



CRESSET.

Item 1: Cover Page

# CRESSET ASSET MANAGEMENT, LLC

## Form ADV Part 2A – Brochure

September 11, 2024

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This Form ADV Part 2A (“Brochure”) provides information about the qualifications and business practices of Cresset Asset Management, LLC, also conducting advisory business under the names of Cresset and Cresset Sports & Entertainment, (“Cresset” or the “Adviser”). If you have any questions about the content of this Brochure, please contact us at (312) 429 – 2400 or by email at [info@cressetcapital.com](mailto:info@cressetcapital.com).

Cresset is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Registration as an investment adviser does not imply any specific level of skill or training. This Brochure provides information about Cresset to assist you in determining whether to retain the Adviser.

Additional information about Cresset and its advisory persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 288566.

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## **Item 2: Material Changes**

This Brochure provides information about a variety of topics relating to the Adviser's business practices, compliance policies and procedures, and conflicts of interest. The Adviser routinely updates the Brochure to improve and clarify the description of such information or in response to evolving industry or firm practices.

There have been no material changes to this Brochure since Cresset's last annual update, filed on March 27, 2024. This other-than-annual Brochure amendment contains certain updated disclosures since the most recent filing to reflect the following:

- An organizational restructuring with respect to the Adviser's parent company;
- The appointment of a new chief compliance officer;

No changes were made to the Wrap Fee Program supplement to this Brochure (attached as Appendix 1) since the Adviser's last annual update, filed on March 27, 2024.

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

Cresset encourages all current and prospective clients to read this Brochure carefully and in its entirety and to discuss any questions you may have with us.

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## Item 4: Advisory Business

### Firm Information

Founded by Avy Stein and Eric Becker in March 2017 as a Delaware limited liability company (“LLC”), Cresset Asset Management, LLC (the “Adviser,” “Cresset,” “us,” “we,” or “our”) is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). The Adviser also conducts business under the names of “Cresset” and “Cresset Sports & Entertainment.”

Cresset is a wholly-owned subsidiary of CCM Midco, LLC. CCM Midco, LLC is a wholly-owned subsidiary of Cresset Capital Management, LLC. Cresset is governed by a board of directors and is operated by Doug Regan, Co-Chairman, William Rudnick, Executive Managing Director, Chief Legal Officer, Jack Ablin, Chief Investment Officer, Michael Costabile, Chief Financial Officer, Susan Cranston, President & Chief Operating Officer, Jessica Malkin, Chief Growth Officer, and Amy Hong, Chief Compliance Officer.

### Advisory Services Offered

We provide investment advisory and family office services to retail investors which includes individuals, high net worth individuals, trusts, estates, retirement plans, charitable organizations, corporations, other business entities, and pooled investment vehicles (each referred to as a “Client”). Our advisory services are provided to individual, joint, retirement, trust and estate, and separately managed accounts (“SMAs”) (each a Client “account” or “portfolio”). These services include wealth management, which generally encompass a combination of comprehensive financial planning, family office services and consulting strategies, as well as discretionary and non-discretionary investment advisory services (further described below).

Cresset also provides these services on a stand-alone basis and can be offered as a wrap fee program where we combine securities transaction fees and other fees with the costs associated with our investment advisory services (further described below).

### Client Account Management

#### Investment Advisory Services

Prior to engaging Cresset to provide investment advisory services, each Client is required to enter into one or more agreements with the Adviser (a “Client Agreement”) that define the terms, conditions, authority, and responsibilities of the Adviser and the Client. Pursuant to such Client Agreements, Cresset provides continuous and ongoing investment advice and portfolio management services. These services may include:

- **Establishing an Investment Strategy** – Cresset, in connection with the Client, will develop a strategy that seeks to achieve the Client’s goals and destinations.
- **Asset Allocation** – Cresset will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation, and tolerance for risk for each Client.
- **Portfolio Construction** – Cresset will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- **Investment Management and Supervision** – Cresset will provide investment management and ongoing oversight of the Client’s investment portfolio.

### *Discretionary vs. Non-Discretionary Account Management*

Clients retain Cresset on both a discretionary and non-discretionary basis. In providing discretionary management services, Cresset maintains a limited power of attorney to effect securities transactions (in accordance with Client's investment objectives set forth in the respective Client Agreement) on behalf of a Client without such Client's prior approval of each specific transaction. Clients reserve the right to limit our discretionary authority by providing us with a written communication that details restrictions and other guidelines. Such discretionary authority and engagement will continue until a Client notifies us otherwise in writing.

We also offer our services on a non-discretionary basis, whereby we are required to obtain Client consent prior to executing any trades on a Client's behalf. Accordingly, the Client maintains the ultimate decision-making authority regarding the purchase or sale of investments in its account. Prospective clients should be aware that pursuant to such non-discretionary arrangement, Cresset could be limited in aggregating such trades with other Client orders, which could result in the execution of a transaction at a different price from those aggregated trades.

### *Monitoring and Adjustment*

Our advice and services are tailored to meet each Client's individual needs, life circumstances and investment goals. We engage with each Client to determine their investment objectives, risk tolerance, time horizons and liquidity needs. Clients can impose reasonable restrictions and guidelines on investing in certain securities, types of securities or industry sectors.

As part of our services, we monitor investments and securities in Client accounts on a regular and continuous basis, unless otherwise agreed, and make adjustments and reallocations as necessary due to changes in market conditions and the Client's circumstances as communicated to us. We also meet with Clients at least annually, or more frequently, depending on each Client's needs.

### Private Fund Clients

Cresset also provides discretionary investment management services to a number of private investment funds that are exempt from registration under the Investment Company Act of 1940, as amended (the "1940 Act") and whose securities are not registered under the Securities Act of 1933, as amended (the "Securities Act") (each such Client referred to as a "Fund"). The Funds make investments across a variety of asset classes, including public equities of various types (*e.g.*, small-cap, large-cap and non-U.S. securities), specialized fixed income, hedge funds, private real estate holdings and private equity investments. Certain Funds are sub-managed by specialty professional investment managers that we research and recommend.

Such discretionary investment management services primarily consist of sourcing, structuring, and negotiating investments and dispositions, monitoring the performance of investments and performing certain administrative services. These services are detailed in the offering documents for each Fund, which include as applicable, operating agreements, private placement memorandum and/or term sheets, subscription agreements, separate disclosure documents, and all amendments thereto ("Offering Documents").

The Adviser manages each Fund based on the investment objectives, policies and guidelines as set forth in the respective Fund's Offering Documents and not in accordance with the individual needs or objectives of any particular investor therein. Each prospective investor interested in investing in a Fund is required to complete a subscription agreement in which the prospective investor attests as to whether or not such prospective investor meets the qualifications to invest in the Fund and further acknowledges and accepts the various risk factors associated with such an investment.

In general, investors in the Funds are not permitted to impose restrictions or limitations. However, the Adviser has entered and could in the future enter into side letter or other written agreements with one or more Fund investors which have the effect of establishing rights under, or altering, modifying, or changing the terms of interest held by investors. Certain types of side letters create a conflict of interest among the Adviser and

investors, and/or between investors themselves.

**For more detailed information on investment objectives, policies, and guidelines, please refer to each Fund's Offering Documents.**

#### Financial Planning Services

Cresset also provides financial planning services as a component of its wealth management services or pursuant to a financial planning or consulting agreement. Such services generally involve a comprehensive evaluation of the Client's financial situation by using currently known facts and variables. We create a financial plan for the Client, which is designed to assist the Client achieve its financial goals and objectives. From time-to-time, we also prepare reports at the Client's request.

A financial plan typically addresses one or more of the following areas:

- **Financial Position:** Understanding a Client's current financial situation. Sources of evaluation include the Client's income, expenses, assets and liabilities, among others.
- **Investment Planning:** Determining a suitable way to structure investments to meet the Client's financial goals, and determine the appropriate account type (*e.g.*, joint tenants, IRA, Roth IRA)
- **Income Tax Planning:** Evaluating a Client's current tax situation to help minimize the Client's taxes and find more profitable uses for any extra income generated.
- **Retirement Planning:** Assessing a Client's retirement needs to help him/her determine how much to accumulate, as well as distribution strategies designed to create a source of income during retirement years.
- **Credit Planning:** Evaluating the Client's credit needs.
- **Insurance Planning and Risk Management:** Evaluating the Client's insurance needs and reviewing insurance policies and the like.
- **Estate Planning:** Reviewing the Client's cash needs at death, income needs of surviving dependents, and estate planning goals.
- **Education Planning:** Reviewing the educational needs for the Client and his/her family, along with planning for educational expenses.

We gather information through interviews and review of documents provided by the Client, including questionnaires as deemed necessary. Information gathered includes, among other things, the Client's current financial status, future goals, investment objectives, risk tolerance and family circumstances.

Typical financial planning services include one or more of each of the aforementioned service components. A financial plan could require the services of a specialist such as an insurance specialist, attorney, or tax accountant. From time-to-time, Cresset recommends to Clients certain third-party service providers, but the Client is under no obligation to use any service provider recommended by us. Likewise, the Client is under no obligation to act on our financial planning recommendations.

#### Family Office Services

Cresset also offers family office services which encompasses both strategic and tactical advisory consulting including but not limited to:

- Culture, Values, and Vision Alignment
- Wealth Strategy, Asset Protection & Portfolio Implementation
- Family Governance & Decision Making

- Liquidity and Exit Planning
- Learning and Development
- Philanthropic Consulting
- Tax Planning & Projections
- Cash and Liquidity Management
- Estate Planning
- Banking and Credit Consulting
- Lifestyle Services
- Bill Pay
- Book keeping/Accounting

#### Retirement Plan Advisory Services

Cresset also provides retirement plan advisory services to retirement plans (each a “Plan”) and their respective company sponsors (the “Plan Sponsor”). Certain of these services are provided by Cresset serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of Cresset’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Adviser reasonably expects under the engagement.

The Adviser’s retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan and its Plan participants. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Vendor Analysis
- Plan Participant Enrollment and Education Tracking
- Investment Policy Statement (“IPS”) Design and Monitoring
- Investment Monitoring Services (ERISA 3(21))
- Performance Reporting
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance
- Benchmarking Services

#### Trust Services

From time-to-time, Cresset will recommend certain trust services to its Clients through Cresset Trust Company, LLC (“CTC”), an affiliate of the Adviser. In such case, the Client will be charged fees separate and apart from the compensation paid to Cresset in exchange for its advisory services. However, no Client is obligated to use the services of CTC and is free to engage the trust services of another non-affiliated trust company.

#### Other Advisory Services

On occasion, Cresset will engage a third party to provide the Client with class action related services. Clients can opt out on a security specific basis or in its entirety by providing written notice to Cresset.

#### **Wrap Fee Programs**

Cresset sponsors and operates a wrap fee program (“Cresset One Fee Program”) whereby it serves as the sole portfolio manager. **As of October 2023, the Cresset One Fee Program is generally no longer offered to new clients** and continues only to be offered for the benefit of Clients currently in the program, closely affiliated relationships to those Clients, and in certain extraordinary circumstances.

