

FORM ADV PART 2A  
DISCLOSURE BROCHURE  
March 2021

## DISCLOSURE BROCHURE

FORM ADV PART 2A

## Twin Focus Capital Partners, LLC

*A Registered Investment Adviser*

## ITEM 1. TITLE PAGE

This brochure provides information about the qualifications and business practices of Twin Focus Capital Partners, LLC (hereinafter “TwinFocus”). If you have any questions about the contents of this brochure, please contact Paul Karger at (617) 720-4500. Twin Focus Capital Partners, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Twin Focus Capital Partners, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

[www.twinfocus.com](http://www.twinfocus.com)  
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## ITEM 2. MATERIAL CHANGES

This Item discusses only the material changes that have occurred since TwinFocus' last annual update.

TwinFocus has made the following updates since the last annual update brochure:

- Item 18, Financial Information, has been updated to reflect that TwinFocus obtained a loan from the SBA under the Paycheck Protection Program<sup>1</sup>.

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<sup>1</sup> TwinFocus submitted an "Other than Annual Amendment" of its ADV on June 26, 2020, to reflect the loan obtained from the SBA under the Paycheck Protection Program.

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## ITEM 4. ADVISORY BUSINESS

TwinFocus was established as a family office and boutique investment advisory firm. TwinFocus' founders and principals, Paul Karger and Wesley Karger, sought to establish a unique global financial services firm where their philosophy and capabilities could work to best deliver success to a select group of investors and institutions. As such, the firm is driven by the principle of providing comprehensive, quality, objective investment advice, free from the conflicts potentially inherent to other business arrangements.

TwinFocus has been in business as a registered investment adviser since May 23, 2006. As of December 31, 2020, TwinFocus had \$3,029,760,000 of regulatory assets under management<sup>2</sup>, of which \$1,912,860,000 are managed on a discretionary basis and \$1,116,900,000 are managed on a non-discretionary basis. As of the same date, TwinFocus had \$6,737,700,000 of total assets under advisement.<sup>3</sup> In addition to assets under management, the firm's assets under advisement may include private investments in direct opportunities, private equity, venture capital, real estate and hedge funds, where TwinFocus may not provide continuous and regular supervisory or management services. The firm's assets under advisement also includes assets of affiliates, inclusive of TwinFocus Ltd.

TwinFocus provides wealth management, family office management and administration, institutional consulting, business and tax management, real estate advisory and philanthropic services. Prior to engaging TwinFocus to provide any of the foregoing services, the client is required to enter into one or more written agreements with TwinFocus setting forth the terms and conditions under which TwinFocus renders its services (collectively the "Agreement").

TwinFocus also provides non-discretionary advice to an affiliated FCA registered adviser in the UK called TwinFocus, Ltd. This service is limited to advising TwinFocus, Ltd. Investment personnel on investment matters including, but not limited to, global macroeconomic guidance, strategic asset allocation modeling, globally situated alternative investment (i.e., hedge funds, private equity, real estate, and private investments), as well as derivatives (i.e., options and structured products) and various U.S. investment opportunities that it may want to recommend to its clients and assisting with the implementation of any such recommendations to the extent they are accepted by TwinFocus, Ltd. and/or its clients.

This disclosure brochure describes the business of TwinFocus. Certain sections will also describe the activities of *Supervised Persons*. Supervised Persons are any of TwinFocus' officers, partners, directors (or

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<sup>2</sup> Regulatory assets under management are defined in Part 1 of Form ADV. They include all assets where TwinFocus can effect a trade whether on a discretionary or non-discretionary basis.

<sup>3</sup> Assets under advisement are defined as any asset which TwinFocus monitors or considers within an overall portfolio construct, though may not exercise regular and continuous supervision or cannot effect a trade. Examples of assets under advisement which are not under management may be a private investment a client effected prior to signing an Agreement, or a primary residence.

other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on TwinFocus' behalf and is subject to TwinFocus' supervision and control.

## Wealth Management and Family Office Services

TwinFocus provides wealth management services ("Wealth Management") and family office management and administrative services ("Family Office Management") to its clients. Wealth Management generally includes (i) discretionary and/or non-discretionary Investment Management with respect to identified assets designated on the client Agreement ("Investment Management") and (ii) complementary analysis of other assets to the extent necessary to allow TwinFocus to provide a holistic solution for an investment portfolio. Family Office Management may include, but is not limited to, Wealth Management, as well as income, gift and estate tax planning, multi-generational planning, philanthropic planning, family business and continuity planning, family member education and family governance services, in addition to education, tax and estate planning. Clients may instruct TwinFocus to provide Wealth Management or Family Office Management only.

