



CRESSET®

CRESSET ASSET MANAGEMENT, LLC

# Form ADV 2A Disclosure Brochure

444 West Lake Street, Suite 4700 | Chicago, IL 60606 312.429.2400 | [info@cressetcapital.com](mailto:info@cressetcapital.com)

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[www.cressetcapital.com](http://www.cressetcapital.com)

**CRESSET ASSET MANAGEMENT, LLC**

**FORM ADV 2A – DISCLOSURE BROCHURE**

444 West Lake Street, Suite 4700  
Chicago, IL 60606

Telephone: 312.429.2400 Email: [info@cressetcapital.com](mailto:info@cressetcapital.com)

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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, PagnatoKarp, Berman Capital Advisors, and Berman Cresset (“Cresset”, “we”, “our” and/or the “Advisor”). If you have any questions about the content of this Disclosure Brochure, please contact us at (312) 429-2400 or by email at [info@cressetcapital.com](mailto: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 as 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](http://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.

No material changes were made to this Disclosure Brochure with this filing.

The following material changes were made to this Disclosure Brochure within the last twelve months which we are required to disclose to you:

- When agreed upon between the client and Cresset in the Client Engagement Agreement, the Advisor may charge a performance-based fee on assets in certain types of investment accounts that we manage based on the performance of the account. Please see Item 6 for additional information.
- The Advisor is also conducting business under the names Berman Capital Advisors and Berman Cresset.
- Mr. Randall Conte has been hired as our Chief Operating Officer. He along with the Client Relationship team have assumed the responsibilities of Mr. David Jackson and Ms. Brigid Reidy who were formerly our Chief Experience Officer and Vice President of Client Experience.
- Mr. William Rudnick is our General Counsel.
- We have changed the name of our Wrap Fee Program to the Cresset One Fee Program fka the PagnatoKarp One Fee Program. Please see Item 4.D. (Wrap Fee Programs) for additional information.

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](mailto:info@cressetcapital.com). We will be happy to provide you with a complete copy.

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## Item 4: Advisory Business

### A. Firm Information

Cresset Asset Management, LLC (“Cresset”) has the following active subsidiaries, CAM TAMPCo LLC, CAM GrowthCo LLC, and Cresset Asset Management Acquisition, LLC. Cresset Asset Management Acquisition, LLC has the following subsidiaries, Cresset Management Services, LLC, Cresset BCA, LLC, Cresset Evanston Advisors, LLC, Cresset Tax Services, LLC, Cresset Cypress Wealth Advisors, LLC, and Cresset PKP, LLC (fka PagnatoKarp Partners, LLC). PagnatoKarp Tax Services, LLC, is a subsidiary of Cresset Tax Services, LLC, Cresset Constellation, LLC and CSKIV, LLC are subsidiaries of CAM GrowthCo, 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 Asset Management, LLC also conducts business under the names of Cresset, PagnatoKarp, Berman Capital Advisors, and Berman Cresset. 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 majority owned subsidiary of Cresset Intermediate Holdco LLC (“Cresset Holdco”). Cresset Holdco is a majority owned subsidiary of Cresset Capital Management, LLC, which was founded by Avy Stein and Eric Becker. Cresset is operated by Doug Regan (Co-Chairman), William Rudnick (General Counsel), Jack Ablin (Chief Investment Officer), Michael Costabile (Chief Financial Officer), Randall Conte (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, other business entities, and pooled investment vehicles (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.

Additionally, Cresset is proud to commit to using best efforts to abide by the following ten principles, referred to as the True Fiduciary® Standards\*.

1. Embrace the legal fiduciary obligation to place Clients’ interests first.
2. Deliver comprehensive financial planning.
3. Provide fee-only advice.
4. Do not accept commissions.
5. Receive only one source of revenue: Client fees.
6. Provide transparency on portfolios and investments.
7. Remain independent from any bank, broker dealer, insurance company or custodian.
8. Measure Client performance returns using independent third parties.
9. Do not create products to sell or price any public securities.
10. Do not physically hold or possess any Client assets, securities, or money.

