CRESSET®

CRESSET ASSET MANAGEMENT, LLC

Form ADV 2A Disclosure Brochure

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MARCH 15, 2019

CRESSET ASSET MANAGEMENT, LLC

FORM ADV 2A – DISCLOSURE BROCHURE

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March 15, 2019

This Form ADV Part 2A ("Disclosure Brochure") provides information about the qualifications and business practices of Cresset Asset Management, LLC, also conducting advisory business under the names of Cresset, Cresset Wealth Advisors, Cresset Family Office, and Cresset Evanston Advisors ("Cresset", "we", and/or the "Advisor"). If you have any questions about the contents of this Disclosure Brochure, please contact us at (312) 429-2400 or by email at info@cressetcapital.com.

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

Additional information about Cresset and its Advisory Persons is available on the SEC's website at www.adviserinfo.sec.gov by searching with our firm name or our CRD# 288566.

Item 2: Material Changes

This Disclosure Brochure is the disclosure document for Cresset Asset Management, LLC prepared according to regulatory requirements and rules.

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients:

- The Advisor may introduce Clients to non-purpose loan programs. Please see Item 4 and 8.
- The Advisor accepts custody of Client assets. Please see Item 15.
- The Advisor accepts proxy voting authority and has engaged a third party service provider to vote Client proxies. Please see Item 16.
- The Advisor offers tax preparation services through a wholly-owned subsidiary. Please see Item 4 and 10.
- The Advisor also conducts business under the name Cresset and Cresset Evanston Advisors.

We will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days of the close of our fiscal year. We will also provide you with other interim disclosures about material changes to the information provided in this Disclosure Brochure as necessary or required.

Whenever you would like to receive a complete copy of the current Disclosure Brochure, please contact us at (312) 429-2400 or info@cressetcapital.com. We will be happy to provide you with a complete copy.

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A. Firm Information

Cresset Asset Management, LLC ("Cresset"), formerly known as Cresset Wealth Advisors, LLC, consists of three wholly-owned subsidiaries, Cresset Wealth Advisors, LLC, Cresset Family Office, LLC, and Cresset Asset Management Acquisition, LLC. All investment advisory and family office services are provided through Cresset Asset Management, LLC, a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). Cresset was founded in March 2017 and is organized as a limited liability company under the laws of the State of Delaware. Cresset is a wholly-owned subsidiary of Cresset Intermediate Holdco LLC ("Cresset Holdco"). Cresset Holdco is a wholly owned subsidiary of Cresset Capital Management LLC, which was founded by Avy Stein and Eric Becker. Cresset is operated by Michael Cole (Chief Executive Officers), Jack Ablin (Chief Investment Officer), David Mills (Chief Financial Officer), Nimesh Patel (Chief Operating Officer) and Robert Pagliuco (Chief Compliance Officer).

B. Advisory Services Offered

Cresset offers investment advisory and family office services to individuals, high net worth individuals, trusts, estates, retirement plans, charitable organizations, corporations and other business entities (each referred to as a "Client").

The Advisor serves as a fiduciary to clients, as defined hereinafter. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. Our fiduciary commitment is further described in our Code of Ethics. For more information regarding our Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Wealth Management Services

Cresset provides Clients with wealth management services, which generally includes a broad range of comprehensive financial planning and consulting strategies as well as discretionary and non-discretionary investment advisory services. These services are described below:

Investment Advisory Services

Cresset offers continuous and ongoing investment advice and portfolio management services pursuant to the client management/advisory agreement. Our advice and services are tailored to meet our Client's individual needs, life circumstances and investment goals. We have discussions with the Client to determine the Client's investment objectives, risk tolerance, time horizons and liquidity needs.

Clients may impose reasonable restrictions and guidelines on investing in certain securities, types of securities or industry sectors. We expect all such restrictions to be timely communicated to us. Client restrictions and guidelines may negatively affect investment performance. We also expect Clients to inform us of any changes to their financial circumstances, investment objectives or risk tolerance, or of any modifications or restrictions that should be imposed on the management of the Client's assets. In this manner, Cresset can better serve our Clients' needs.