TwinFocus may recommend the services of itself, or other professionals to implement its recommendations. Clients are advised that a conflict of interest may exist if TwinFocus recommends its own services. The client is under no obligation to act upon any of the recommendations made by TwinFocus under a financial planning or consulting engagement or to engage the services of any such recommended professional, including TwinFocus itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of TwinFocus' recommendations.

Clients are advised it remains their responsibility to promptly notify TwinFocus if there is ever any change in their financial situation, as well as facts and circumstances that may impact their investment objectives to provide for proper comprehensive and timely reviewing, evaluating, or revising TwinFocus' previous recommendations or services.

## Corporate & Institutional Consulting Services

TwinFocus renders investment and non-investment related consulting services to various institutions and independent third parties as part of its institutional consulting services. Generally, these services are specialized engagements individually negotiated with each institution based upon their specific needs and objectives. In summary, TwinFocus works closely with its institutional clients to:

- Help develop objectives memorialized in an Investment Policy Statement (IPS) to guide the future investment decision-making process;
- Implement an investment strategy in furtherance of the institution's long-term goals and consistent with the IPS;
- Implement a suitable asset allocation model using its proprietary manager and strategy selection process;

- Proactively work with each institution's board, trustees, and other authorized representatives in helping them fulfill their fiduciary duties; and
- Monitor, rebalance and report results on a periodic basis, as per the institution's needs.

In addition, TwinFocus advises public and private corporations regarding their profit sharing plans, 401(k) plans, defined benefit plans, executive compensation arrangements, and other pools of assets, on issues such as investment design and review, cost containment and management.

TwinFocus' corporate and institutional consulting services are generally not available to individuals, addressing fundamental issues affecting various corporations or institutions within TwinFocus' area of concentration.

## Investment Management

Clients can engage TwinFocus to manage all or a portion of their assets on a discretionary basis or a non-discretionary basis.

TwinFocus primarily allocates clients' investment management assets among Independent Managers (as defined below), mutual funds and exchange-traded funds ("ETFs"). In addition, TwinFocus may recommend that clients, who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, and "qualified purchasers" as defined under Section 3(c)(7) of the Investment Company Act of 1940, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. Often these are referred to as "alternative investments" such as hedge funds, private equity, real estate and direct equity or debt investments in private deals, generally accessed via limited partnership or limited liability company structures, and offshore blocker structures for Non-US taxable, US taxable (where and when prudent) and US tax-exempt clients. While many alternative investment opportunities are typically managed by independent investment managers (see *Use of Independent Investment Managers* below), TwinFocus periodically identifies individual alternative investment opportunities for which there is no such manager, for example, an investment in a private company or one-off real estate transactions. When this is the case, Twin Focus will typically establish a special purpose vehicle to hold such investment on behalf of those clients that ultimately invest in the alternative investment in question.

TwinFocus also may render non-discretionary investment management and tax-related services to clients relative to variable annuity and term, variable and/or guaranteed life products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, TwinFocus either directs or recommends the allocation of client assets among the various investment options that are available with each product. Client assets are maintained at the specific insurance company, the product sponsors, and custodian designated by the product.

TwinFocus tailors its Investment Management services to the individual needs of each client initially and on an ongoing basis. One of the first tasks in our advisory process requires development of an investment policy statement which maps out the risk tolerances, time horizon and other factors that may impact clients' investment needs. TwinFocus ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerances.

Clients are advised to promptly notify TwinFocus if there are factual changes in their financial situation or investment objectives or if they wish to impose any restrictions and constraints upon TwinFocus' management services.

## Use of Independent Managers

As mentioned above, where prudent and suitable, TwinFocus may delegate, or recommend client authorization of allocations of portions or all of client assets to, the active discretionary management to select independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in separate written agreements between TwinFocus or the client and the designated *Independent Managers*.