\* Please note that the Advisor has affiliations, through common ownership and/or control, with other registered investment advisors, registered financial service institutions, and pooled investment vehicles. Advisor may recommend its affiliates’ products and services to Clients. The above Standards have been adopted by the Advisor and not its affiliated entities. In no event is a Client obligated to use affiliates’ services or purchase products. Please see Item 10 for additional information.

### 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 engagement/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 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 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

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 greatly. 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.

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.

*Non-Purpose Loans* – When deemed to be in the Client's best interest, the Advisor will introduce certain Clients to non-purpose loan programs made available through certain Custodians or other banking relationships (“Lending Program”). In such instances, the Client's assets in their account[s] at the Custodian will be utilized as collateral for the 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* – When deemed to be in the Client's best interest, 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 managers' performance, their investment strategies, methods or analysis, advisory fees, 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 third-party money manager relationships 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 either be provided directly to the Client from the third-party money manager or by Cresset based on the terms of our agreement with the third-party manager. The Client should carefully review the third-party money manager's disclosure document for information regarding fees, risks, 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.

#### Private Fund Investment Advisor

The Advisor also serves as the investment advisor to a number of pooled investment vehicles (referred to herein as “Funds”). The Funds make investments across a variety of asset classes, including public equities of various types (for example, small-cap, large-cap and non-U.S. securities), specialized fixed income, hedge funds, private real estate holdings and private equity investments. In some cases, the Funds may be sub-managed by specialty professional investment managers that we research and recommend.

Fund investors have no opportunity to select or evaluate any Fund investments or strategies. Each Fund is managed according to its stated strategy and do not tailor Fund strategies to the individual needs of Fund investors.

For purposes of relying upon an exemption from securities registration under the Securities Act of 1933, as

amended (the “Securities Act”), each Fund is only available to “accredited investors” as defined in the Securities Act. Generally, the term “accredited investor” includes individuals who have a net worth of at least \$1 million or who have individual income of at least \$200,000 each year for the last two years (or joint income of \$300,000 with his or her spouse) and expect to earn the same amount in the current year.

**For additional information on each Fund’s strategy please consult the private placement memorandum.**

#### Financial Planning Services

Cresset also provides 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 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 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 the Client's taxes and find more profitable ways to use the extra income generated.
- **Retirement Planning:** Assessing retirement needs to help the Client 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. 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 the Client's financial goals will be met.

### Family Office Services

Cresset also offers comprehensive 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

### Retirement Plan Advisory Services

Cresset provides 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 Services (ERISA 3(21))
- 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.

### Other Advisory Services

Cresset “may” engage a third party to provide the Client with class action related services. Clients may opt-out on a security specific basis or in its entirety by providing written notice to Cresset.

### **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 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.

#### **D. Wrap Fee Programs**

In certain instances, Cresset combines brokerage execution services, administrative expenses, and other fees and expenses together with its investment advisory fees. Combining fees into a single asset-based fee is considered a “Wrap Fee Program”. Cresset is the sponsor and sole portfolio manager of the “Cresset One Fee Program”. Clients that are included in the Wrap Fee Program may 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’s account[s] during the year. Please see Appendix 1 – Wrap Fee Program Brochure, which is included as a supplement to this Disclosure Brochure.

#### **E. Client Assets under Management**

As of October 15, 2021, Cresset manages \$20,553,466,548 in Client assets, \$16,950,739,936 of which are managed on a discretionary basis and \$3,602,726,611 on a non-discretionary basis. Included in the assets under management is Private Fund valuations of \$139, 355, 897 as of March 31, 2021. 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 Fees

Investment advisory fees are paid either monthly or quarterly (the “billing period”), in advance or in arrears, pursuant to the terms of the Client agreement. Investment advisory fees may be fixed with respect to non-discretionary management of investment portfolios or based on the market value of assets held in accounts under management at the beginning, end, or average value during the billing period. The investment advisory fee in the first billing period of service is prorated and billed in arrears from the date the assets are transferred into the Advisor’s management to the last day of the billing period.