Account management and supervision is guided by the Client's needs and objectives and market conditions. We manage Clients' investment accounts on a discretionary and non-discretionary basis. We will monitor the portfolio's performance on an ongoing and continuous basis, unless otherwise agreed, and will make adjustments and reallocations as necessary due to changes in market conditions and the Client's circumstances as communicated to us.

For our discretionary asset management services, Cresset will receive a limited power of attorney to effect securities transactions on behalf of a Client. The Client may limit our discretionary authority by providing us with a written communication that details restrictions and other guidelines.

Unless otherwise agreed to by the Client and Cresset, if we manage a Client's account[s] on a non-discretionary basis, we will have the ongoing responsibility to make investment recommendations based on the Client's individualized investment strategy or we will develop and implement an asset allocation strategy, which we will continuously monitor and supervise. We would first obtain a Client's approval before executing transactions in a non-discretionary account. Requests for approval will be communicated via electronic mail to an authorized account or via a telephone call to an authorized phone number. The Client will be responsible for responding in a timely manner.

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 fund 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

Each type of security has its own unique set of risks associated with it, and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it. Because some types of investments involve certain additional degrees of risk, they will only be recommended and implemented when consistent with the Client's needs and objectives.

Non-Purpose Loans – The Advisor may introduce certain Clients to non-purpose loan program made available through certain Custodians' banking partner affiliates ("Lending Program"). In such instances, the Client's assets in their account[s] at the Custodian will be utilized as collateral for a non-purpose loan. The recommendation of a Lending Program presents a conflict of interest as the Advisor will continue to receive investment advisory fees for managing the collateralized assets in the Client's account[s]. Clients are not obligated to engage the Advisor for the Lending Program. For additional information related to the risks involved non-purpose loans and lines of credit, please see Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.

Use of Independent Managers – As part of our investment advisory services, we may recommend one or more third-party money managers to manage all or a portion of the Client's investment portfolio. Factors we take into consideration when making our recommendation include, but are not limited to, the money manager's performance, investment strategies, methods or analysis, advisory fees and other fees, assets under management, and the Client's financial objectives and risk tolerance.

We would generally retain authority to hire/fire the third-party money manager, and we regularly monitor the performance of the money manager to ensure its management and investment style remain aligned with the Client's objectives and risk tolerance. Cresset continuously manages any third-party money manager relationship and continuously monitors the Client's account[s] for performance metrics and adherence to the Client's goals and objectives.

Each third-party money manager maintains a separate disclosure document that will be provided directly to the Client from the third-party money manager. The Client should carefully review the third-party money manager's disclosure document for information regarding fees, risks and investment strategies, and conflicts of interest. The third-party money manager will charge fees to the Client, which fees will be in addition to the fees charged by Cresset.

Financial Planning Services
Cresset may also provide financial planning services as a component of wealth management services or pursuant to a financial planning or consulting agreement. Such services may include a comprehensive evaluation of a 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 to achieve financial goals and objectives. We may also prepare reports at the Client's request.

A financial plan may address one or more of the following areas:

- **Financial Position**: Understanding of a Client's current financial situation. Sources of evaluation include income, expenses, assets, liabilities, etc.
- **Investment Planning**: Determining the most suitable way to structure investments to meet financial goals, and determine the appropriate account type (*e.g.*, joint tenants, IRA, Roth IRA, etc.)
- **Income Tax Planning**: Evaluating the current tax situation to help minimize a Client's taxes and find more profitable ways to use the extra income generated.
- **Retirement Planning**: Assessing retirement needs to help a Client determine how much to accumulate, as well as distribution strategies designed to create a source of income during retirement years.
- **Credit Planning**: Evaluating a 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. Information gathered includes 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 may require the services of a specialist such as an insurance specialist, attorney or tax accountant. We may recommend 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.

Financial plans are based on the Client's financial situation at the time we present the financial plan to the Client, and on the information provided to us. The Client must promptly notify us if his/her financial situation, goals, objectives or needs change. Certain assumptions may be made with respect to interest rates, inflation rates, and use of past trends and performance of the market and economy. Past performance is not indicative of future performance. We cannot offer any guarantees or promises that a Client's financial goals will be met.

Tax Preparation Services – The Advisor also offers tax preparation and accounting services to Clients under a wholly owned subsidiary Cresset Tax Services, LLC. Details of these services are included in Item 10 – Other Financial Industry Activities and Affiliations.