TwinFocus renders services to the client relative to the supervision of the *Independent Managers*, regardless of whether the decision to invest was discretionary or non-discretionary. TwinFocus also monitors and reviews the account or portfolio performance and the client's investment objectives. TwinFocus receives an annual advisory fee which may be based in whole or in part upon a percentage of the market value of the assets being managed by the designated *Independent Managers* or on a fixed annual fee as mutually agreed upon with the client.

When recommending or selecting an *Independent Manager* for a client, TwinFocus reviews information about the *Independent Manager* that may include its disclosure brochures, due diligence questionnaires, and/or materials supplied by the *Independent Manager* or independent third parties to obtain information regarding the *Independent Manager's* investment strategies, management teams, past performance and risk-adjusted results, to the greatest extent available.

Factors that TwinFocus considers in recommending an *Independent Manager* include the client's stated investment objectives, management style and philosophy, portfolio management team, performance, reputation, financial strength, reporting, pricing, expenses, transparency policies, tax profile, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, TwinFocus' investment advisory fee set forth above. As discussed above, the client may incur additional fees other than those charged by TwinFocus, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

## Additions and Withdrawals to Accounts

Clients may deposit additional funds or redeem from their account at any time, subject to TwinFocus' right to terminate an account. Pending notification to TwinFocus, Clients may redeem account assets, subject to the usual and customary securities settlement procedures. However, because TwinFocus designs each client's portfolios based on strategic asset allocations aligned with the client's goals and objectives as codified in the IPS, such redemptions may impede achievement of these goals.

Additionally, to the extent that TwinFocus allocates a portion of client assets to alternative investments that provide limited liquidity, where TwinFocus believes such illiquid investments are prudent based on the facts and circumstances at the time of each investment, within the context of the client's investment profile as detailed in the IPS, immediate redemptions may not be available. This may be particularly the case with certain private investments, where liquidity may not be available for several years. Such investments with limited liquidity characteristics are carefully selected and sized for each client portfolio, consistent with the IPS.

## ITEM 5. FEES AND COMPENSATION

TwinFocus offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management or the performance of the client's portfolio.

### Wealth Management, Family Office Service and Investment Management Fees

TwinFocus may charge a fixed annual fee, an annual asset-based fee, or a combination of both, billed quarterly, and/or an hourly fee for Wealth Management and/or Family Office Management. These fees are negotiable, but generally range from \$100,000 to \$2,000,000 on an annual fee basis, and/or from \$350 to \$1,250 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. In addition, TwinFocus may, from time to time, enter into an agreement with a client to assess performance fees. TwinFocus' annual fees are exclusive of and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. TwinFocus does not, however, receive any portion of these commissions, fees, or costs. Prior to engaging TwinFocus, the client is required to enter into a written agreement with TwinFocus, setting forth the terms, conditions and fees of the engagement.

TwinFocus asset-based fees vary and are based on the market value of the assets being managed by TwinFocus on the last day of a given quarter. Asset-based fees are generally derived based on the schedule below:

Assets Under Management/ Advisory Tier (\$)	Annual Fee (%)
0 - \$50 Million	50 bps
\$50 - \$100 Million	40 bps
\$100 Million +	25 bps

TwinFocus, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, strategic relationships, account retention, *pro bono* activities, etc.).

To the extent that clients invest in a TwinFocus-identified alternative investment opportunity that requires the establishment of a special purpose vehicle to hold such investment, TwinFocus may and often does charge a second set of management and/or performance fees directly to such special purpose vehicles that may be in addition to the Wealth Management, Family Office Management and/or Investment Management fees identified above. In addition to paying management and/or performance fees, to the extent provided in a special purpose vehicle's operating agreement, the special purpose vehicles also pay or reimburse TwinFocus or its affiliates for expenses relating to the special purpose vehicle including formation and organizational expenses, costs and expenses related to the acquisition, diligence, negotiation, consummation, holding and disposition of the investment, expenses of any fund administrators, consultants, custodians, counsel, tax accountants, auditors, and expenses associated with valuations of the special purpose vehicle's assets.

## Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), TwinFocus generally requires clients use the brokerage and clearing services of a qualified broker-dealer for investment management accounts.