Investment advisory fees are based on the market value of managed assets with a minimum annual fee of \$20,000 (not to exceed 2.00% annually). Fees may be negotiable at the sole discretion of the Advisor. 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 Advisor. Certain legacy Clients who transferred to Cresset from an unrelated third-party advisor may have billing processes that differ from the above.

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 the account[s]. Additions may be in cash or securities provided that the Advisor reserves the right to liquidate any transferred securities or decline to accept securities into a client’s account. 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 will be adjusted in the next billing period to reflect the fee difference for which those managed assets were under the Advisor’s management. Note, the Advisor’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 a billing period.

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 billing period. The amount due is calculated by applying the annual billing rate to the total assets under management multiplied by the percentage of time in the billing period over the calendar year. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting the 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.

The Advisory fee is how Cresset is compensated for the advisory services it provides and is exclusive of, and in addition to, the costs of holding the investment, independent manager fees, brokerage fees, applicable transaction fees, and other related costs and expenses, which may be incurred by the Client. The Advisor does not receive any portion of these costs or fees.

The Advisory fee stated in the Client Agreement may be terminated by either party 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 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 Advisor is non-transferable without the Client's prior consent.

*Use of Independent Managers* – Clients who use a third-party money manager may also be charged fees by the 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 updated 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 valuation available for the calculation of investment advisory fees.

*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 private fund investments, the Advisor will bill the annual rate as defined above based on (i) the fair market value of the investment as determined no less than annually, or (ii) gross invested capital value if the fair market value of the investment has not yet been determined.

Since fund managers generally charge fees, a Cresset Client invested in this type of investment may incur fees, in total, more than the annual rate as defined above.

#### Private Fund Investment Advisor

As the investment advisor to pooled investment vehicles, Cresset's advisory fee will be billed in advance as defined above based on each Fund's most current net asset value. The limited partnership is charged a flat 0.75% per annum fee across all limited partnership assets.

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 Advisor will refund any unearned portion of any advance payment back to the fund.

Certain legacy relationships may exist where the fees may differ from those described above. The Advisor may, in its sole discretion, 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.

Clients should refer to the offering documents for each Fund for detailed information about fees and expenses.

#### 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 for a fixed agreed upon fee based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. Fees are negotiable at the sole discretion of the Advisor. An estimate of overall costs will be provided to the Client prior to engaging for these services. 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].

In some circumstances, the financial plan may require the services of a specialist such as an accounting, insurance, trust provider, attorney, or tax accountant. Cresset may 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.

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 fee. Fees are generally payable quarterly at the beginning or end of each quarter and/or 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 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 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 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 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 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 Advisor is non-transferable without the Client's prior consent.

#### Other Fees and Expenses

Except as provided in Item 4 above under "Wrap Fee Programs", 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. Certain of the Advisor's recommended Custodians do not charge securities transaction fees for ETF and equity trades in a client's account provided that the account meets the terms and conditions of the Custodian's brokerage requirements. 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 or part of the Wrap Fee Program are separate and distinct from the expenses, if applicable, charged by registered and unregistered funds to their shareholders, whether affiliated or unaffiliated with Cresset. These fees and expenses are described in each fund's prospectus and will generally be used to pay management fees of the fund, other fund expenses, account administration (e.g., custody, brokerage, and account reporting), and a possible distribution fee. The 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**

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. Cresset provides to certain types of investment accounts, investment advisor consulting services, portfolio analyses, monitoring, and

investment guidance on certain investment strategies. As predetermined in the Client Engagement Agreement along with calculation methodology, in addition to the quarterly consulting fee for these services, Client shall pay Advisor an annual fee (“Performance Fee”) based on a percentage of the annualized return rate of the Strategy Account in excess of certain adjustments.

## Item 7: Types of Clients

Cresset offers investment advisory and family office services to its clients. Cresset may offer its services to individuals, high and ultra-high net worth individuals, trusts, estates, retirement plans, charitable organizations, corporations, other business entities and pooled investment vehicles. 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.