<u>Family Office Services</u>
Cresset also offers comprehensive family office services which encompasses both strategic and tactical advisory consulting.

Strategic consulting may include, but is not limited to:

- Culture, Values, and Vision Alignment
- Family and Business History
- Governance & Decision Making
- Role Clarification and Succession
- Learning and Development
- Family Meetings and Retreats
- Philanthropic Consulting

Tactical consulting may include, but is not limited to:

- Enterprise Administration and Reporting
- Cash and Liquidity Management
- Estate Planning and Business Transitions
- Risk Assessment and Mitigation
- Banking and Credit Consulting
- Thematic and Impact Investing

<u>Retirement Plan Advisory Services</u>
Cresset provides 3(21) retirement plan advisory services to retirement plans (each a "Plan") and their respective company sponsors (the "Plan Sponsor"). The Advisor'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
- Performance Reporting
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance
- Benchmarking Services

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 Advisor reasonably expects under the engagement.

C. Client Account Management
Prior to engaging Cresset to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. 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 of 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.

D. Wrap Fee Programs
Cresset does not manage or place Client assets into a wrap fee program.

E. Client Assets under Management
As of February 25, 2019, Cresset manages $3,338,953,833 in Client assets, $2,704,216,349 of which is on a discretionary basis and $634,737,484 of which is on a non-discretionary basis. Clients may request more current information at any time by contacting the Advisor.

Item 5: Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into a written agreement with the Advisor.

Investment Advisory Services
Investment advisory fees are paid quarterly, either in advance or arrears, pursuant to the terms of the agreement. Investment advisory fees may be fixed with respect to non-discretionary management of investment portfolios or based on the market value of assets under management at the beginning or end of the calendar quarter. Investment advisory fees that are based on the market value of assets ranging up to 2.00% based on several factors, including: the complexity of the services to be provided, the level of assets to be managed, and the overall relationship with the Advisor. Certain legacy Clients who transferred to Cresset as a result of an acquisition with an unrelated third party advisor may have billing processes that differ from the above.

The investment advisory fee in the first quarter of service is prorated and billed in arrears from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by Cresset will be independently valued by the Custodian, as defined hereinafter. Cresset will not have the authority or responsibility to value portfolio securities.

The Client may make additions to and withdrawals from their account[s] at any time, subject to the Advisor's right to terminate an account. Additions may be in cash or securities provided that the Advisor reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client's account[s]. When the investment advisory fee is billed in advance, if assets are deposited into or withdrawn from the Client's account[s], the fee will be adjusted in the next billing period to reflect the fee difference.

The Advisor's fee is exclusive of, and in addition to, brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

Investment advisory fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor or its delegate shall send an invoice, file, or other acceptable form of request to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning or end of the respective quarter. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Cresset at the beginning or end of the quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting advisory fees to be deducted by Cresset directly from their account[s] held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

Cresset is compensated for its services either at the end of or in advance of the quarter (or such different time frame for those certain legacy clients) in which investment advisory services are rendered. Either party may terminate the agreement, at any time, by providing advance written notice to the other party. The Client may terminate the agreement within five (5) business days of signing the Advisor'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 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 Advisor is non-transferable without the Client's prior consent.

All Client assets will be managed within their designated account[s] at the Custodian, pursuant to the Client's agreement. For additional information, please see Item 12 – Brokerage Practices and Item 15 – Custody.

Use of Independent Managers - Clients who use a third-party money manager may also be charged fees by that third-party money manager. 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 may be limited to certain types of accounts and may be subject to account minimums as determined by the third-party money manager. The Client may be able to access certain third-party money managers directly. As such, Clients may be able to access such managers at a lower cost through other channels.

Unaffiliated Private Fund Investments – For unaffiliated non-custodial partnership/private fund investments, the Client shall be required to complete the applicable private placement and/or account opening documents to establish these investments. The Advisor will debit its fee for providing investment advisory services with respect to these relationships directly from a brokerage account designated by the Client held at the Primary Custodian. For certain non-custodial partnership/private fund investments, the Advisor may not receive quarter-end investment valuations prior to its fee billing calculation. In such instances, the Advisor will bill the annual rate as defined above based on the most recent quarter-end valuation available for the calculation of investment advisory fees. The Advisor will recalculate its fee upon receipt of final valuations. Adjustments are reflected in the fee calculations for the next quarterly period.