TwinFocus may only implement its investment management recommendations after the client has arranged for and furnished TwinFocus with all information and authorization regarding accounts with appropriate financial institutions or third-party investment managers. Financial institutions include, but are not limited to, any broker-dealer recommended by TwinFocus, any broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined above), custodial fees, charges imposed directly by a

mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to TwinFocus' fee. Please note, in the case of a potential additional charge, pertaining to Linnaea Holdings, LLC, a holding company created and managed by a third-party, the principals of TwinFocus retain a significant ownership stake in Linnaea, LLC, the General Partner of the holding company, and thus will receive their pro rata share of any carried interest earned in relation to such investment.

TwinFocus' *Agreement* and the separate agreement with any *Financial Institutions* may authorize TwinFocus or *Independent Managers* to debit the client's account in the amount of TwinFocus' fee and to directly remit that management fee to TwinFocus or the *Independent Managers*. Any *Financial Institutions* recommended by TwinFocus have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to TwinFocus. Alternatively, clients may elect to have TwinFocus send an invoice to them directly.

## Fees for Management during Partial Quarters or Months of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between TwinFocus and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. TwinFocus' fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Additions may be in cash or securities, provided that TwinFocus reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. TwinFocus may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and potential tax ramifications on any sales transactions.

If assets are deposited into or withdrawn from an account after the inception of a month or quarter, it will be specified by TwinFocus and the client in the *Agreement* the circumstances under which a pro rata fee or rebate may be appropriate.

## ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in response to Item 5, above, TwinFocus may render investment management services to *qualified clients* for a performance fee. This fee arrangement raises potential conflicts of interest. The

performance fee may be an incentive for TwinFocus to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, where TwinFocus charges performance-based fees and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee.

TwinFocus has policies and procedures in place to ensure that any recommendations are objectively made based on underlying fundamentals and in the best interest of every client regardless of whether the client is paying a performance-based fee or different type of fee arrangement.

## ITEM 7. TYPES OF CLIENTS

TwinFocus provides its services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, family co-investment vehicles and family office structures, corporations and other business entities, and certain special purpose vehicles established to hold individual alternative investments on behalf of clients that invest therein. Further, as discussed in Item 4 above, TwinFocus also provides non-discretionary advice to its affiliated FCA registered adviser in the UK. TwinFocus' clients reside and work in many different geographic locations.

### Minimum Account Size

As a condition for starting and maintaining a relationship, TwinFocus generally imposes a minimum advisory base assets / portfolio size of \$100,000,000. TwinFocus, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing relationship, account retention, and *pro bono* activities. TwinFocus may aggregate the portfolios of family members to meet the minimum portfolio size.

## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Primary Methods of Analysis

TwinFocus relies primarily on a proprietary combination of fundamental and technical methods of analysis, employing both top-down global macroeconomic and bottom-up microeconomic analytical approaches.

TwinFocus' investment process begins with a proprietary top-down analysis of the global macroeconomic environment, scouring the globe to discern favorable structural and secular trends to invest, and segregating those trends to avoid, while identifying key tactical and/or cyclical opportunities. This research is all performed in-house. These efforts allow the firm to develop global themes and biases, based on demographic, geopolitical and geo-economic considerations.

Based on its research efforts, once TwinFocus has identified key conviction themes to exploit and/or avoid, it begins a bottom-up microeconomic analysis on the different investment vehicles, strategies, and instruments to be used to implement those themes and gain the desired risk exposures in the most cost-effective and tax-efficient manner possible. It is during this process that TwinFocus:

- Conducts due diligence on money managers and strategies through quantitative and qualitative screens with continual follow-up and monitoring;
- Determines optimal exposure types and the most effective ways to achieve such exposures;
- Examines potential investments via ETFs, index funds, actively managed vehicles, hedge funds, private equity, venture capital, and other alternative investment types;
- Reviews the performance of certain options overlay strategies for selected groups of clients; and
- Analyzes the tax implications of each risk exposure and vehicle type and strategizes accordingly.

## Analytical Risks

*Fundamental analysis* involves the fundamental financial condition and competitive position of an investment. TwinFocus will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the investment's markets and position within those markets to determine the recommendations made to clients. The primary risk in using top-down fundamental analysis is that while the overall health and position of an investment may be good, market conditions may negatively impact the security.

*Technical analysis* involves the analysis of past market data rather than specific data internal to an opportunity, in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the investment. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that TwinFocus will be able to accurately predict such a reoccurrence.