Under the Cresset One Fee Program, certain brokerage execution services, administrative expenses, and other fees and expenses are combined and charged together along with the investment advisory fee paid to Cresset. Accordingly, such program participants generally pay a higher or lower overall fee than if these services were

paid for separately, depending on the volume of trading and other fees associated with the Client account during the year. For additional important information, please see *Appendix 1 – “Wrap Fee Program Brochure,”* which is included as a supplement to this Brochure.

### **Client Assets Under Management**

As of June 30, 2024, Cresset manages \$52,506,642,484 in Client assets – \$51,578,974,404 of which are managed on a discretionary basis and \$927,668,080 of which are managed on a non-discretionary basis. Clients may request more current information at any time by contacting the Adviser.



## Item 5: Fees and Compensation

The following paragraphs detail the typical fee structures and compensation methodologies for services provided by the Adviser. However, fees are negotiated in different amounts with each Client based upon a number of factors including, among other considerations, the aggregate assets under management (“AUM”), the complexity of the services to be provided, and the overall relationship such Client has with the Adviser. For example, certain legacy Clients who transferred to Cresset from an unrelated third-party adviser often have fee structures and billing processes that differ from the structures described herein.

### Advisory Fees

As compensation for rendering investment advisory and wealth management services, Cresset is generally paid either monthly or quarterly (the “billing period”), in advance or following the billing period, pursuant to the terms of the Client Agreement. Investment advisory fees may be a flat annual fee, fixed with respect to the type of account or advisory management provided, or based on the market value of assets held in accounts under management at the beginning, end, or average value during the billing period, including a combination of such methodologies as may be required to reflect the proper fee for the period. The investment advisory fee in the first billing period of services is prorated and billed in arrears from the date the assets are transferred into the Adviser’s management to the last day of the billing period.

Investment advisory fees that are based on the market value of managed assets could be subject to a minimum annual fee of \$25,000 (not to exceed 2.00% annually) in certain circumstances. Fees may be negotiable at the sole discretion of the Adviser. Securities held in accounts managed by Cresset will be independently valued by the account custodian. Investments which do not have readily available prices from pricing services, are generally valued using the most recently received information.

Clients are generally permitted to make additions to and withdrawals from their accounts at any time, subject to the Adviser’s right to terminate the accounts as set forth in the respective Client Agreement. When the investment advisory fee is billed in advance, if there are significant managed assets deposited into or withdrawn from an account after the beginning of a billing period, the fee payable with respect to such managed assets may be adjusted in the next billing period to reflect the fee difference for which those managed assets were under the Adviser’s management. Note, the Adviser’s methodology for determining the fee adjustment is on a per account basis and netting all billable securities and cash deposits/withdrawals that settle in the account on a daily basis of \$100,000 or more. Additionally, the unused pro rata portion of any fee paid in advance will be promptly refunded in the event of the termination of the Client Agreement prior to the end of the billing period.

Advisory fee amounts are calculated by applying the annual billing rate to the total AUM, multiplied by the percentage of time in the billing period over the calendar year. Pursuant to written Client authorization, advisory fees are deducted directly from the managed account held by a custodian, whereby the Adviser will send an invoice, file, or other acceptable written form of request to the Client’s account custodian indicating the amount of the fees to be deducted at the beginning or end of the respective billing period. Thereafter, the custodian will provide such Client with an account statement reflecting the deduction of the advisory fees. Clients will be provided with a statement, at least quarterly, from the custodian reflecting the deduction of the advisory fee. We urge all Clients to carefully review the custodial statements and compare such official custodial records to the quarterly account statements that we or our affiliates may provide to you.

If the Client account does not contain sufficient funds to pay the advisory fees due, Cresset has limited authority to sell or redeem securities in sufficient amounts to cover those fees. In most cases, however, Clients can reimburse their account for advisory fees paid unless you have an ERISA or IRA account.

The advisory fee stated in the Client Agreement can be terminated by either party at any time, by providing advance written notice to the other party. The Client can terminate the agreement within five (5) business days of signing the Adviser’s agreement at no cost to the Client if the Client first received this Brochure at the time of signing. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Any pre-paid unearned advisory fees

will be returned to the Client on a pro-rata basis. The Client's agreement with the Adviser is non-transferable without the Client's prior consent.

- *Use of Independent Managers* – Clients who use a third-party money manager typically incur additional fees pursuant to such relationship and Clients should refer directly to the disclosure document provided by the third-party money manager for its fee schedule. Access to certain third-party money managers could be limited to certain types of accounts and could be subject to account minimums as determined by the third-party money manager. Further, the Client can be able to access certain third-party money managers directly, and in such cases, could access such services at lower costs than available through Cresset.
- *Unaffiliated Private Fund Investments* – For unaffiliated, non-custodial partnership/private fund investments, the Client is required to complete the applicable private placement and/or account opening documents to establish these investments. Cresset debits its advisory fees for providing investment advisory services with respect to these relationships directly from a brokerage account designated by the Client that is held at the primary custodian. For certain non-custodial partnership/private fund investments, the Adviser may not receive updated investment valuations prior to its fee billing calculation. In such instances, the Adviser will generally bill the Client at an annual rate based on the most recent valuation available for the calculation of advisory fees.
- *Affiliated Private Fund Investments* – For affiliated private fund investments held at custodians and non-custodial partnership/private fund investments which are not held at the primary custodian, the Client is required to complete the applicable private placement and/or account opening documents to establish these investments. The Adviser will debit its advisory fee for providing investment advisory services with respect to these relationships directly from an account designated by the Client held at the custodian. For affiliated non-custodial private fund investments, the Adviser generally bills the Client at an annual rate based on the fair market value of the investment (as determined no less frequently than annually), or, if such fair market value is unavailable or not yet determined, based on the amount of gross invested capital.

Because private fund managers generally charge investors fees and expenses, Clients invested in this type of investment will frequently incur aggregate fees in excess of the annual advisory fee rate as described above.

#### Private Fund Fee Structure

As investment adviser to pooled investment vehicles, Cresset charges its Funds a flat fee of 0.75% per annum across all Fund assets, which is paid quarterly in advance of the billing period and based on the Fund's most current NAV. If an investor withdraws from the Fund, the advisory fee will be billed on a pro rata basis for the portion of the billing period completed and the Adviser will refund any unearned portion of any advance payment back to the Fund.

Certain legacy relationships exist where the fees differ from those described above. Cresset reserves the right to charge a lesser fee based upon certain criteria, such as historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, value of assets under management, related accounts, account composition, negotiations, and other factors.

**For more detailed information on the fees, expenses, and compensation received by the Adviser, Fund investors should refer to the respective Fund's Offering Documents.**

### Financial Planning Services

Cresset is paid a fixed or flat project-based management fee for standalone financial planning, services. Such fee amounts are negotiable based on the nature and complexity of the services provided and the overall relationship with Cresset and/or its affiliates. From time to time, Cresset requires an advanced deposit in exchange for such services. Financial planning fees could be invoiced up to fifty percent (50%) of the expected total fee upon execution of the financial planning agreement. The balance is generally invoiced upon completion of the agreed upon deliverable(s).

Either party can terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client can also terminate the financial planning agreement within five (5) business days of signing the Adviser's agreement at no cost to the Client if Client first received this Brochure at the time of signing. After the five-day period, the Client will incur charges for bona fide services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for the actual services rendered on the planning project based on the percentage of the engagement scope completed by the Adviser. The Client's financial planning agreement with the Adviser is non-transferable without the Client's prior consent.

In some circumstances, the financial plan could require the services of a specialist such as an accounting, insurance, trust provider, attorney, or tax accountant. From time to time, Cresset will recommend affiliated or third-party service providers, but the Client is under no obligation to use any service provider recommended by Cresset. Fees for specialists will be negotiated between the Client and the service provider directly.

### Family Office Services

Cresset offers family office services for a fee which is generally payable on a quarterly basis at the beginning or end of each quarter and/or as agreed upon with the Client. The Adviser reserves the right to negotiate the respective fee, taking into consideration several factors, including, for example, the nature and complexity of the services to be provided and the overall relationship with the Adviser. Family office fees are invoiced by the Adviser and due upon receipt of the invoice or as otherwise agreed upon between the Client and Cresset.

### Retirement Plan Advisory Services

Fees for retirement plan advisory services are billed in the same manner as all investment advisory services as explained above pursuant to the terms of the retirement plan advisory agreement. Retirement plan advisory fees range up to 2.00% annually based on several factors, including: the complexity of the services to be provided, the level of assets to be managed, and the Client's overall relationship with the Adviser. Fees are negotiable depending on the size and complexity of the Plan.

Cresset is permitted to directly invoice the advisory fee to the Plan Sponsor or to deduct such fee amounts from the Plan assets, depending on the terms of the retirement plan advisory agreement. Either party can terminate the retirement plan advisory agreement, at any time, by providing advance written notice to the other party. The Client can also terminate the retirement plan advisory agreement within five (5) business days of signing the Adviser's agreement at no cost to the Client if the Client first received this Brochure at the time of signing. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Client's retirement plan services agreement with the Adviser is non-transferable without the Client's prior consent.

### Performance-Based Fees

As set forth in *Item 6 – Performance-Based Fees and Side-by-Side Management*, Cresset charges performance-based fees for certain accounts.

#### Other Fees & Costs

Except for those accounts enrolled in Cresset's wrap fee program, Clients generally bear the costs and expenses associated with holding the investment, any independent manager fees (as further described below), brokerage fees (please see *Item 12 – Brokerage Practices*), fees and expenses related to mutual funds and exchange-traded funds, applicable transaction fees, and other related costs and expenses. The Adviser does not receive any portion of these costs or fees.

#### Compensation for Sale of Securities

Cresset does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

### **Item 6: Performance-Based Fees and Side-by-Side Management**

#### Performance-Based Fees

Performance-based fees are fees, which are based on the share of capital gain or capital appreciation of a Client's account. From time to time, Cresset could be entitled to performance-based fees based on a percentage of the annualized return rate of the excess of certain adjustments pursuant to the terms of the Client Agreement. As of the date of this Brochure, Cresset does not charge any Clients performance-based fees.

#### Side-by-Side Management

Side-by-side management refers to the practice of managing Client accounts that are charged performance-based fees alongside other Client accounts that are not charged a performance-based fee. The Adviser does not currently, but may in the future, engage in side-by-side management of its Client accounts.

### **Item 7: Types of Clients**

As discussed in *Item 4 – Advisory Business* above, Cresset provides investment advisory and family office services to individuals, high net worth individuals, trusts, estates, retirement plans, charitable organizations, corporations, other business entities, and pooled investment vehicles.

Cresset generally does not impose a minimum size for establishing a relationship.

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

We explore different types of investment options and strategies in the design of a Client's needs and objectives. Our investment recommendations are not limited by any specific product or service offered by a broker-dealer or custodian. These recommendations will generally include, but not necessarily be limited to, security types from the following list:

- Money market funds and other cash instruments
- Exchange listed securities, and securities traded over-the-counter
- Mutual fund shares and exchange traded fund shares – passive and actively managed
- Separately managed accounts
- Corporate debt securities
- Hedge funds and private equity shares
- Municipal securities
- U.S. governmental securities
- Real estate investment trust shares/interests
- Structured products and derivatives
- Options and warrants
- Alternative non-traded private investments

All client assets will be managed within their designated accounts at their respective custodian, pursuant to the agreed upon terms in his/her Client Agreement. For additional information, please see *Item 12 – Brokerage Practices* and *Item 15 – Custody*.