Affiliated Private Fund Investments - Cresset may also provide investment advisory services with respect to affiliated non-custodial partnership/private fund investments, which are not held at the primary Custodian. In such instances, the Client shall be required to complete the applicable private placement and/or account opening documents to establish these investments. The Advisor will debit its 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 partnership/private fund investments, the Advisor will bill the annual rate as defined above based on the lower of market (third-party annual valuation) or gross invested capital value at the beginning of each year. The investment advisory fee will be deducted quarterly, either in advance or arrears.

Financial Planning Services
Cresset's financial planning may be offered as a component of wealth management services or pursuant to a financial planning or consulting agreement. Cresset offers stand-alone financial planning services on an hourly basis ranging up to $365 per hour. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. An estimate for total hours and overall costs will be provided to the Client prior to engaging for these services. Fees are negotiable at the sole discretion of the Advisor. Although the length of time it will take to provide a financial plan depends on each Client's personal situation, we will provide an estimate for the total fee at the start of the planning relationship. If it is determined that the estimate is materially incorrect, we will provide the Client with an updated estimate as soon as reasonably determined. Financial planning fees may be invoiced up to fifty percent (50%) of the expected total fee upon execution of the financial planning agreement. The balance shall be invoiced upon completion of the agreed upon deliverable[s]. Additionally, Cresset may reduce or waive the financial planning fees in certain circumstances.

In some circumstances, the financial plan may require the services of a specialist such as an insurance specialist, attorney or tax accountant. (Cresset does not provide any legal, tax or accounting advice.) Cresset may recommend 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 specialist directly.

Cresset may require an advance deposit as described above. Either party may terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor'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 Advisor. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

Family Office Services
Cresset offers family office services for an annual or project-based fixed fee. Fees are payable quarterly at the beginning or end of each quarter as agreed upon with the Client. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. Family office fees are invoiced by the Advisor and due upon receipt of the invoice or as otherwise agreed upon between the Client and Cresset. Either party may terminate the family office services agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the family

office services agreement within five (5) business days of signing the Advisor'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 advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Client's family office services agreement with the Advisor is non-transferable without the Client's prior consent.

Retirement Plan Advisory Services

Fees for retirement plan advisory services are paid quarterly, either in advance or arrears, pursuant to the terms of the retirement plan advisory agreement. Investment advisory fees are based on the market value of assets under management at the beginning or end of the calendar quarter. Retirement plan advisory fees may range up to 2.00% based on several factors, including: the complexity of the services to be provided, the level of assets to be managed, and the overall relationship with the Advisor. Fees are negotiable depending on the size and complexity of the Plan.

Fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement. Either party may terminate the retirement plan advisory agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the retirement plan advisory agreement within five (5) business days of signing the Advisor'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 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 Advisor is non-transferable without the Client's prior consent.

Other Fees and Expenses

Clients may incur certain fees or charges imposed by third parties, other than Cresset, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian. The fees charged by Cresset are separate and distinct from these custody and execution fees.

In addition, all fees paid to Cresset for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of Cresset, but would not receive the services provided by Cresset which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Cresset to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

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

Cresset does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees, which are based on the share of capital gain or capital appreciation of a Client's account.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged a performance-based fee. We do not charge performance-based fees.

Item 7: Types of Clients

Cresset offers investment advisory and family office services to its Clients. Cresset may offer its services to individuals, high net worth individuals, trusts, estates, retirement plans, charitable organizations, and corporations and other business entities. The amount of each type of Client is available on the Advisor's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor. Cresset generally does not impose a minimum size for establishing a relationship. We reserve the right to terminate our relationship with any Client if we believe that the account is too small to effectively manage.