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

In addition to a specific or stand-alone method of analysis, Cresset may use 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 in 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 may be based on assumptions that 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 may 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.

**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.

**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 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.** 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 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 an investment team that periodically performs research and analysis of select investments and investment managers that we may use in making investment recommendations to their 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.

### **Investment Strategies**

Cresset uses the following strategies in managing Client accounts which may be subject to Custodial requirements. Additionally, 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 direction, restrictions, and guidelines may affect the composition of his/her portfolio.

- **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 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 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 may be used if 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 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 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.** Securities within a Client's account may be used 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 than shorter term, lower yield bonds.

**Alternative Investments (Private non-traded securities, limited partnerships) 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 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:** 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. 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.

### **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. 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**

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 management persons have any reportable disciplinary events to disclose. If your Investment Advisor has any disciplinary information it will be included on their ADV Part 2B or you can visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free search tool to research our firm and any of our financial professionals.

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

#### **Cresset Intermediate HoldCo, LLC and Cresset Capital Management LLC**

The Advisor is a majority owned subsidiary of Cresset Intermediate HoldCo, LLC (“Cresset HoldCo”) which is a majority owned subsidiary of Cresset Capital Management LLC (“Cresset Capital”). Cresset Capital is a privately held limited liability company with two managing members. Cresset HoldCo is also the majority owner of Cresset Partners, LLC.

#### **Cresset Partners, LLC**

The Advisor is affiliated and under common control with Cresset Partners, LLC (“Cresset Partners”). Cresset Partners is a registered investment advisor with the SEC. Cresset Partners consists of seven wholly owned subsidiaries, CP Special Opportunities Employee Pool I, LLC, Cresset Employee Fund I MM, LLC, Flowstone Investors, LLC, Cresset Private Capital, LLC, Cresset Real Estate, LLC, Cresset Real Estate Partners, LLC, and Cresset PCA MM, LLC (herein collectively “the Subsidiaries”). Cresset Partners, through the Subsidiaries manages and offers direct access to investments in real estate, private equity registered and unregistered funds and 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. There is no requirement for the Advisor to recommend these products to Clients, nor are Clients obligated to invest in these products.

#### **Flowstone Partners, LLC**

The Advisor is affiliated and under common control with FlowStone Partners, LLC (Flowstone). Flowstone is a registered investment advisor with the SEC and is a subsidiary of Cresset Partners, LLC. FlowStone provides advisory services to a single client, the FlowStone Opportunity Fund: a closed-end fund registered under the Investment Company Act of 1940, as amended, with the primary investment objective of generating appropriate risk-adjusted long-term returns by investing in a diversified portfolio of private equity investments. The Fund typically invests in funds, either through a secondary acquisition or a primary commitment. The Fund may invest directly in companies through equity and debt securities.

#### **Cresset Management Services, LLC and Cypress Advisors, LLC**

Cresset Management Services, LLC (“Cresset Management”) an affiliated entity controlled by the Advisor serves as the sole manager to Cypress Advisors, LLC (“Cypress Advisors”), the general partner to the Funds.

As such, the Advisor is deemed to have control through management rights over Cypress Advisors. Due to the control affiliation, the Advisor may have an incentive to recommend investments in the Funds. The conflict is mitigated by an internal policy mandating that the Advisor will not charge a separate investment advisory fee for the management of Client assets placed in the Funds. Prior to recommending that Clients invest in the Funds, the Advisor will ensure any recommendation to a Client to invest aligns with the Client's investment needs and objectives. There is no requirement for the Advisor to recommend the Funds to Clients, nor are Clients obligated to invest in the Funds.

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

The Advisor 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 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 Client's investments in 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.

#### **True Capital Management, LLC**

True Capital Management, LLC ("TCM"), an affiliated entity, is also a registered investment advisor with the SEC. TCM is a wealth management firm with offices in San Francisco and Los Angeles that provide individualized investment supervisory services, financial planning and consulting, bill pay, and banking services. The Advisor may utilize the bill pay services of TCM for its clients.

Cresset mitigates these conflicts of interests by analyzing 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.