## Investment Strategy

TwinFocus implements a highly disciplined, multi-step approach that seeks to go beyond the bounds of traditional asset allocation decisions typically utilized by competing firms. The investment process begins with the development of the client relationship. TwinFocus believes that knowing the client and defining specific objectives permits flexibility with later rebalancing and adjustments in response to changing market conditions, stated objectives, and the performance of each individual investment strategy. During the initial phase of the relationship, TwinFocus seeks to determine:

- Needs, goals and objectives
- Time horizons
- Risk tolerance
- Liquidity requirements and unique constraints

- Special legal or regulatory concerns
- Overall risk and reward parameters
- Income, estate, and gift tax issues
- Cross-border jurisdictional issues
- Philanthropic objectives

These initial discovery efforts are codified in an investment policy statement, which serves as the future client or family office road map, used to delineate the path to be taken to achieve the ultimate goals and objectives of the investment portfolios for all the parties involved.

TwinFocus' risk management efforts begin with the construction and implementation of a strategic asset allocation model which allows for tactical and cyclical deviations that reflect short-term judgment calls on current market conditions. The firm seeks to develop core positions in those traditional asset classes – i.e., global equities and fixed income – with active satellite positions that are designed to effectively grasp alpha in those markets that TwinFocus judges to be inefficient. TwinFocus quantifies risk at the aggregate portfolio level, taking into account cross-correlations of assets within the portfolio while stress testing the portfolio for unforeseen events when markets experience correlation breakdowns and the corresponding reduction of Modern Portfolio Theory diversification benefits.

Once portfolios are constructed and capital is deployed, TwinFocus monitors the portfolio and the underlying investments on a continuous basis, rebalances as needed to assure the portfolio is within the risk parameters mandated by the client (and memorialized in the client's IPS), and periodically reports results to client in the frequency the client wishes, using customized reports that suit each client's needs. These rebalancing practices are based on market valuations, tactical exploitation of short-term market conditions, and deviations to client needs or circumstances.

## Mutual Funds and Exchange-Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. As such, a mutual fund investor may incur substantial tax liabilities even when the fund underperforms.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of closed end mutual fund and ETF shares may differ significantly from the NAV during periods of

market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Some mutual funds, known as alternative mutual funds, may invest using complicated strategies or in unusual security types. These alternative mutual funds often have different terms than traditional mutual funds and may carry additional risks. These risks may include, but are not limited to, leverage and liquidity. Some alternative mutual funds may employ leverage, which has the potential to increase returns, but also may increase the size of losses. Some alternative mutual funds, also referred to as Interval Funds, may only allow subscriptions and redemptions during certain trading windows, and not necessarily at the end of every trading day. Such alternative mutual funds may also have tax treatments that are different from traditional mutual funds.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares. This secondary market for ETFs where units are created and redeemed make ETFs particularly tax efficient for investors holding onto ETFs over long periods of time.

## Options

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities in a highly levered manner. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to counterparty risks – i.e., the default by the option writer which may be unwilling or unable to perform its contractual obligations, although this counterparty risk is greatly diminished with regulated options that trade through clearinghouses.

## Market Risks

The profitability of a significant portion of TwinFocus' recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds, commodities, real estate, and other asset classes or sub-classes. Inter-market and intra-market correlations may shift significantly and rapidly at any time. Markets which may have a history of being relatively uncorrelated may become

more or less highly correlated at any time. There can be no assurance that TwinFocus will be able to predict those price movements accurately.

## Use of Independent Managers

TwinFocus may recommend the use of *Independent Managers* for certain clients. TwinFocus conducts ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers'* ability to successfully implement their investment strategy. TwinFocus continues to render services to the client relative to the discretionary selection of the *Independent Managers*, as well as the monitoring and review of account performance and investment objectives.

In certain instances, an employee or owner of an independent manager may also be a client or prospective client of TwinFocus. This could involve a potential conflict of interest because TwinFocus may have an incentive to recommend such independent manager or investments managed by them. As client confidentiality obligations may prevent TwinFocus from disclosing the potential existence of such conflict on a case-by-case basis, TwinFocus seeks to mitigate this conflict by only making recommendations based on the fundamentals of each situation and by not taking into consideration whether independent manager personnel are TwinFocus clients or prospective clients when making any recommendation.