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

Cresset may use one or more of the following methods of analyses or investment strategies when providing investment advice to Clients, subject to the Clients' investment objectives, risk tolerance, time horizons and stated guidelines:

- ***Fundamental Analysis***. We attempt 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). We look 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***. We analyze past market movements and apply that analysis to the present in an attempt 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 in that a poorly managed or financially unsound company may underperform regardless of market movement. Past performance is not a guarantee of future performance.
- ***Quantitative Analysis***. We use mathematical models and statistical modeling in an attempt 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 may be based on assumptions that prove to be incorrect. Quantitative analysis does not necessarily factor in all variables.
- ***Qualitative Analysis***. We 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 is using qualitative analysis is that our subjective judgment may prove incorrect.
- ***Charting***. We 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. We look at prospectuses, research materials, financial newspapers and magazines. There is no guarantee that past trends will reoccur.
- ***Asset Allocation***. Rather than focusing primarily on securities selection, we attempt 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 appropriate for the Client's goals.

- ***Mutual Fund and/or ETF Analysis***. We 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. We also look 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 may 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.
- ***Alternative Non-traded Private Investments***. We look to potential transactions sourced by offerors known to Cresset and its related persons. 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 may be 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.

Cresset has formed an investment committee, which includes both senior management and investment managers, to perform analysis of investments on behalf of 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 with regard to all the strategies discussed below.

Investment Strategies

Cresset uses the following strategies in managing Client accounts. Investment strategies and advice may 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 restrictions and guidelines may affect the composition of his/her portfolio.

- ***Long-term Purchases***. 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 advantages 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 in an attempt 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 may 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 is not a fundamental part of Cresset's overall investment strategy, but we may use this strategy very occasionally when given authority and we determine that it is suitable given a Client's stated investment objectives and tolerance for risk.

- ***Option Writing***. We may 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. We may 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 us 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 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 not a fundamental part of Cresset's overall investment strategy, but we may use this strategy very occasionally when given authority and we determine that it is suitable given a Client's stated investment objectives and tolerance for risk.
- ***Lending/Collateral.*** We may use the securities within a Client's account as collateral for a loan or borrowing a security. In addition, there may be 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, the collateral security is still exposed to credit, interest and liquidity risks. If a Client is borrowing against a security, the value of that security may shift, which would leave the Client in an unlimited risk position. This is for sophisticated investors with large net worth and liquid assets to cover losses if necessary.

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 future performance of any specific investment or investment strategy will be profitable. Further, there may 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 does not engage in high-frequency trading activities or algorithmic trading strategies.

Additional risks may include:

Market risk: Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of Client investments. 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 preferred stocks and debt obligations of an issuer.

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.

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 the ETF or mutual fund holds. Clients will incur additional costs associated with ETFs and mutual funds (see 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.

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 then shorter term, lower yield bonds.

Alternative Investments (Private non-traded securities, limited partnerships) Risks: Alternative Investments is 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, if investors need to sell their shares they will so mostly like at a substantial discount. Further, depending on the terms of the investment, the investor may not be able to transfer or sell his/her shares. The risk of investing in alternative investments is the majority or complete loss of invested funds depending on the underlying companies. In addition, investors may not see any return on investment for some time depending on the type of investment; these investments should be seen as a long-term investment subject to high risk of loss.

Real Estate Investment Trusts ("REITs") risks: Investing in Real Estate Investment Trusts ("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 extended. 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 involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.

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

Our strategies and investments may have unique and significant tax implications. Cresset will manage portfolios with an awareness of tax implications, but long-term wealth compounding is our primary consideration. Specific goals regarding account tax efficiency should be set forth in a writing signed by both us and the Client. 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 Clients' assets. Each Client is responsible for contacting his/her tax advisors to determine which cost basis accounting method is the right choice for the Client. 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

Cresset is required to disclose any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of us, our business or the integrity of our management or associated persons.

Neither Cresset nor any of its Advisory Persons have any reportable disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Cresset Intermediate HoldCo, LLC and Cresset Capital Management LLC
The Advisor is a wholly-owned subsidiary of Cresset Intermediate HoldCo, LLC ("Cresset HoldCo") which is a wholly-owned subsidiary of Cresset Capital Management LLC ("Cresset Capital"), both of which are Delaware limited liability companies. Cresset Capital is a privately held limited liability company with two managing members. Cresset HoldCo is also the owner of Cresset Partners LLC.