### **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](mailto:info@cressetcapital.com).

### **B. Personal Trading with Material Interest**

Cresset allows our Supervised Persons and personnel 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 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 and personnel of Cresset Entities 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 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, transact in any security to the detriment of any Client.**

## **Item 12: Brokerage Practices**

### **A. Recommendation of Custodian[s]**

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 will receive account statements directly from the Custodian at least quarterly and they will be sent via email or postal mailing address you provided to the Custodian. Clients should review statements provided by the Custodian promptly when received and compare them to any reports provided by Cresset to ensure accuracy, as the Custodian does not perform this review.

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 Client engagement/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 and fees charged to the Client and services made available to the Client. 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 SIPC (collectively the "Custodians"). Cresset maintains an institutional relationship with the Custodians, whereby the Advisor may receive 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 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 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 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 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 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**

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 health, mental capacity, 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 and 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.

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

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.

### 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]. Access to the Fidelity platform is paid for by the Advisor and provided at no charge to the Client. 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 conflict of interest since these benefits may influence the Advisor'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, certain Fidelity funds or the amount of assets that will be custodied with them. In addition, the Advisor may receive access to software applications and related support without cost because the Advisor renders investment advisory services to Clients that maintain assets at Fidelity. Access to these fee structures and services creates a financial incentive for the Advisor to recommend Fidelity, which results in a conflict of interest. Cresset believes, however, that the selection of Fidelity as Custodian is in the best interests of its clients. 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 the custodian and each Client retains discretion to determine which custodian to utilize.

### 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 directly 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 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 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'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 support products, technology, research, discounts, and other services. In addition, the Advisor 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 Advisor in effectively managing accounts for its Clients but may not directly benefit all Clients.

In addition, Schwab may offer us a 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. Access to these services creates a financial incentive for the Advisor 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 Referral from Solicitors**

Cresset engages and compensates 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. Additionally, Cresset may compensate eligible employees for referring new Clients.

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

The Advisor participates in the Fidelity Family Office Services MFO Program (the “Program”), through which the Advisor receives referrals from Fidelity Brokerage Services LLC (FBS), a registered broker dealer and Fidelity Investments company. The Advisor is independent and not affiliated with FBS or any Fidelity Investments company. FBS does not supervise or control the Advisor, and FBS has no responsibility or oversight for the Advisor’s provision of investment management or other advisory services.

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

To receive referrals from the Program, the Advisor must meet certain minimum participation criteria, but the Advisor 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 Advisor 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 Advisor 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 Advisor as part of the Program.

### *Participation in Schwab Advisor Network®*

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

The Advisor 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 Advisor is a percentage of the fees the Client owes to the Advisor or a percentage of the value of the assets in the Client’s account, subject to a minimum. The Advisor 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 Advisor quarterly and may increase, decrease, or be waived by Schwab. The Schwab Participation Fee is paid by the Advisor and not by the Client. The Advisor will not charge referred Clients through the Service fees or costs greater than the fees or costs the Advisor charges to Clients with similar portfolios that were not referred through the Service.

Additionally, the Advisor 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 Advisor 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 Advisor's Clients who were referred by Schwab and those referred Clients' household members. Thus, the Advisor 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 Advisor's fees directly from the accounts.

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

Under government regulations, Cresset is deemed to have custody over certain Client accounts and/or securities if, for example, the Client grants us authority to move money or assets to another person's account, or a Supervised Person of Cresset is personally acting as a trustee, executor, officer, director, or trust representative for any Cresset Client. 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. The Advisor is also affiliated through common control with Cypress Advisors, LLC, the general partner to the Funds. As such, in connection with advisory services 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 between 120 days and 270 days of fiscal year end depending on the type of fund.

#### **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. Based on the terms of the applicable client management agreement, Cresset may act in a consulting or advisory capacity only and without discretion.

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

Cresset's general practice is to accept proxy-voting responsibility for its Clients. Clients may opt-out from this general practice on a security specific basis or in its entirety by providing written notice to Cresset. When Cresset accepts proxy-voting responsibility, 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 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.

#### **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.