In addition to a specific or stand-alone method of analysis, Cresset uses one or more of the following methods of analyses or investment strategies for evaluating different types of investments or third-party managers when providing investment advice to Clients, subject to the Clients' investment objectives, risk tolerance, time horizons and stated guidelines:

- **Fundamental Analysis.** This type of analysis attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). This analysis looks at historical and present financial statements of the company, annual reports, governmental filings, and business activities. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Individualized analysis of underlying documentation can vary.
- **Technical Analysis.** This type of analysis attempts to analyze past market movements and apply that analysis to the present to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not necessarily consider the underlying financial condition of a company. This presents a risk that a poorly managed or financially unsound company may underperform regardless of market movement. In this regard, past performance is not a guarantee of future performance.
- **Quantitative Analysis.** This type of analysis attempts to use mathematical models and statistical modeling to obtain more accurate measurements of a company's quantifiable data, such as the value or price per share or earnings per share and predict changes to that data. A risk in using quantitative analysis is that the models used are generally based on assumptions that could prove to be incorrect. Quantitative analysis does not necessarily factor in all variables.
- **Qualitative Analysis.** This type of analysis attempts to subjectively evaluate non-quantifiable factors such

as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment could prove incorrect.

**Charting.** This type of analysis attempts to display the performance of a security for review in a graphic version. It can be setup for any length of time and helps determine how the security will perform over time. Generally, it is used to predict trends within the security during certain time frames. This analysis looks at prospectuses, research materials, financial newspapers and magazines. There is no guarantee that past trends will reoccur.

- **Mutual Fund and/or ETF Analysis.** This type of analysis attempts to look at the experience and track record of the manager of the mutual fund or exchange traded fund (ETF) in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. This analysis also looks at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the Client's portfolio. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the Client may purchase the same security, increasing the risk to the Client if that security were to fall in value. There is also a risk that a manager could deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the Client's portfolio.

Cresset has an investment team that periodically performs research and analysis of select investments and the investment managers that we use in making investment recommendations to Clients.

Cresset's analysis methods rely on the assumption that the investment vehicles which we recommend for our Clients, the companies whose securities we purchase and sell on behalf of our Clients, the rating agencies that review these securities, and other publicly or privately available sources of information about these securities, are providing accurate, timely and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate, misleading, or untimely information. This is an ongoing risk regarding all the strategies discussed below.

## **A. Investment Strategies**

Cresset uses the following strategies in managing Client accounts which could be subject to other custodial requirements. Additionally, investment strategies and advice will generally vary depending upon each Client's specific financial situation. As such, we determine investments and allocations based upon the Client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. The Client's direction, restrictions, and guidelines could affect the composition of his/her portfolio.

- **Asset Allocation.** Rather than focusing primarily on securities selection, asset allocation attempts to identify an appropriate ratio of securities, fixed income, and cash suitable to the Client's investment goals and risk tolerance. A risk of asset allocation is that the Client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be fully aligned with the Client's goals.
- **Long-term Purchases.** With this strategy we purchase securities with the idea of holding them in the Client's account for a year or longer. Typically, we employ this strategy when we believe the securities to be currently undervalued, and/or we want exposure to a particular asset class over time, regardless of the

current projection for this class. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a Client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

- **Short-term Purchases.** When utilizing this strategy, we purchase securities with the idea of selling them when they reach their price targets or passing its catalyst. We do this to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.
- **Margin Transactions.** If granted authority to do so, we are permitted to purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings. Margin trading could be used if it is suitable given a Client's stated investment objectives and tolerance for risk.
- **Options Transactions.** In the case of certain Client accounts, we use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative because it derives its value from an underlying asset. From time to time, we also utilize structured notes, closed end funds or mutual funds that utilize options strategies. The two types of options are calls and puts. A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires. A put gives the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires. We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio. We use "covered calls", in which we sell an option on a security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price. We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors. Option writing is another overall investment strategy and we reserve the right to use this strategy and it is suitable given a Client's stated investment objectives and tolerance for risk.
- **Lending/Collateral.** From time to time, securities within a Client's account are used as collateral for a loan or borrowing a security. In such cases, there is often a fee/interest to pay to maintain the loan/borrow the security. Some securities may be "hard-to-borrow," and therefore there may not be a readily identifiable market, or the market will charge a higher fee for borrowing. In addition, collateral security is still exposed to credit, interest, and liquidity risks. If a Client is borrowing against a security, the value of that security could shift, which would leave the Client in an unlimited risk position. This is for sophisticated investors with high net worth and liquid assets to cover losses if necessary.
- **Alternative Non-traded Private Investments.** With these types of investments, we will look to potential transactions sourced by offerors known to Cresset and its related persons that are aligned with the Client's objectives. All such offerors or their control persons will be experienced with a verifiable track record of prior transactions. Analysis will include evaluation and due diligence of the transaction, offerors and related persons, performance history and experience of offerors and related persons, liquidity of investment, current and future cash flow potential, and associated risks. Significant risk is generally associated with private non-traded investments, and such risk may not necessarily be mitigated by our analysis. This is for sophisticated investors with large net worth and liquid assets to cover losses if necessary.

## B. Risk of Loss

Investing involves a risk of loss. Clients should be prepared to bear investment loss, including the loss of the original principal. Clients should never presume that the future performance of any specific investment or investment strategy will be profitable. Further, there could be varying degrees of risk depending on different types of investments. Clients should know that all investments carry a certain degree of risk ranging from the variability of market values to the possibility of permanent loss of capital. Although portfolios seek principal protection, asset allocation and investment decisions may not achieve this goal in all cases. There is no guarantee a portfolio will meet a target return or an investment objective.

Risks to capital include, but may not be limited to, changes in the economy, market volatility, company results, industry sectors, accounting standards and changes in interest rates. Investments are generally subject to risks inherent in governmental actions, exchange rates, inflation, deflation, and fiscal and monetary policies. Market risks include changes in market sentiment in general and styles of investing. Diversification will not protect an investor from these risks and fluctuations.

Cresset manages Funds in accordance with the investment objectives and strategies disclosed in the applicable governing documents, which include (collectively, the “Governing Documents”): the organizational documents, confidential offering memorandum, limited partnership agreement or memorandum and articles of association, Client Agreement or other investment management agreement, and subscription agreement. Investors and prospective investors in a Fund should review the relevant Governing Documents to understand which methods of analysis, investment strategies, and risks are relevant to the Fund in which they are investing.

Cresset does not engage in high-frequency trading activities or algorithmic trading strategies. Additional risks include:

- **Market risk:** Generally, there is a risk that economic, market conditions, and other factors may materially adversely affect the value of the value of Client investments. Investments in securities and other financial instruments involve a substantial risk of volatility and loss arising from any number of general economic and market conditions as well as other factors, all of which are beyond the control of the Adviser. For example, stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. Common stock (or its equivalent) is generally exposed to greater risk than the preferred stocks and debt obligations of an issuer. Other events, such as changes in competition and technology; inflation; exchange rates; interest rates; U.S. or international economic or political conditions or events; tax laws and governmental regulation; and governmental trade, fiscal, monetary or exchange control programs or policies could also materially impact Client investments.
- **Interest rate risk:** Recent high inflation and rising interest rates in the U.S. and elsewhere have led to market corrections and led many market participants and commentators to expect a more sustained economic downturn in the U.S. and/or globally. Governmental efforts to curb inflation often have negative effects on the level of economic activity. In addition, the market value of Client investments may decline in times of higher inflation rates as commonly used methodologies for valuing investments (such as discounted cash flow analysis) are sensitive to rising inflation and real interest rates. There can be no assurance that inflation and interest rate fluctuations will not continue to have a negative effect on economies and financial markets in general, and will not have a material adverse effect on a Client’s account and its underlying investments.
- **Exchange traded fund and mutual fund risk:** The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities that the ETF or mutual fund holds. Clients will incur



additional costs associated with ETFs and mutual funds (see “*Other Fees & Costs*” under *Item 5*).

Consumer Discretionary ETF Shares are listed for trading on NYSE Arca and can be bought and sold on the secondary market at market prices. Although it is expected that the market price of a Consumer Discretionary ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV vary significantly. Thus, the Client may pay more or less than NAV when you buy Consumer Discretionary ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares. Although Consumer Discretionary ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained. Trading of Consumer Discretionary ETF Shares on NYSE Arca may be halted by the activation of individual or market wide “circuit breakers” (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of Consumer Discretionary ETF Shares may also be halted if the shares are delisted from NYSE Arca without first being listed on another exchange or exchange officials determine that such action is appropriate in the interest of a fair and orderly market or to protect investors.

- ***Company risk:*** There is always a certain level of company or industry specific risk that is inherent in each investment. Although this risk can be reduced through appropriate diversification, it cannot be eliminated. There is the risk that the issuer will perform poorly or have its value reduced based on factors specific to the issuer or its industry. If the issuer experiences credit issues or defaults on debt, the value of the issuer may be reduced.
- ***Management risk:*** Investments managed by us vary with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities.
- ***Foreign investments risks:*** Non-U.S. investments, currency and commodity investments may contain additional risks associated with government, economic, political or currency volatility.
- ***Emerging markets risks:*** Emerging markets can experience high volatility and risk in the short term.
- ***Liquidity risks:*** Generally, assets are more liquid if many investors are interested in a standardized product, making the product relatively easy to convert into cash. Specialized investments may have reduced liquidity.
- ***Bond risks:*** Investments in bonds involve interest rate and credit risks. Bond values change according to changes in interest rates, inflation, credit climate and issue credit quality. Interest rate increases will reduce the value of a bond. Longer term bonds are more susceptible to interest rate variations than shorter term, lower yield bonds.
- ***Alternative investments risks:*** Alternative Investments are normally an investment with companies or sectors that are not publicly traded. These investments are normally very illiquid and can be volatile; therefore, they are not ideal for clients with frequent or unknown cash needs. There is normally no public market for alternative investments. As a result, if investors need to sell their shares, they will most likely do so at a substantial discount. Further, depending on the terms of the investment, the investor may not be able to transfer or sell their shares. The risk of investing in alternative investments is a substantial or complete loss of invested funds. In addition, investors may not see any return on their investment for some time depending on the type of investment and as a result, these investments should be seen as a long-term investment subject to a high risk of loss.
- ***Real Estate Investment Trusts (“REITs”) risks:*** A REIT is a corporation, trust or association that owns and manages a portfolio of real estate properties and/or mortgages, allowing shareholders to invest in larger-scale, income producing real estate. Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected

by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

- **Options risks:** Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.
- **Non-purpose loan risk:** Non-purpose loans carry a number of risks, including but not limited to the risk of a market downturn, tax implications if collateralized securities are liquidated, and an increase in interest rates. A decline in the market value of collateralized securities held in the account(s) at the custodian, may result in a reduction in the draw amount of the Client's line of credit, a demand from the Lending Program that the Client deposit additional funds or securities in the Client's collateral account(s), or a forced sale of securities in the Client's collateral account(s).