Cresset Partners LLC
The Advisor is affiliated and under common control with Cresset Partners LLC ("Cresset Partners"). Cresset Partners consists of four wholly-owned subsidiaries, Cresset SPG, LLC, Cresset Private Capital, LLC, Cresset Real Estate, LLC and Cresset Partners QOZ, LLC (herein collectively "Subsidiaries"). Cresset Partners, through its Subsidiaries manages and offers real estate, private investments and a closed-end registered investment companies (collectively "Investment Products") to third-party investors and Clients of Cresset. Due to the affiliation, owners may benefit financially in their individual capacity if the Advisor invests Client funds into Investment Products. As a result, the Advisor may have an incentive to invest Client funds into Investment Products.

Prior to recommending Investment Products, the Advisor will conduct appropriate due diligence to ensure any recommendation to a Client to invest into these Investment Products aligns with the Client's investment needs and objectives. In addition, the Advisor will provide additional disclosure information to each Client, which will include relevant details regarding material financial interests and compensation surrounding Investment Products. Finally, there is no requirement for the Advisor to recommend these products to Clients, nor are Clients obligated to invest into these products.

Cresset Tax Services LLC
The Advisor also offers tax preparation and accounting services to Clients through Cresset Tax Services LLC ("Cresset Tax", an affiliated entity controlled by the Advisor. Tax preparation and accounting services are separate and distinct from the advisory services offered to Clients and based on the unique needs of each Client. The time devoted to tax preparation increases during tax season. Clients are not obligated to engage Cresset Tax for these services in order to have an advisory relationship with the Advisor.

Willis Stein & Partners Management III, L.P.
The Advisor is affiliated, through common ownership of, 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 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 security of Client information.

Caretta Partners, LLC
The Advisor 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 Advisor. Cresset does not currently offer any current Clients investments into Caretta.

VennPoint Real Estate, LLC

The Advisor 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 Advisor. Cresset does not currently offer any current Clients investments into VennPoint.

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 you, our Client. 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.

B. Personal Trading with Material Interest

Cresset allows our Supervised Persons 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 Advisor 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.

C. Personal Trading in Same Securities as Clients

Cresset allows our Supervised Persons to purchase or sell the same securities that may 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 may 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 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, transact in any security to the detriment of any Client.**

Item 12: Brokerage Practices

A. Recommendation of Custodian[s]

Cresset does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage a broker-dealer/custodian to custody Client assets and execute trades, and the Client may authorize Cresset to direct trades to the custodian if so agreed upon in the investment advisory agreement. The custodians will serve as the Client's "qualified custodian." The Client may also grant the Advisor limited authority to place trades away from the custodian. Please see Prime Brokerage Authorization below.

Although Cresset does not exercise discretion over the selection of the custodian, Cresset may recommend one or more custodian[s] to Clients for custody and execution services. Clients are not obligated to use the recommended custodian. However, the Advisor may be limited in the services it can provide if the recommended custodian is not engaged. Cresset may recommend the custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client and services made available to the Client. Cresset will generally recommend that Clients establish their account[s] at National Financial Services LLC, Fidelity Clearing and Custody Solutions and Fidelity Brokerage Services LLC (together with all affiliates "Fidelity"), Raymond James Financial Services, Inc. ("RJFS"), Pershing LLC ("Pershing") and Charles Schwab & Co., Inc. ("Schwab"), each a FINRA-registered broker-dealer and member of SIPC (collectively the "Custodians"). Cresset maintains an institutional relationship with the Custodians, whereby the Advisor receives economic benefits from the Custodians. Please see Item 14 below.

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

1. Soft Dollars - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. **Cresset does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian except as permitted under the safe harbor rules. The Advisor may receive certain economic benefits from its recommended custodians. Please see Item 14 – Client Referrals and Other Compensation.**

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 effected 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 Advisor 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 effected 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 Advisor 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 taking into account 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

Securities in Client accounts are monitored on a regular and continuous basis by Advisory Persons of Cresset. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

B. Causes for Reviews

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify Cresset if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

C. Review Reports

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may 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 Advisor 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 may refer Clients to 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 may receive non-compensated referrals of new Clients from various third-parties.

<u>Participation in Institutional Advisor Platform (Pershing)</u>

As disclosed in Item 12 above, the Advisor 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 Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment advisory services to Clients that maintain assets at Pershing. Products and services provided by Pershing to the Advisor may not always benefit its

Clients. In fulfilling its fiduciary duty to its Clients, the Advisor 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 Advisor's decision to recommend a particular custodian over another custodian which does not offer similar software, systems, support or services.