## Use of Private Collective Investment Vehicles

TwinFocus may recommend the investment by certain clients in privately placed collective investment vehicles, some of which may be known colloquially as “hedge funds”. The managers of these vehicles will have broad discretion in selecting investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin, short securities, use derivative investments, or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. There are numerous other risks in investing in these securities including potential key-man risks, the inability to withdraw funds in a timely manner, and potential deleterious tax implications under certain circumstances. The client will receive a private placement memorandum and/or other documents explaining such risks.

Other examples of private collective investments may include private equity, venture capital, private debt, and real estate. Other niche strategies may also be private collective investments.

TwinFocus may pool money into a type of collective investment vehicle known as a Special Purpose Vehicle (“SPV”). SPVs are typically arranged for limited unique investment purposes. Often an SPV will invest in one specific private company or opportunity. SPVs may entail heightened risks through high concentration, leverage and/or low/no liquidity.

## Management through Similarly Managed Accounts

For certain clients, TwinFocus may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as an “*investment strategy*”). In so doing, TwinFocus buys, sells, exchanges and/or transfers shares of securities based upon the *investment strategy*.

TwinFocus’ management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

The *investment strategy* may involve an above-average portfolio turnover that could negatively impact the net after-tax gain experienced by an individual client. Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client’s individual tax ramifications. Certain investment opportunities that become available to TwinFocus’ clients may be limited. For example, various mutual funds or insurance companies may limit the ability of TwinFocus to buy, sell, exchange or transfer securities consistent with its *investment strategy*. As further discussed in response to Item 12B (below), TwinFocus allocates investment opportunities among its clients on a fair and equitable basis.

## Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## ITEM 9. DISCIPLINARY INFORMATION

TwinFocus is required to disclose the facts of any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of management. TwinFocus does not have any disclosures related to this Item.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

TwinFocus is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

## Association with Other Ventures

In order to facilitate certain alternative investments that TwinFocus may recommend to clients, it may become necessary for TwinFocus to create special purpose investment vehicles to hold the investments on behalf of its clients. These entities are required to have a board of managers and the principals of the firm, Paul Karger and Wesley Karger, and in certain instances along with John Pantekidis and/or William Ward, serve as such for the following entities:

- **TF Special Opportunities – PPR, LLC**
- **TF Special Opportunities – PPR, Series II, LLC**
- **TF Special Opportunities – PPR, Series III, LLC**
- **TF Special Opportunities – Salvera, LLC**
- **TF Realty Partners – 322W, LLC**
- **TF Okeana Partners, LLC**
- **TFRP QOF Aria 2019, LLC**
- **TFRP QOF Streamline Emerald 2019, LLC**
- **TFRP QOF Streamline Front 2019, LLC**
- **TFRP QOF Streamline North 2019, LLC**
- **TFRP QOF UTK 2019, LLC**
- **TFRP QOF WCU 2019, LLC**
- **TFRP QOF BWS 2020, LLC**
- **TFRP QOF KC 2020, LLC**
- **TFRP QOF STL 2020, LLC**
- **TFRP QOF VCU 2020, LLC**
- **TFRP QOF Duke 2020, LLC**
- **TFRP Savannah 2020, LLC**

In addition, certain of such special purpose vehicles are managed by the following affiliates of TwinFocus, TFSO Partners, LLC, TF Managers, LLC, TF Realty Partners, LLC, and Tridelphia Partners, LLC. Notwithstanding, the general charging of additional fees to these vehicles (described in Item 5 above), the involvement of TFSO Partners, LLC, TF Managers, LLC, TF Realty Partners, LLC, and Tridelphia Partners, LLC does not in and of itself result in additional costs to such vehicles or the clients that invest therein, although all or part of such fees may ultimately be directed to these entities in lieu of or by TwinFocus. The ownership of these entities is discussed below.

As discussed in Item 5 above, the principals of TwinFocus retain a significant ownership stake in Linnaea, LLC, the GP of Linnaea Holdings, LLC, and thus will receive their pro rata share of any carried interest earned by Linnaea, LLC.

Paul Karger and Wesley Karger, as well as John Pantekidis, are members of TF Partners Fund, LLC, which is in turn the Sole Member of TFSO Partners, LLC and TF Managers, LLC. Paul Karger, Wesley Karger, and John Pantekidis are members of Tridelphia Partners, LLC. Paul Karger and Wesley Karger, John Pantekidis and William Ward are members of TF Realty Partners, LLC.