Because of the inherent risk of loss associated with investing, we are unable to represent, guarantee or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines. Past performance is not a guarantee of future returns. Investing in securities and other investments involves a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with their Advisor.

- **Pandemic risk:** Pandemic risk can result in market volatility and may have long-term effects many nations including the United States, individual companies, and the market(s). Pandemics may cause extreme volatility and disruption in both the U.S. and global markets causing uncertainty and risks to economic growth, etc. Cresset cannot predict the effects of significant future events on the global economy and securities markets. A similar disruption of the financial markets could impact interest rates, credit risk, inflation, and other factors.

### C. Generally

Cash balances are typically invested daily in interest-bearing money market accounts unless the Client directs otherwise.

Our strategies and investments could be subject to unexpected and significant tax implications. Cresset will manage portfolios with an awareness of tax implications, but long-term wealth compounding is our primary consideration. Regardless of account size or other factors, Cresset strongly recommends that its Clients continuously consult with a tax professional prior to and throughout the investing of their assets. Each Client is responsible for contacting their accountant, tax advisor, or other qualified professional to determine which cost basis accounting method is the right choice for them. Clients should provide Cresset with written notice of a Client's selected accounting method, and Cresset will alert the Client's custodian of the individually selected accounting method. Clients should be aware that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## Item 9: Disciplinary Information

There are no legal or disciplinary events involving the Adviser or its management persons that would be material to the evaluation of Cresset's advisory business or integrity of our management by a Client, prospective Client or investor in a Cresset advisory product.

The Adviser values the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any Adviser or service provider with whom you partner. Our backgrounds are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching our firm name or our CRD# 288566.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Financial Industry Affiliations

#### Cresset Partners, LLC

The Adviser is affiliated and under common control with Cresset Partners, LLC ("Cresset Partners"), a registered investment adviser with the SEC. Cresset Partners, through its subsidiaries, manages and offers direct access to investments private investment funds that are exempt from registration under the 1940 Act (collectively "Alternative Investments") to third-party investors and Clients of Cresset. Due to the affiliation, certain Cresset affiliates and related persons will benefit financially in their individual capacity if the Adviser's Clients invests in Cresset Partners' Alternative Investments. As a result, the Adviser has an incentive to invest Client funds in Cresset Partners' Alternative Investments, which creates conflicts of interest.

To address these conflicts of interests and related risks, the Adviser conducts appropriate due diligence prior to recommending such Alternative Investments to ensure any such recommendation aligns with the Client's investment needs and objectives and is in the Client's best interest. Further, upon the initial recommendation of an Alternative Investment, and as part of the Adviser's ongoing supervision of the Client's assets, the Adviser provides a "Conflicts of Interest Disclosure Statement" that includes relevant details regarding material financial interests and compensation surrounding such investment products. There is no requirement for the Adviser to recommend these products to Clients, nor are Clients obligated to invest in these products.

#### Flowstone Partners, LLC

The Adviser is affiliated and under common control with FlowStone Partners, LLC ("FlowStone"), a registered investment adviser with the SEC. FlowStone provides advisory services to a single client, the FlowStone Opportunity Fund (the "FlowStone Fund"), a closed-end fund registered under the 1940 Act, with the primary investment objective of generating appropriate risk-adjusted long-term returns by investing in a diversified portfolio of private equity investments. The Flowstone Fund typically invests in funds, either through a secondary acquisition or a primary commitment. The Flowstone Fund may invest directly in companies through equity and debt securities. The Adviser does not receive any direct or indirect economic benefit due to this affiliation. Additionally, there is no requirement for the Adviser to recommend these products to Clients, nor are Clients obligated to invest in these products.

#### Cypress Advisors, LLC

Cypress Advisors, LLC ("Cypress Advisors"), is the general partner to certain pooled investment vehicles (the "Cypress Funds"), for which the Adviser acts as the investment adviser. Cypress Advisors is managed by Cresset Management Services LLC, an affiliated entity and subsidiary of the Adviser. The Adviser is deemed to have control over Cypress Advisors through Cresset Management Services LLC. See "Cresset Management Services LLC" as discussed in *Item 10.B* below for further information

associated with this relationship. The Adviser has, and likely will in the future, recommend an investment in a Cypress Fund to Clients where the Adviser reasonably determines that such investment is consistent with the Client's investment objectives and is in the Client's best interests. However, there is no requirement for the Adviser to recommend these products to Clients, nor are Clients obligated to invest in a Cypress Fund. Due to this affiliation, certain Cresset affiliates and related persons will benefit financially in their individual capacity if the Adviser's Clients invests in a Cypress Fund. As a result, the Adviser has an incentive to invest recommend investments in the Cypress Funds, which creates conflicts of interest.

To address these conflicts of interests and related risks, the Adviser conducts appropriate due diligence prior to recommending an investment in a Cypress Fund to ensure any such recommendation aligns with the Client's investment needs and objectives and is in the Client's best interest. Further, upon the initial recommendation of a Cypress Fund, and as part of the Adviser's ongoing supervision of the Client's assets, the Adviser provides a "Conflicts of Interest Disclosure Statement" that includes relevant details regarding material financial interests and compensation surrounding such investment products. There is no requirement for the Adviser to recommend these products to Clients, nor are Clients obligated to invest in a Cypress Fund.

#### Willis Stein & Partners Management III, L.P.

The Adviser is affiliated, through common ownership, with Willis Stein & Partners Management III, L.P., a Delaware limited partnership and general partner of several private equity funds (herein "Management III"). Clients of Cresset will not be offered private equity funds of Management III. Cresset shares premises with Management III; however, Management III has no other business dealings in connection with Cresset's advisory business or services provided to Cresset Clients, and Cresset has no reason to believe that sharing premises with Management III creates a conflict of interest. All appropriate and necessary security policies and procedures are in place to ensure the security of Client information.

#### Caretta Partners, LLC

The Adviser is affiliated, through common ownership, with Caretta Partners, LLC ("Caretta"). Caretta is a private equity and venture capital firm specializing in early stage, growth equity, and buyout investments. Certain Cresset supervised persons, advisory board members and Clients are currently invested in Caretta, which occurred prior to becoming Clients of the Adviser. Cresset does not currently offer any current Client's investments in Caretta.

#### VennPoint Real Estate, LLC

The Adviser is affiliated, through common ownership, with VennPoint Real Estate, LLC ("VennPoint"). VennPoint invests in real estate for local communities, focused on the development, redevelopment, and acquisition of property. Certain Cresset supervised persons, advisory board members and Clients are currently invested in VennPoint, which occurred prior to becoming Clients of the Adviser. Cresset does not currently offer any current Clients investments through VennPoint.

#### True Capital Insurance Services, LLC

True Capital Insurance Services, LLC ("TCIS"), is an affiliated insurance brokerage company, licensed as such in AZ, CA, FL, TN, TX and WA, offering life and disability insurance placed through various carriers. TCIS also provides consulting services related to minimizing risk and protecting assets through health, umbrella, and property and casualty insurance. Certain licensed agents are authorized to act on behalf of TCIS and may sell life and disability insurance placed through various carriers. If a TCIS agent is compensated through insurance commissions, that agent is not allowed to provide and does not provide investment advice to any of the Adviser's Clients and is not licensed as an investment advisory

representative (“IAR”) of the Adviser as that relationship would create a conflict of interest. If a TCIS agent is also an IAR of the Adviser, that agent is not allowed to receive and will not receive commissions related to the sale of insurance, thus mitigating the conflict of interest. Additionally, there is no requirement that a TCIS agent recommend TCIS or its services. Nor are the Adviser’s Clients obligated to utilize TCIS or any of its services. The Adviser does not receive any compensation or fees from the activities of TCIS. While the Adviser endeavors at all times to put the interests of its Clients first, the affiliated relationship between TCIS and the Adviser inherently creates a conflict of interest as both entities are under common control. This conflict is disclosed to all Clients of the Adviser if offered any TCIS service.

#### Cresset Trust Company, LLC

The Adviser is affiliated, through common ownership, with Cresset Trust Company, LLC (“CTC”) (fka Meristem Trust Company, LLC). CTC received its Certificate of Authority to transact business as a South Dakota-chartered public trust company effective March 30, 2015. All account administration and trust company operations are performed in South Dakota through services agreements with South Dakota Trust Company, LLC, and SDTC Services, LLC. Trust services can be offered to Clients of the Adviser and advisory services offered to clients of CTC through their affiliation. Conflicts arise in some cases, among others, where CTC is responsible for making decisions around distributions from a trust and where such distributions could reduce the balance of the assets being managed by the Adviser. Accordingly, if CTC has a role in making distribution decisions, it agrees that any decisions around distributions will be made independent of any consideration relative to the impact distributions would have on assets under management and resulting fees. Further, all investment recommendations of trust accounts will be based solely on the best interests of the trust.

#### The Connable Office, a Cresset Company

The Adviser is affiliated, through common ownership, with The Connable Office, Inc. (the “Connable Office”), a Michigan-based multi-family office and organized as a private trust company. Through this affiliation, the Connable Office’s trust services can be offered to Clients of the Adviser and the Adviser’s advisory services can be offered to clients of the Connable Office. Conflicts arise in some cases, among others, where the Connable Office is responsible for making decisions around distributions from a trust and where such distributions could reduce the balance of the assets being managed by the Adviser. Accordingly, if the Connable Office has a role in making distribution decisions, it agrees that any decisions around distributions will be made independent of any consideration relative to the impact distributions would have on assets under management and resulting fees. Further, all investment recommendations of trust accounts will be based solely on the best interests of the trust.

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Cresset has policies and procedures designed to address these conflicts, including policies and procedures designed to ensure the allocation of investment opportunities among all Clients and Cresset affiliates on a fair and equitable basis over time, taking into account each Client’s investment objectives. Pursuant to such policy, Cresset seeks to analyze all investments in accordance with our documented fundamental due diligence research procedures. These procedures require us to evaluate all potential Client investments exclusively based on impartial proprietary and third-party fundamental analyses. The research also includes prior investment experience and the Client’s overall investment objectives. We also consider all Client referrals based on potential conflicts of interest and will not accept new Clients where there is an unreconciled material conflict of interest.

## **B. Other Affiliations Material to Our Advisory Services**

### Cresset Management Services LLC

Cresset Management Services LLC, a subsidiary of the Adviser, serves as sole manager of Cypress Advisors, the general partner of the Cypress Funds. All Cypress Funds are closed to new investment and have been since the Adviser was engaged. The Adviser merely acts as the investment adviser and manager through its affiliation with Cresset Management Services LLC. See “Cypress Advisors, LLC” as discussed in *Item 10.A* above for further information associated with this relationship.