Additionally, the Advisor may receive 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 Advisor does not exercise discretion over the selection of the Custodian, the Advisor will typically recommend Pershing to Clients for custody and execution services. The Advisor may recommend Pershing based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and the Custodian's reputation. The Advisor 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 commissions than those obtainable through other broker-dealers/custodians. The Advisor 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 The Bank of New York Mellon Corporation.

<u>Participation in Institutional Advisor Platform (Fidelity)</u>
Cresset has established an institutional relationship with Fidelity to assist the Advisor in managing Client account[s]. Access to the Fidelity platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment advisory services to Clients that maintain assets at Fidelity. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor 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 potential conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

Additionally, Pursuant to a services agreement, Fidelity has agreed to directly pay certain vendors up to $390,000 in eligible transition related expenses incurred by Cresset, which are generally start-up costs and expenses related to such things as overhead, computers, software and research, Client record management system. These expenses and payments are to be reviewed in accordance with Fidelity's policies and procedures. As part of our transition, Fidelity has also offered to reimburse up to $100,000 in account termination fees and close out fees (ACAT fees) for Client accounts transferred to Fidelity from said Clients then current custodians. Fidelity has also agreed to customize transition support and to reimburse ACAT fees and certain transition expenses for each additional independent investment advisor introduced to Fidelity by us. Fidelity will assign us a transition team that will provide us with implementation assistance and training. This may include onsite support. Fidelity is offering us a certain pricing and fee structure based on the number of Client accounts that will be transferred to Fidelity within twelve (12) months and the amount of assets that will be custodied with Fidelity within twelve (12) months.

This transition assistance is intended to assist us with implementation and start-up costs, including rent, overhead expenses, computers, monies owed to third parties and similar costs. This assistance is also intended to help us transition Clients to the Fidelity platform, and have Clients custody their assets with Fidelity. This presents a conflict of interest in that we have a financial incentive to maintain a relationship with Fidelity, and direct our Clients to custody at and effectuate transactions through Fidelity in order to benefit by having the transition assistance, to qualify for certain assistance and/or to obtain certain pricing and fee structure.

Clients should be aware that in evaluating whether to recommend that Clients custody their assets or establish brokerage accounts at Fidelity, we will consider the availability of some of the benefits received (as described above and in Item 14) as part of the total mix of factors we examine, and may not solely consider the nature, cost or quality of custody and brokerage services provided by Fidelity, which may create a potential conflict of interest and may influence our choice of custody and brokerage services recommend to Clients. As a result of receiving services for no additional cost, Cresset may have an incentive to continue to use or expand the use of Fidelity's services.

However, as part of our fiduciary duties to our Clients, we must at all times put the interests of our Clients first. Our receipt of benefits from Fidelity does not diminish our duty to act in the best interests of our Clients, including seeking best execution of trades for Client accounts. Furthermore, we have conducted due diligence on Fidelity and believe it to provide quality services and comparable pricing.

Participation in Institutional Advisor Platform (RJFS)

Cresset has established an institutional relationship with RJFS to assist the Advisor in managing Client account[s]. Access to the RJFS platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment advisory services to Clients that maintain assets at RJFS. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor 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 potential conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

Pursuant to a services agreement, RJFS has provided us with cash transition assistance from \$125,000 to \$1,525,000, the amount of which is contingent upon placing into their custody a certain amount of assets with RJFS within eighteen (18) months of entering into that services agreement. In order to retain this cash transition assistance, we must maintain a minimum asset level with RJFS for a period of five (5) years. If we fail to transition a certain minimum asset level to custody with RJFS, then we have to repay RJFS 10% of any of the above-referenced transition assistance for each 5% we fall below the minimum asset level within this five (5) year period. Except as provided for above, the cash transition assistance is generally not subject to repayment. As part of our transition, RJFS has also agreed to pay certain ACAT fees for Client accounts transferred to RJFS within six months of entering into the services agreement. Further, RJFS has also offered to pay travel expenses associated with attending an IAD conference within one year of entering into the services agreement. RJFS will assign us a transition team that will provide us with implementation assistance and training. This will include onsite support. RJFS is offering us a certain pricing and fee structure based on the number of Client accounts that will be transferred to RJFS within twelve (12) months and the asset level with RJFS.

