Liquid Stock will engage with a broker-dealer.

In situations where Liquid Stock may need to select a broker-dealer, Liquid Stock considers such factors as price, quality of execution, expertise in particular markets, the ability of the brokers to effect the transactions, the brokers' facilities, reliability, reputation, experience, financial responsibility in particular markets, and familiarity both with investment practices generally and techniques employed by Clients subject at all times to principles of best execution, in accordance with the Liquid Stock's policies and procedures. In selecting broker/dealers to execute transactions, Liquid Stock need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Liquid Stock believes that the broker-dealers that it recommends provide competitive transaction and custody costs, helping Clients to eliminate or control costs and optimize the custodial structure to the benefit of account holders. When possible, Liquid Stock seeks to pre-negotiate preferred terms for its Clients providing Clients with the benefits associated with the economy of scale and custodial knowledge of Liquid Stock. Liquid Stock has no formal arrangements with broker-dealers to receive research or other products or services other than execution and Liquid Stock does not have any soft dollar or commission sharing services agreements in place that would require Liquid Stock to provide any specified amount of brokerage to a broker-dealer.

In Liquid Stock's Pre-IPO liquidity transactions on behalf of the Funds, Liquid reserves the right to retain or compensate one or more broker-dealers or investment banks, the costs of which will be

borne by the relevant Fund and/or the transaction Counterparty. In determining to retain or compensate such parties, Liquid reserves the right to consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm or individual broker representative being considered; (iv) responsiveness to requests for information; and (v) ability to source potential transactions. As a result, although Liquid generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

### **Item 13 – Review of Accounts**

A. Frequency and Nature of Periodic Review and Who Makes Those Reviews

Liquid Stock reviews Client accounts on a quarterly basis to ensure consistency with the Clients' strategy and performance objectives. The Fund's investment committee, consisting of Jeffrey Le Sage, Robert Pitti, and Gregory Martin, performs the review.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may take place more frequently if triggered by economic, market, or political conditions.

C. Content and Frequency of Regular Reports

Investors will generally receive unaudited reports of performance quarterly and will receive audited year-end financial statements annually. Reports will generally be provided in electronic format.

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

A. Economic Benefits Provided by Third Parties

Liquid Stock does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Clients.

B. Compensation to Non-Advisory Personnel for Client Referrals

Liquid Stock currently has an agreement with Sixpoint Partners LLC ("Sixpoint") to act as a placement agent for a Fund and had a prior agreement with Sixpoint to act as a placement agent for another of the Funds. Sixpoint is registered with FINRA as a broker-dealer. Under Liquid Stock's current agreement with Sixpoint, Sixpoint receives a series of placement fees from the Fund ranging from .75% to 1.5% of commitments, depending on the time of the commitment closing and the type of investor making the commitment.. Sixpoint also receives a retainer fee..

### **Item 15 – Custody**

Under Rule 206(4)-2 of the Advisers Act (the "Custody Rule"), the General Partner of each Client is considered to have "custody" of the Client's assets, even though independent qualified custodians actually hold some of those assets (private securities owned by Clients that satisfy the exception in

Rule 206(4)-2(b)(2) of the Advisers Act may not be stored at a qualified custodian). The Custody Rule generally requires investment advisers that have “custody” of client assets to cause certain account statements detailing holdings and transactions to be sent to clients and imposes certain other obligations.

Liquid Stock intends to employ the safeguarding procedures described in Rule 206(4)-2(b)(4) of the Advisers Act, which exempts Liquid Stock from certain obligations so long as Liquid Stock (i) engages an independent accounting firm registered with the Public Company Accounting Oversight Board to conduct an annual audit of the Client, and (ii) distributes audited financial statements prepared in accordance with U.S. generally accepted accounting principles to all Investors within 120 days after the Client’s fiscal year end.

### **Item 16 – Investment Discretion**

The Constituent Documents generally authorize Liquid Stock to invest the Client’s assets in secured and unsecured financing transactions with persons holding equity securities, or options to acquire equity securities, from a list of privately-held companies. Further, Liquid Stock may enter into any type of investment transaction and employ any investment methodology or strategy it deems appropriate, consistent with each Client’s Constituent Documents.

Pursuant to the Constituent Documents, each Investor in the Fund designates such Client’s General Partner as its attorney-in-fact to execute, certify, acknowledge, file, record and swear to all instruments, agreements and documents necessary or advisable to carrying out the Clients’ business and affairs, including execution of the Client’s Constituent Documents. An Investor’s execution of a Client’s subscription agreement constitutes its execution of the Client’s Constituent Documents.

### **Item 17 – Voting Client Securities**

As Liquid Stock generally does not trade in individual publicly traded securities, Liquid Stock does not typically vote traditional proxies.

Where Liquid Stock votes proxies, Liquid Stock has adopted proxy voting policies and procedures in accordance with Rule 206(4)-6 of the Advisers Act. The policies require Liquid Stock to vote proxies received in a manner consistent with the best interests of the Client.

In the event that Liquid Stock is presented with an opportunity to vote a proxy, Liquid Stock’s general policy is to vote in accordance with the best interest of the Funds. Liquid Stock believes company management generally is best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, Liquid Stock will generally vote proxies in line with company management. However, under circumstances when Liquid Stock believes that company management’s proposal will not maximize value for the Funds, Liquid Stock will vote against company management. In such cases, the reason for the decision, along with a record of the vote, will be retained by the CCO.

Occasions may arise in which Liquid Stock is required to vote a proxy while having a conflict of interest with a Fund. To protect the Funds against a breach of Liquid Stock’s duties to them, on any

occasion when a proxy vote presents a conflict of interest, the CCO will present any purported conflict of interest to the firm's managers for consultation on the matter and conduct a conflict analysis accordingly.

### **Item 18 – Financial Information**

Liquid Stock has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy petition.

A.     Balance Sheet

Liquid Stock does not require nor solicit prepayment of fees six months or more in advance and therefore does not need to include a balance sheet with this Brochure.

B.     Financial Condition

Liquid Stock has discretionary authority over the Client's assets. At this time, neither Liquid Stock nor its management persons have any financial conditions that are likely to reasonably impair its ability to meet contractual commitments to Clients.

C.     Bankruptcy Petitions in Previous Years

Liquid Stock has not been the subject of a bankruptcy petition in the last ten years.