### Cresset True Fund Management Services LLC

Cresset True Fund Management Services (“CTFMS”) a subsidiary of the Adviser, serves as the sole manager to certain funds offered through Cresset Partners, who also serves as the investment adviser with investment authority over these funds. See “Cresset Partners, LLC” as discussed in *Item 10.A* above for further information associated with this relationship.

### Cresset Business Management Services, LLC

Cresset Business Management Services, LLC (“CBMS”), a subsidiary of the Adviser, provides non-investment advisory services to assist its clients in the management of their finances. These services include bill pay services, bank account management, preparation of monthly cash flow statements and budgets, entity administration, credit consultation, and bookkeeping. The Adviser is also permitted to refer Clients to third-party vendors to assist such Client with payroll services, entity registration, and other matters. For a Cresset Client who engages CBMS for bill pay services and/or bank account management, the Client is required to establish one or more bank accounts with a third-party financial institution to serve as the qualified custodian bank of these client accounts. The Adviser is not affiliated with these third-party vendors or financial institutions. Additionally, some of these services could, and often do, create a custody relationship between the Adviser and the Client. See *Item 15 – Custody*.

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

### **A. Code of Ethics**

Cresset has implemented a Code of Ethics (the “Code”) that defines our fiduciary commitment to each Client. This Code applies to all persons associated with Cresset (our “Supervised Persons”). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to our Clients. Cresset and its Supervised Persons owe a duty of loyalty, fairness, and good faith towards each Client. It is the obligation of Cresset’s Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code, please contact us at (312) 429-2400 or via email at [info@cressetcapital.com](mailto:info@cressetcapital.com).

### **B. Employee Investments and Personal Trading with Material Interest**

Cresset allows its employees and the employees of affiliated entities as referenced in *Item 10* (herein collectively as “Cresset Entities”) to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Cresset does not act as principal in any transactions. In addition, the Adviser does not act as the general partner of a fund or advise an investment company. Cresset does not have a material interest in any securities traded in Client accounts.

Cresset encourages investment by its employees in investment products, which it believes promotes alignment with Clients generally. Cresset affiliates have and expect in the future to create one or more employee investment vehicles to facilitate investment by employees in Alternative Investments offered and managed by

the Adviser's affiliate, Cresset Partners. The terms of any employee investment (including through any employee investment vehicle) would generally be different from, and more favorable than, those by a Client or third-party investor in such Alternative Investments, including, by being subject to reduced management fees or performance-based compensation or not having their commitments pledged under a subscription facility. In addition, the participation by Cresset employees (including through any employee investment vehicles) in certain Alternative Investments in which Clients are also seeking to invest could, in certain circumstances, limit the ability of Clients to invest by, for example, limiting or reducing the available investment capacity for Clients and/or by affecting the pricing or terms of such investments. Cresset has adopted a policy to attempt to mitigate any conflicts created by such investments.

### **C. Personal Trading in Same Securities as Clients**

Cresset allows its Supervised Persons and the personnel of Cresset Entities to purchase or sell the same securities that are (or could be) recommended to and purchased on behalf of Clients. Owning the same securities that we recommend (purchase or sell) to you presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons could have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can potentially be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. Our policies prohibit our Supervised Persons from engaging in such actions. This risk is mitigated by Cresset conducting a coordinated review of personal accounts and the accounts of the Clients. We have also adopted written policies and procedures to detect the misuse of material, non-public information.

### **D. Personal Trading at Same Time as Client**

While Cresset allows our Supervised Persons and personnel of Cresset Entities to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. **At no time will Cresset, or any Supervised Person of Cresset, personally transact in any security to the detriment of any Client.**

### **E. Different Advice/Hedging**

In general, Cresset and its affiliates give different advice, take different action, receive more or less compensation, or hold or invest in different securities or investments from the advice given, actions taken, compensation received, or investments held for Client accounts.

Cresset's investment advice is tailored to differing investment objectives, risk tolerances, liquidity needs, time horizons and various other circumstances and factors of our Clients, and thus advice given to, or investment recommendations made, or other actions taken for, one or more Client accounts will compete with, affect, differ from, conflict with, or involve timing different from, advice given to, or investment decisions made for other Client accounts. Similarly, because market exposure may impact Cresset and its affiliates differently than it impacts our Clients, Cresset and its affiliates are permitted to seek to enter into hedging arrangements for their own accounts to hedge exposure to one or more markets, indices, commodities, asset classes or securities for corporate or risk management or other purposes. Any such hedging arrangements could be in opposition to positions or exposures taken by Client accounts at any time or from time to time.

### **F. Other Conflicts and Practices**

From time to time, various potential and actual conflicts of interest arise from the overall advisory, investment services, and other offerings of Cresset, its affiliates and personnel. The following briefly summarizes some of

these conflicts but is not intended to be an exhaustive list of all such conflicts. Clients and investors are advised to review the brochure in full and the applicable Governing Documents for more information on potential and actual conflicts of interest.

Gifts and Entertainment: Brokers, counterparties, service providers and other third parties with whom we do business occasionally provide gifts and entertainment to our principals and employees. From time to time, we expect to enter into business transactions and relationships on behalf of a Client with the donors of such gifts and entertainment. Such gifts and entertainment create a conflict of interest in our selection and retention of these donors as service providers for Clients. To address this conflict, we have adopted policies and procedures to: (1) monitor gifts and entertainment given and received by our principals and employees; and (2) limit the value of gifts and entertainment given and received.

Pay to Play: We have policies and procedures in place to help us monitor, and limit, the political contributions that our principals and employees make to public officials and candidates for elected office in accordance with the requirements of Rule 206(4)-5 under the Investment Advisers Act of 1940.

Disclosure of Portfolio and Other Information: On occasion, we expect to provide portfolio holdings information to entities that have been retained by Clients to evaluate portfolio risk. We provide this information in our sole discretion and reserve the right to cease providing information at any time. We make reasonable efforts to preserve the confidentiality of the information we provide, such as by entering into non-disclosure agreements, but we cannot ensure that the entities we provide information to will fulfill their confidentiality obligations.

Due Diligence Requests: In conducting due diligence, Clients periodically request information pertaining to their investments, and pertaining to us. We reserve the right to respond to these requests and are permitted to provide information that is not generally made available to other Clients. When we provide this information, we do so without an obligation to update any such information provided. However, we endeavor to provide the information requested in the most current form available.

Third Party Ratings: We do not pay or otherwise provide cash or non-cash compensation, directly or indirectly, in connection with the use of third-party ratings, awards or rankings. Nor do we pay to participate in surveys. After a rating, award or ranking is granted to us, we may pay to attend a banquet, frame an award or obtain survey results, but our ability to use or disclose the rating, award or ranking is not conditioned on, nor is it tied to, any such subsequent payments.

Interests in Client Transactions: As detailed in *Item 10* above, from time to time, the Adviser, on behalf of Clients, initiates or recommends transactions in the securities of companies in which the Adviser, the Adviser's affiliates and/or their respective related persons have a controlling or other material direct or indirect interest. For example, from time to time, the Adviser will recommend to Clients an investment in a Cresset Partners' Alternative Investment product or Cypress Fund. Conflicts of interest arise in connection with such recommendations because the Adviser could have an incentive to favor the interests of those other affiliates or related persons over those of its own Client. In such cases, the Adviser takes steps to ensure that such investment recommendation is in the Client's best interest, consistent with its fiduciary duty. The Adviser further endeavors to manage these conflicts of interest through, among other means, fully and clearly disclosing these conflicting relationships and related risks, and obtaining specific Client consent for the applicable transaction.

Material Non-Public Information: Certain personnel of the Adviser and its affiliates expect, from time to time, to acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Client managers will not be free to act on any such information. Thus, in certain cases, the Adviser will be unable to recommend or initiate transactions on behalf of Clients that they otherwise might have done and will be unable to sell investments that they otherwise might have sold, which could harm a Client. Despite the foregoing, the Adviser can determine, in its sole discretion at any time, that such information could impair



its ability to effect certain transactions on behalf of a Client, whether for legal, contractual, or other reasons. As a result, the Adviser can elect not to receive such information or to restrict access to such information to certain personnel that are placed behind an “information wall.” Lack of access to any such information could adversely affect a Client’s investments that in some cases could have been avoided had the Client or Adviser had such information. Further, despite the maintenance of restricted lists and other internal controls, such processes and protections could fail and lead to the Adviser, or one of its investment professionals, buying or selling a security while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could harm the Adviser’s reputation, lead to the imposition of regulatory or financial sanctions, and so harm the Adviser’s ability to perform its investment management services on behalf of a Client.

Cross Trades: Subject to any restrictions set forth in the relevant Fund Governing Documents, cross transactions among constituent vehicles of a Fund can arise in the context of automatic or manual rebalancing of investments among such parallel investing entities. These transactions are generally effected close in time to a Fund’s initial investment pursuant to authorizing provisions in the relevant Governing Documents, and the Adviser generally will not seek a fairness opinion or advisory board consent in connection with such automatic or manual rebalancing transactions. In connection with arranging a cross trade, some Funds (e.g., ETFs) could incur and bear certain brokerage fees or other customary transaction-related expenses charged by third party broker-dealers effecting such transaction that are not affiliated with the Adviser or its Affiliates. However, no fees will be charged by the Adviser or its affiliates to Funds in connection with the completion of a cross trade.

Fund-Specific Conflicts: With respect to certain private fund Clients, the Adviser and its affiliates engage in a broad range of advisory and non-advisory activities, including investment activities for the account of its Funds, and providing transaction-related, legal, management and other services to the Funds and their Fund investments. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of each Fund in an appropriate manner, as required by the relevant Fund’s Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund will likely conflict with the interests of the Adviser, another Fund, Fund investment, their respective affiliates, and in some cases, other Client accounts. Certain of these conflicts of interest are discussed herein. As a general matter, the Adviser will determine all matters relating to its management of the Funds using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Funds.

- *Relationship Among Clients* – The Adviser and its affiliates currently manage, and expect in the future to manage, several Client accounts that pursue investment strategies similar to, overlapping with, or related to the investment strategy of each other, which creates conflicts of interest for allocation of time, resources and investment opportunities. In addition, some Clients will involve different terms and fee structures that incentivize the Adviser to make more (or less) of a particular investment opportunity available to a Fund and therefore present conflicts of interest in respect of the managing and monitoring of such investments and evaluating and executing on disposition opportunities. Accordingly, the Adviser cannot assure equal treatment with respect to allocation of time, resources and investment opportunities. In addition, investments and other activities undertaken by the Adviser could affect the existing investments and/or investment opportunities of a Fund. For example, any such investment in a particular industry could limit the ability of a Fund to pursue other opportunities within the same or related industries. Additionally, portfolio companies in which the Adviser invests are expected to, from time to time, be in the same industry as, and compete with, a Fund’s portfolio company investments. In such instances, the Adviser will be free, in its discretion, to make recommendations and decisions with respect to the origination or disposition of such investments, independent of the recommendations and decisions made by the Adviser for the Fund. All such recommendations and decisions will be made for a Fund in a manner that the Adviser finds, based on

its fiduciary duties and contractual obligations, appropriate given the investment objective, liquidity, diversification and other limitations of a Fund. The principals and senior executives of any given fund manager are generally permitted to provide services to other Funds. A Fund's fund manager and its affiliates and principals often reserve the right to also manage separate accounts, which accounts may invest in the types of investments pursued by such Fund.