This transition assistance is intended to assist us with start-up costs, including rent, overhead expenses, computers, monies owed to third parties and similar costs. This presents a conflict of interest in that we have a financial incentive to maintain a relationship with RJFS, and direct our Clients to custody at and effectuate transactions through RJFS in order to benefit by having the transition assistance, to qualify for certain assistance and to not be required to repay certain assistance received.

Clients should be aware that in evaluating whether to recommend that Clients custody their assets or establish brokerage accounts at RJFS, we will consider the availability of some of the benefits received (as described above and in Item 14) as part of the total mix of factors we examine, and may not solely consider the nature, cost or quality of custody and brokerage services provided by RJFS, which may create a potential conflict of interest and may indirectly influence our choice of custody and brokerage services.

However, as part of our fiduciary duties to our Clients, we must at all times put the interests of our Clients first. Our receipt of benefits from Fidelity does not diminish our duty to act in the best interests of our Clients, including seeking best execution of trades for Client accounts. Furthermore, we have conducted due diligence on Fidelity and believe it to provide quality services and comparable pricing.

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 advisor participating on the Schwab Advisor Services platform, Cresset receives access to software and related support without cost because the Advisor renders investment advisory services to Clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit the Advisor and many, but not all services provided by Schwab will benefit Clients. In fulfilling its duties to its Clients, the Advisor 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 potential conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

Services that 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's funds and securities. Through Schwab, the Advisor may be able to access certain investments and asset classes that the Client would not be able to obtain directly or through other sources. Further, the Advisor may be able to invest in certain mutual funds and other investments without having to adhere to investment minimums that might be required if the Client were to directly access the investments.

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

Services that May Only Benefit the Advisor – Schwab is offering us a certain pricing and fee structure based on the amount of assets that will be custodied with Schwab within twelve (12) months as well as other services and financial support to Cresset that may not benefit the Client, including: educational conferences and events, consulting services and discounts for various service providers. Access to these services creates a financial incentive for the Advisor to recommend Schwab, which results in a potential conflict of interest. Cresset believes, however, that the selection of Schwab as Custodian is in the best interests of its Clients.

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 Referral from Solicitors
Cresset may engage and compensate unaffiliated third party referral sources (a "Solicitor") for Client referrals. Clients will not pay a higher fee to Cresset as a result of such payments to a Solicitor. The Advisor shall enter into an agreement with the Solicitor, which requires that full disclosure of the compensation and other conflicts is provided to the prospective client prior to or at the time of entering into the advisory

agreement.

Item 15: Custody

Cresset is deemed to have custody over certain Client accounts and/or securities. Pursuant to securities regulations the Advisor is required to engage an independent accounting firm to perform an annual surprise examination of those assets and accounts over which Cresset maintains custody. Opinions issued by the independent accounting firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website (http://adviserinfo.sec.gov).

Related Person Custody

The Advisor is affiliated, through common ownership, with the general partners and managers to Investment Products, which may be offered to Clients of Cresset. As such, in connection with advisory service provided to Clients, related persons are deemed to have custody of certain Client assets. An independent public accountant conducts an annual audit of the pooled investment vehicles that are managed by the related person and the audited financial statements are distributed to the investors in the pools within 120 days of fiscal year end.

All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct Cresset to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by Cresset to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

Item 16: Investment Discretion

Cresset generally has 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. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Cresset. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment 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.

Item 17: Voting Client Securities

Cresset may accept proxy-voting responsibility for any Client. Cresset will vote each proxy in accordance with its fiduciary duty to its advisory clients. Cresset has engaged Institutional Shareholder Services, Inc ("ISS"), a third-party, independent proxy advisory firm to vote proxies in order to mitigate risks involved with any conflicts of interest that might otherwise arise in the voting of client proxies. Although 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. The Client can decline to assign proxy voting authority to Cresset during the account opening process. Proxies will then be sent to the 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 recommendation 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.

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 Disclosure Brochure as the Advisor does not collect advance fees of $1,200 or more for services to be performed six months or more in the future.