- *Outside Activities of Principals and Other Personnel and their Related Parties* – Certain personnel of the Adviser and its various affiliates may be subject to a variety of conflicts of interest relating to their responsibilities to the Clients and their respective portfolio companies or account holdings. For example, such individuals' outside business activities as members of investment or advisory committees or boards of directors of or as advisors to other investment funds, corporations, foundations or other organizations create a conflict if such other entities have interests that are adverse to those of the Adviser or any particular Client, including if such other entities compete with a Fund for certain resources. This involvement creates conflicts of interest in recommending or making investment(s) on behalf of a Client and such other funds, accounts and other entities. Although the Adviser will generally seek to minimize the impact of any such conflicts, there can be no assurance they will be resolved favorably for the Funds. Also, advisory personnel are generally permitted to invest in alternative investment funds, private equity funds, real estate funds, hedge funds and other investment vehicles, as well as securities of other companies, some of which will be competitors of the Funds. Investors will not receive any benefit from any such investments, and the financial incentives of advisory personnel in such other investments could be greater than their financial incentives in relation to the Funds.
- *Employee Fund* – Certain employees of the Advisers and its related persons are permitted to invest in a Cresset Partners-sponsored employee fund (the "Employee Fund"), which is not available to external Fund investors and has terms separate from those offered to external Fund investors. Subject to applicable law, the terms of an investment by an employee through an Employee Fund are expected to differ from, and in certain instances, be more favorable than, those of an investment by an external investor. For example, employees investing through an Employee Fund generally will not be subject to a management fee or carried interest with respect to their investment, may receive capital calls, distributions and information regarding investments at different times than external investors and could benefit from different credit facility arrangements than other Funds or investors. For example, Cresset employees investing through an Employee Fund generally will not be subject to carried interest with respect to their investment, may receive capital calls, distributions and information regarding investments at different times than external investors and could benefit from different credit facility arrangements than other Funds or investors. In addition, the Employee Fund offers its investors the potential for enhanced investment diversification across the Adviser's Funds that is not otherwise available to external investors.

\* \* \*

**The foregoing list of conflicts of interest does not purport to be a complete enumeration or explanation of the conflicts of interest involved in Cresset's investment advisory business.**

## Item 12: Brokerage Practices

### A. Recommendation of Custodian(s)

Cresset does not maintain discretionary authority to select a broker-dealer/custodian for custody and execution services on a Client's behalf. However, Cresset often recommends one or more custodian(s) to Clients to perform such custody and execution services. Although Clients are not obligated to use the Adviser's recommended custodian, the Adviser could be limited in the services it can provide if the recommended custodian is not engaged.

In recommending a counterparty/broker-dealer to execute trades on a Client's behalf, the Adviser seeks to obtain "best execution" for such Client transaction (i.e., the most favorable price and execution), pursuant to the Adviser's fiduciary duty. In seeking best execution, Cresset is not obligated to choose the counterparty offering the lowest available commission rate if, in the Adviser's reasonable judgment, (i) there is material risk that the overall cost to purchase securities will be higher or the proceeds from the sale of securities will be lower; (ii) a higher commission is justified by the trading or research services provided by the counterparty that fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or (iii) other considerations, such as the order size, the time required for execution, the depth and breadth of the market for the security, minimum credit quality considerations to transact business with a particular counterparty, or the quality of the counterparty's operations dictate utilizing a different counterparty.

Cresset is permitted to accept Client instructions for directing the Client's account transactions to a particular broker-dealer.

Cresset will generally recommend that Clients establish their account(s) at Fidelity Family Office Services, a division of Fidelity Clearing and Custody Services, a part of Fidelity Brokerage Services LLC (together with all affiliates "Fidelity"), Pershing LLC ("Pershing") and Charles Schwab & Co., Inc. ("Schwab"), each a FINRA-registered broker-dealer and member of Securities Investor Protection Corporation (SPIC) (each, a "Custodian" and collectively, the "Custodians"). Cresset maintains an institutional relationship with the Custodians, whereby the Adviser is entitled to receive economic benefits from the Custodians. Please see *Item 14* below.

Following are additional details regarding the brokerage practices of the Adviser:

1. **Soft Dollars** – Cresset does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian except as permitted under the safe harbor of Section 28(e) of the Exchange Act. The Adviser receives certain economic benefits from its recommended custodians. Please see *Item 14 – Client Referrals and Other Compensation* for additional information.
2. **Brokerage Referrals** – Cresset does not receive any compensation from any third party in connection with the recommendation for establishing an account.
3. **Directed Brokerage** – To the extent the Client does not enter into an engagement with a recommended custodian (see above), that Client may direct its trades be executed through the broker-dealer/custodian as directed by the Client (a "directed brokerage"). For directed brokerages, Cresset will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the applicable broker-dealer/custodian. The Adviser may not be able to aggregate orders to reduce transaction costs in a Client directed brokerage account.
4. **Trading Away/Prime Brokerage** - Relative to its discretionary investment advisory services, when beneficial to the Client, individual fixed income transactions may be executed through broker-

dealers other than a custodian with custody of the account. Should an account make use of prime brokerage, the Client may be required to execute an additional agreement with the custodian(s) authorizing the Adviser to trade away from and settle at the established account(s) at that custodian(s). The Client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate “trade away” and/or prime broker fee charged by the custodian with custody of the account.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results considering such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker-dealer/custodian. To the extent authorized, Cresset will execute its transactions through a custodian as authorized by the Client. When using recommended custodians, Cresset may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre- allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client accounts.

## **Item 13: Review of Accounts**

### **A. Frequency of Reviews**

Cresset has numerous strategy- and asset class-specific investment committees and advisory personnel that assist with reviewing Client accounts. Formal account reviews are generally conducted at least annually or more frequently depending on the needs of the Client by the respective Client account manager and certain other Cresset investment professionals.

### **B. Causes for Reviews**

In addition to the routine investment monitoring noted in *Item 13.A* above, Client accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client’s health, mental capacity, financial situation, and/or large deposits, withdrawals or other unusual transaction activity in the Client’s account. Clients are encouraged to notify Cresset if changes occur in the Client’s personal or financial situation that might adversely affect the Client’s investment plan. Additional reviews may be triggered by material market, economic or political events or at the Client’s request.

### **C. Review Reports**

Clients receive written brokerage statements no less than quarterly from their custodian. These brokerage statements are sent directly from the custodian to the Client. Client are also generally able to establish electronic access to the custodian’s website so that the Client can view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client’s account(s). The Adviser may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

### **A. Compensation Received by Cresset**

Cresset refers various unaffiliated, non-advisory professionals (e.g., attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Clients. Likewise, Cresset generally receives non-compensated referrals of new Clients from various third parties.

#### Participation in Institutional Advisor Platform (Pershing)

As disclosed in *Item 12 – Brokerage Practices* above, the Adviser has established a relationship with Pershing through its participation in the institutional advisor program offered by Pershing. Access to the Pershing Institutional platform is provided at no charge to the Adviser. The Adviser receives access to software and related support without cost because the Adviser renders investment advisory services to Clients that maintain assets at Pershing. Products and services provided by Pershing to the Adviser may not always benefit its Clients. In fulfilling its fiduciary duty to its Clients, the Adviser will always put the interest of its Clients first. Clients should note, however, that the receipt of any economic benefit from a custodian has the potential to create a conflict of interest as the receipt of benefits may influence the Adviser's decision to recommend a particular custodian over another custodian which does not offer similar software, systems, support, or services.

For example, Pershing may offer us, and our clients, economic benefits based on the amount of client assets we place and maintain with them. When certain conditions are met, Pershing may pay for certain costs related to education and training, industry and client events, transitioning clients to their platform, technology required to service clients and their investment activities, marketing, and other eligible types of services.

Additionally, the Adviser receives the following benefits from Pershing: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information. The Adviser does not exercise discretion over the selection of the Custodian, the Adviser will typically recommend Pershing to Clients for custody and execution services.

The Adviser may recommend Pershing based on criteria such as, but not limited to, reasonableness of fees and other costs charged to the Client, services made available to the Client, and the Custodian's reputation. The Adviser does not receive research services, other products, or compensation as a result of recommending a particular Custodian that may result in the Client paying higher fees or commissions than those obtainable through other broker-dealers/custodians. The Adviser generally recommends that Clients establish accounts at Pershing Advisor Solutions, a subsidiary of Pershing LLC, member FINRA, NYSE, SIPC, which is a wholly owned subsidiary of BNY Mellon N.A.

#### Participation in Fidelity's Family Office Services Advisor Platform

Cresset has established a relationship with Fidelity and acts as custodian for our Client account(s). In fulfilling its duties to its Clients, the Adviser endeavors at all times to act in the best interest of its Clients. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may create a financial incentive and influence the Adviser's recommendation of this Custodian.

For example, Fidelity may refer prospective clients or offer us certain pricing and fee structures based on utilizing Fidelity's platform, investing in certain types of Fidelity funds, and the amount of client assets we place with them. In addition, the Adviser generally receives access to software applications and related support without cost. When certain conditions are met, Fidelity may pay for certain costs related to industry events, transitioning Clients to their platform from other custodians, technology, research, marketing, and other products and services on our behalf. For more information about custodians and brokerage practices please see *Item 12 – Brokerage Practices*. Moreover, Cresset does not require any Client to utilize Fidelity as their custodian and each Client retains discretion to determine which custodian to use.

### Participation in Institutional Advisor Platform (Schwab)

Cresset has established an institutional relationship with Schwab through its “Schwab Advisor Services” unit, a division of Schwab dedicated to serving independent advisory firms like Cresset. As a registered investment adviser participating on the Schwab Advisor Services platform, Cresset receives access to software and related support without cost because the Adviser renders investment advisory services to Clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit the Adviser and many, but not all services provided by Schwab will directly benefit Clients. In fulfilling its duties to its Clients, the Adviser endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a conflict of interest since these benefits may influence the Adviser’s recommendation of this custodian over one that does not furnish similar software, systems support, or services.

*Services that May Benefit the Client* – Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients.

*Services that May Indirectly Benefit the Client* – Schwab provides participating advisers with access to support products, technology, research, discounts, and other services. In addition, the Adviser receives duplicate statements for Client accounts, trading tools, and back-office support services as part of its relationship with Schwab. These services are intended to assist the Adviser in effectively managing accounts for its Clients but may not directly benefit all Clients.

In addition, Schwab offers us certain pricing and fee structures based on the amount of assets that will be custodied with Schwab as well as other services and fee discounts for such things as transitioning client assets to Cresset and educational conferences and events. When certain conditions are met, Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf. Access to these services creates a financial incentive for the Adviser to recommend Schwab, which results in a conflict of interest. Cresset believes, however, that the selection of Schwab as Custodian is in the best interests of its Clients. For more information about custodians and brokerage practices please see *Item 12 – Brokerage Practices*.

### Business Entertainment

Our Supervised Persons may be occasionally provided with *de minimis* meals and entertainment from other financial service providers or third parties in the industry. This may present a conflict of interest in that we have an incentive to maintain a relationship with such providers or third parties. However, all such business entertainment will be conducted in strict accordance with our Code of Ethics, and we will act in our Clients best interests when engaging in any business with such providers or third parties.

## **B. Client Referrals from Promoters**

From time to time, the Adviser engages promoters, including affiliated employees, to refer investors, and generally compensates such promoters for those services. In using promoters, the Adviser must comply with various Advisers Act requirements as well as any related state securities requirements. Except for employees and certain affiliated persons of the Adviser, in accordance with relevant securities law exemptions, the promoter must disclose certain aspects of its relationship with the Adviser if receiving compensation greater than the *de minimis* amount. Any such compensation shall be paid solely from the advisory fees earned by the Adviser and shall not result in any additional charge to the Client.

### Participation in Fidelity’s Family Office Services MFO Program

The Adviser participates in the Fidelity Family Office Services MFO Program (the “Program”), through which the Adviser receives referrals from Fidelity Brokerage Services LLC (FBS), a registered broker dealer and Fidelity Investments company. The Adviser is independent and not affiliated with FBS or any Fidelity

Investments company. FBS does not supervise or control the Adviser, and FBS has no responsibility or oversight for the Adviser's provision of investment management or other advisory services.

Under the Program, FBS makes information about investment advisers and financial planners available to high net-worth investors. The Adviser does not pay any referral fees to FBS for such referrals. Any referral from FBS to the Adviser does not constitute a recommendation or endorsement by FBS of the Adviser's particular investment management services or strategies.

To receive referrals from the Program, the Adviser must meet certain minimum participation criteria, but the Adviser may have been selected for participation in the Program as a result of its business relationship with FBS and its affiliates. As a result of its participation in the Program, the Adviser may have a potential conflict of interest with respect to its decision to use FBS and its affiliates, for execution, custody and clearing for certain client accounts, and the Adviser may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to the Adviser as part of the Program.

#### Participation in Schwab Advisor Network®

The Adviser receives client referrals from Schwab through the Adviser's participation in Schwab Advisor Network (the "Service") which is designed to help investors find an independent investment adviser. Schwab is a broker-dealer independent of and unaffiliated with the Adviser. Schwab does not supervise the Adviser and has no responsibility for the Adviser's management of the Client's portfolios or the Adviser's other advice or services. The Adviser pays Schwab fees to receive client referrals through the Service. The Adviser's participation in the Service raises conflicts of interest described below.

The Adviser pays Schwab a fee on all referred Clients' accounts that are maintained in custody at Schwab ("Schwab Participation Fee"). The Schwab Participation Fee paid by the Adviser is a percentage of the fees the Client owes to the Adviser or a percentage of the value of the assets in the Client's account, subject to a minimum. The Adviser pays the Schwab Participation Fee, so long as, the referred Client's account remains in custody at Schwab. The Schwab Participation Fee is billed to the Adviser quarterly and may increase, decrease, or be waived by Schwab. The Schwab Participation Fee is paid by the Adviser and not by the Client. The Adviser will not charge referred Clients through the Service fees or costs greater than the fees or costs the Adviser charges to Clients with similar portfolios that were not referred through the Service.

Additionally, the Adviser pays Schwab a fee on all referred Clients' accounts that are maintained at, or transferred to, another custodian (collectively "Non-Schwab Participation Fee"). This Non-Schwab Participation Fee does not apply if the Client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Participation Fee is a one-time payment equal to a percentage of the assets placed with the custodian. The Non-Schwab Participation Fee is higher than the Schwab Fee, and as such, the Adviser is incentivized to recommend that Client accounts be held at Schwab.

The Schwab Participation Fee and Non-Schwab Participation Fee will be based on assets in accounts of the Adviser's Clients who were referred by Schwab and those referred Clients' household members. Thus, the Adviser will have incentives to encourage household members of Clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit the Adviser's fees directly from the accounts.

#### **Item 15: Custody**

Although Cresset does not take physical possession of Client funds or securities, we are deemed to have custody and/or control of certain Client assets when Cresset, a Cresset affiliate or a Supervised Person: (i) serves as general partner, managing member, or in a similar capacity with regard to a Cresset-advised Fund; (ii) has been granted authority to provide services that allows Cresset to move money or assets to another account; (iii) is permitted by the Client to directly deduct Cresset's advisory fees from the Client account; (iv) acts as trustee, executor, officer, director, or trust representative for a Client; (v) under a standing letter of authorization with the Client's custodian, is authorized to move assets to a Cresset affiliate or a third party; (vi) is in possession of

cash, check, or any security (collectively, “client funds”) and does not return such client funds directly to the Client within 72 hours of receipt; (vii) has login credentials to a Client account that would generally allow for more than just view only rights, i.e., ability to change a Client’s profile, contact information, or otherwise provide the ability to conduct transactions on behalf of the Client (examples would include access to bank accounts or credit cards to pay for expenses, bills, or other agreed upon services); (vii) engages in bill pay practices for Clients, as well as any other scenario or circumstance where Cresset is deemed to have custody and/or control of Client assets or securities under Rule 206(4)-2 under the Advisers Act (the “Custody Rule”).

To the extent required by SEC rules, including the Custody Rule, all Client assets are maintained with a qualified custodian, which is a broker-dealer, bank or another eligible firm that holds and maintains their investment assets. Except as noted below with respect to Cresset-advised Funds, Clients will receive quarterly account statements from their qualified custodian, in accordance with the Custody Rule requirements. We urge all Clients to carefully review the custodial statements and compare such official custodial records to the quarterly account statements that we or our affiliates may provide to you.

Except in the case of Cresset-advised Funds (as discussed below), Cresset engages an independent public accountant that is registered with, and subject to examination by the Public Company Accounting Oversight Board (“PCAOB”) to perform an annual surprise examination (“Surprise Examination”) of those assets and accounts over which Cresset maintains custody.

#### Custody of Fund Assets

All Fund assets are maintained with a qualified custodian. Generally, Cresset relies on the audit exception to the Custody Rule with respect to its Funds. In accordance with the audit exemption, each such Fund obtains an annual audit of its financial statements performed by an independent public accountant that is registered with, and subject to examination by the PCAOB. Copies of the annual audited financial statements, which are prepared in accordance with generally accepted accounting principles, are distributed to all Fund investors within 120 days (or in the case of the Cypress Funds, which are fund of funds, within 180 days) of the end of each fiscal year.

Where necessary, Cresset will rely on a Surprise Examination to meet applicable Custody Rule requirements. In such circumstances, Fund investors should likewise carefully review statements received from third-party custodians and should compare the audited annual financial statements received from a Fund against the account statements received from the qualified custodian.

### **Item 16: Investment Discretion**

With respect to its discretionary Client accounts, Cresset is generally granted investment discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client, subject to the Client’s specified investment objectives, guidelines, or limitations (which may arise from applicable laws and regulations or from the terms of such Client’s advisory agreement or similar documents). Cresset is only granted discretionary authority upon full disclosure to the Client. The granting of such authority is evidenced by the Client’s execution of its advisory agreement containing all applicable limitations to such authority. All discretionary trades made by Cresset will be in accordance with each Client’s investment objectives and goals. Based on the terms of the applicable Client management agreement, Cresset may act in a consulting or advisory capacity only and without discretion.

For Funds, investment guidelines and restrictions are described in the respective Fund’s Offering Documents and Cresset is generally granted discretion through the relevant Fund’s organizational document or its advisory agreement with the Fund. In general, investors in the Funds are not permitted to impose restrictions or limitations. However, from time to time, Cresset has entered and could in the future enter into side letter or other written agreements with one or more Fund investors which have the effect of establishing rights under, or altering, modifying, or changing the terms of interest held by investors.



Cresset is generally granted limited or no investment discretion with respect to its non-discretionary investment advisory Clients (or the specific asset types or sub-portfolios of discretionary accounts to which consent requirements pertain).

### **Item 17: Voting Client Securities**

Cresset is generally responsible for voting proxies with respect to securities held in Client accounts, although Clients are permitted to opt-out from this general practice on a security-specific basis or in its entirety by providing written notice to Cresset. Where Cresset has been delegated the responsibility for voting proxies, it will take reasonable steps under the circumstances to ensure that proxies are received and voted in the best long-term interests of its Clients. This generally means voting proxies with a view to enhancing the value of the securities held in Client accounts, considering all relevant factors, and without giving undue weight to the opinions of other individuals or groups who may have an economic interest in the outcome of the proxy vote. Cresset's authority is initially established through its advisory agreement with the Client.

As a matter of policy and as a fiduciary to its Clients, Cresset's primary consideration in determining how proxies should be voted is the Client's best financial interest. Any material conflicts of interest between Cresset and its Clients with respect to proxy voting are resolved in the best interests of the Clients.

In an effort to help mitigate risks involved with any conflicts of interest that could otherwise arise in the voting of Client proxies, Cresset has adopted the proxy voting guidelines of an outside proxy voting firm, Institutional Shareholder Services Inc. ("ISS"). Cresset has also engaged ISS to act as agent for the proxy voting process, to maintain records on proxy votes for its Clients, and to provide independent research on corporate governance, proxy and corporate responsibility issues.

Cresset reviews the ISS's proxy voting guidelines and conducts a due diligence assessment of ISS and the performance of its duties as agent at least annually. Cresset's Compliance Department reviews such due diligence to ensure voting determinations are indeed in the respective Client's best interest and in accordance with the proxy voting guidelines.

While Cresset expects to vote proxies according to ISS's recommendations, certain issues may need to be considered on a case-by-case basis due to the diverse and continually evolving nature of corporate governance issues. If such cases should arise, then Cresset will devote appropriate time and resources to consider those issues.

Where Cresset is responsible for voting proxies on behalf of a Client, the Client cannot direct the vote on a particular solicitation. However, as noted above, a Client can decline to assign proxy voting authority to Cresset during the account opening process or upon written notice to Cresset. Proxies will then be sent to the Client's address of record by default. In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Cresset maintains with persons having an interest in the outcome of certain votes, Cresset will take appropriate steps, whether by following ISS's recommendations or otherwise, to ensure that proxy voting decisions are made in what it believes is in the best interest of its Clients and are not the product of any such conflict.

Clients and Fund investors can obtain additional information regarding Cresset's proxy voting practices by contacting us at (312) 429-2400 or via email at [info@cressetcapital.com](mailto:info@cressetcapital.com).

### **Item 18: Financial Information**

Neither Cresset nor its management have any adverse financial situations that would reasonably impair the ability of Cresset to meet all obligations to its Clients. Neither Cresset nor its management have been subject to a bankruptcy or financial compromise within the last ten years. Cresset is not required to deliver a balance sheet

along with this Brochure as the Adviser does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.

# CRESSET ONE FEE PROGRAM

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*Sponsored by*

**CRESSET ASSET MANAGEMENT,  
LLC**

*an SEC Registered Investment Adviser*

Form ADV 2A - Appendix 1: Wrap Fee Program Brochure

**March 27, 2024**

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This Form ADV Part 2A - Appendix 1 ("Wrap Fee Program Brochure") provides information about the qualifications and business practices for Creset Asset Management, LLC, also conducting advisory business under the names of Creset and Creset Sports & Entertainment, ("Creset" or the "Adviser") when offering services pursuant to a wrap program. This Wrap Fee Program Brochure shall always be accompanied by the Form ADV Part 2A ("Brochure"), which provides complete details on the business practices of the Adviser. If you did not receive the complete Brochure or you have any questions about the contents of this Wrap Fee Program Brochure or the Brochure, please contact us at (312) 429-2400 or by email at [info@cresetcapital.com](mailto:info@cresetcapital.com)

Creset is a registered investment adviser with the U.S. Securities and Exchange Commission ("SEC"). The information in this Wrap Fee Program Brochure has not been approved or verified by the SEC or by any state securities authority. Registration as an investment adviser does not imply any specific level of skill or training. This Wrap Fee Program Brochure provides information about Creset to assist you in determining whether to retain the Adviser.

Additional information about Creset and its advisory persons are available on the SEC's website at <http://www.adviserinfo.sec.gov/> by searching for our firm name or by our CRD# 288566.

**444 West Lake Street, Suite 4700  
Chicago, IL 60606  
Telephone: 312.429.2400  
Email: [info@cresetcapital.com](mailto:info@cresetcapital.com)**

## Item 2 | Material Changes

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This Wrap Fee Program Brochure provides information about a variety of topics relating to the Adviser's business practices, compliance policies and procedures, and conflicts of interest. The Adviser routinely updates the Wrap Fee Program Brochure to improve and clarify the description of such information or in response to evolving industry or firm practices. In particular, this Wrap Fee Program Brochure discusses the Wrap Fee Program's offering by the Adviser.

### **Material Changes**

Since the last amendment update to this Wrap Fee Program Brochure, dated September 26, 2023, the Adviser has increased its minimum account size from \$20,000 to \$25,000. Aside from the foregoing change, the Adviser has not made any other material changes to this Wrap Fee Program Brochure.

### **Future Changes**

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

At any time, you may view this Wrap Fee Program Brochure and the current Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 288566. You may also request a copy of this Brochure at any time, by contacting us at (312) 429-2400 or by email at [info@cressetcapital.com](mailto:info@cressetcapital.com).

Cresset encourages all current and prospective wrap fee program Clients to read this Wrap Fee Program Brochure carefully and in its entirety and to discuss any questions you may have with us.

**Item 3 | Table of Contents**

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## Item 4 | Services, Fees and Compensation

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This Wrap Fee Program Brochure is provided alongside, and as a supplement to, Cresset’s Form ADV Part 2A (“Brochure”) to provide additional disclosure regarding the Cresset One Fee Program, a wrap fee program sponsored, managed and operated by Cresset (the “Wrap Fee Program” or “Program”).

### Services

As of October 2023, the Program is generally no longer offered to new clients and continues only to be offered for the benefit of Clients currently in the program, closely affiliated relationships to those Clients, and in certain extraordinary circumstances. This Wrap Fee Program Brochure references back to the Brochure in which this Wrap Fee Program Brochure serves as an appendix. Please see *Item 4 – Advisory Services* of the Brochure for details on Cresset’s investment philosophy and related services.

The Cresset One Fee Program Is exclusively offered by Cresset through its custodial relationship with Fidelity. Please see *Item 9 - Additional Information* of this Wrap Fee Program Brochure below.

### Program Fee

Advisory services provided by Cresset, incurred in connection with discretionary investment management, are offered in a wrap fee structure whereby certain trading costs—including those executed by independent investment managers (“Independent Managers”) where appropriate—custodial fees, brokerage fees, and other fees are included in the overall investment advisory fees paid to Cresset by the Client.

Investment advisory fees are based on the market value of managed assets and may be subject to a minimum annual fee of \$25,000 not to exceed 2.00% annually. Fees may be negotiable at the sole discretion of the Adviser. Client fees will take into consideration several factors, including aggregate assets under management, the complexity of the services to be provided, and the overall relationship with the Adviser. Certain legacy Clients who transferred to Cresset as a result of an acquisition with an unrelated third-party adviser may have billing processes that differ from the above.

As the level of trading in a Client’s account(s) may vary from year to year, the annual cost of the Program to the Client may be more or less than purchasing such services separately where the transactions costs are borne separately by the Client. The cost of the Wrap Fee Program varies depending on the services to be provided to each Client, however, the Client is not charged more if there is higher trading activity in the Client’s account(s). Please see *Item 5 – Fees and Compensation* in the Brochure for complete details on fees.

### Other Costs and Expenses

Clients may incur certain additional fees or charges imposed by third parties in connection with investments made on behalf of the Client. Independent Manager fees and certain associated fees and costs are not included in the advisory fees and the Client will be directly responsible for those fees. The advisory fees also do not include any margin interest, costs associated with exchanging foreign currencies, exchange fees, foreign clearing fees, taxes, the fees associated with the short-term trading of mutual funds, certain fees associated with Fidelity’s (SAN) Separate Account Network, the fees and expenses charged by Alternative Investments, or any fund, private investment vehicle, or investment company.

Securities transaction fees for Client-directed trades may also be charged back to the Client.

**Please Note:** Effective September 7, 2016, the Program fee does not cover the asset management fees of any Independent Manager to whom Client assets are allocated under the Program. Clients who entered the Program prior to this date were given the choice between (1) being grandfathered from having to pay Independent Manager fees on their behalf, or (2) migrating to the modified program, through which the Client would pay their own Independent Manager fees.

#### Other Compensation

Because Cresset is the sponsor and portfolio manager of this Wrap Fee Program, Cresset receives compensation in the form of an advisory fee as a result of a Client's participation in the Wrap Fee Program. A wrap fee structure imposes certain conflicts of interest as the Adviser has an incentive to reduce its costs for the services it provides the Client by (1) transacting in securities where the custodian does not charge fees; (2) by transacting in securities where the fees are directly charged to the Client's account; or (3) by limiting the number of trades placed in the Client's account(s).

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### **Item 5 | Account Requirements and Types of Clients**

Cresset offers investment advisory services to individuals, high net worth individuals, trusts, estates, retirement plans, charitable organizations, corporations, other business entities and pooled investment vehicles. Cresset generally imposes a minimum account size of \$25,000 for establishing a relationship. Please see *Item 7 – Types of Clients* in the Brochure for additional information.

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### **Item 6 | Portfolio Manager Selection and Evaluation**

#### Portfolio Manager Selection

Cresset is the sponsor and sole portfolio manager of the "Cresset One Fee Program." Cresset recommends that Clients allocate a portion of their assets to Independent Managers where appropriate. As noted above, effective September 7, 2016, the Program fee does not cover the asset management fees of any Independent Manager to whom Client assets are allocated under the Program.

Cresset personnel serve as portfolio managers for this Wrap Fee Program. Cresset does not serve as a portfolio manager for any third-party Wrap Fee Programs.

In recommending, or recommending the replace of, Independent Managers to Clients under this Program, Cresset generally adheres to the same decision-making process as detailed in *Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss* of the Brochure.

#### Voting Client Securities

With respect to voting Client securities pursuant under the Wrap Fee Program, Cresset generally adheres to same guidelines as set forth in *Item 17 – Voting Client Securities* of the Brochure.

Clients can obtain additional information regarding Cresset's proxy voting practices by contacting us at (312) 429-2400 or via email at [info@cressetcapital.com](mailto:info@cressetcapital.com).

## Item 7 | Client Information Provided to Portfolio Managers

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Cresset is the sponsor and sole portfolio manager for the Program. Accordingly, the Adviser does not share Client information with other portfolio managers. Please also see Cresset’s Privacy Policy.

## Item 8 | Client Contact with Portfolio Managers

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Cresset is a full-service investment management advisory firm. Clients always have direct access to the Portfolio Managers at Cresset. No restrictions are placed on Clients’ ability to contact and consult with their Portfolio Managers.

## Item 9 | Additional Information

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### A. Disciplinary Information and Other Financial Industry Activities and Affiliations

#### Disciplinary Information

There are no legal or disciplinary events involving the Adviser or its management persons that would be material to the evaluation of Cresset’s advisory business or integrity of our management by a Client, prospective Client or investor in a Cresset advisory product. While Cresset does not have any reportable disciplinary events to disclose its Advisory Persons may. Please see *Item 9 – Disciplinary Information* of the Brochure as well as Item 3 of each Advisory Person’s Brochure Supplement for additional information on how to research the background of the Adviser and its Advisory Persons.

#### Other Financial Activities and Affiliations

Please see *Items 10 – Other Financial Industry Activities and Affiliations* of the Brochure.

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

Cresset has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons subject to Cresset’s compliance program (our “Supervised Persons”). Complete details on the Cresset Code of Ethics can be found under *Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading* in the Brochure.

#### Review of Accounts

Investments in Client accounts are monitored on a regular and continuous basis by Advisory Persons of Cresset. Details of the review policies and practices are provided in *Item 13 – Review of Accounts* of the Brochure.

#### Other Compensation

Participation in Fidelity’s Family Office Services Advisor Platform (Fidelity) – Cresset has established a relationship with Fidelity to act as custodian for our Client account(s). In fulfilling its duties to its Clients, the Adviser endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates

## Cresset Asset Management, LLC – Appendix 1: Wrap Fee Program Brochure

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a conflict of interest since these benefits may create a financial incentive and influence the Adviser's recommendation of this Custodian.

For example, Fidelity may refer prospective clients or offer us certain pricing and fee structures based on utilizing Fidelity's platform, investing in certain types of Fidelity funds, and the amount of client assets we place with them. In addition, the Adviser may receive access to software applications and related support without cost. When certain conditions are met, Fidelity may pay for certain costs related to industry events, transitioning Clients to their platform from other custodians, technology, research, marketing, and other products and services on our behalf.

Please see *Item 12 – Brokerage Practices* and *Item 14 – Other Compensation* in the Brochure for details on additional practices and compensation that may be received by Cresset or its Advisory Persons. Each applicable Advisory Person's Brochure Supplement (also included with this Wrap Fee Program Brochure) provides details on any outside business activities and the associated compensation. Moreover, Cresset does not require any Client to utilize Fidelity as their custodian and each Client retains discretion to determine which custodian to use.

#### Client Referrals from Promoters

If a Client is introduced to the Adviser by either an unaffiliated or affiliated party (herein a "Promoter"), the Adviser may compensate Promoters a fee in accordance with Rule 206(4)-1 of the Advisers Act and any corresponding state securities requirements. Any such compensation shall be paid solely from the investment advisory fees earned by the Adviser and shall not result in any additional charge to the Client. Additionally, Cresset may compensate eligible employees for referring new Clients.

#### Financial Information

Neither Cresset nor its management have any adverse financial situations that would reasonably impair the ability of Cresset to meet all obligations to its Clients. Neither Cresset nor its management have been subject to a bankruptcy or financial compromise within the last ten years. Cresset is not required to deliver a balance sheet along with this Brochure as the Adviser does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.