In addition, Paul Karger serves as a Director on the company board of Zillion Health, a digital health platform company invested in by TF Special Opportunities – Salvera, LLC. Paul Karger and John Pantekidis both sit on the board of Allos Environmental Inc., a waste management business and underlying investment of TF Special Opportunities – PPR, LLC, TF Special Opportunities – PPR, Series II, LLC, and TF

Special Opportunities – PPR, Series III, LLC. Messrs Karger and Pantekidis do not receive compensation for such board service.

A conflict of interest exists to the extent TwinFocus recommends an investment in the above special purpose investment vehicles due to the affiliation therewith of TwinFocus, Paul Karger, and Wesley Karger. TwinFocus seeks to ensure that any such recommendations are provided on a fully disclosed basis and only when aligned with its clients' best interests.

## ITEM 11. CODE OF ETHICS

TwinFocus and persons associated with TwinFocus ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with TwinFocus' policies and procedures.

TwinFocus has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "*Advisers Act*"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by TwinFocus or any of its associated persons. The *Code of Ethics* also requires that certain of TwinFocus' personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Generally, per TwinFocus' *Code of Ethics*, none of TwinFocus' *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of TwinFocus' clients. Under unusual circumstances, the TwinFocus Chief Compliance Officer may grant an exception to this policy.

When TwinFocus is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when TwinFocus is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by open-ended mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact TwinFocus to request a copy of its *Code of Ethics*.

## ITEM 12. BROKERAGE PRACTICES

As discussed above, in Item 5, TwinFocus may recommend that clients utilize the brokerage and clearing services of a qualified custodian/broker-dealer. TwinFocus will typically execute all securities transactions with the broker-dealer that the client selects as custodian unless it determines that better execution could be achieved by using a different broker-dealer.

Factors which TwinFocus considers in recommending a qualified broker-dealer to clients include their respective financial strength, reputation, execution, pricing, overall cost, and service. The commissions and transaction fees charged by the broker-dealer recommended by TwinFocus may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by TwinFocus' clients comply with TwinFocus' duty to obtain best execution. Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where TwinFocus determines that the commissions are reasonable in relation to the value of the brokerage and services received and in light of any trade-away fees that may be charged in order to use an alternative broker-dealer. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including the value of services provided, execution capability, commission rates, and responsiveness. TwinFocus seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

TwinFocus periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct TwinFocus in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and TwinFocus will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by TwinFocus (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, TwinFocus may decline a client's request to direct brokerage if, in TwinFocus' sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be affected independently, unless TwinFocus decides to purchase or sell the same securities for several clients at approximately the same time. TwinFocus may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among TwinFocus' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed

independently. Under this procedure, transactions will generally be averaged as to price and allocated among TwinFocus' clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that TwinFocus determines to aggregate client orders for the purchase or sale of securities, including securities in which TwinFocus' *Supervised Persons* may invest, TwinFocus shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. TwinFocus shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that TwinFocus determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, TwinFocus may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist TwinFocus in its investment decision-making process. Such research generally will be used to service all of TwinFocus' clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because TwinFocus does not have to produce or pay for the products or services.

## ITEM 13. REVIEW OF ACCOUNTS

For those clients to whom TwinFocus provides Wealth Management, TwinFocus monitors those portfolios as part of an ongoing process while in-depth account reviews are conducted on at least a quarterly basis. For those clients to whom TwinFocus provides Family Office Management, reviews are conducted on an "as needed" basis, no less frequently than monthly. Such reviews are conducted by designated members in both the Portfolio Advisory and Investment Research groups, subject to the oversight of the TwinFocus investment committee. All clients are encouraged to discuss their needs, goals, and objectives with

TwinFocus and to keep TwinFocus informed of any changes thereto. TwinFocus contacts ongoing Wealth Management clients at least annually to review its previous services and recommendations and to discuss the impact resulting from any changes in the client's financial situation or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Clients will also receive a report from TwinFocus that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance at a minimum on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from TwinFocus.

## ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

TwinFocus is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, TwinFocus is required to disclose any direct or indirect compensation that it provides for client referrals. In the event a client is introduced to Twin Focus by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from TwinFocus' investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Twin Focus' written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Twin Focus is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## ITEM 15. CUSTODY

TwinFocus' *Agreement* or the separate agreement with any *Financial Institution* may authorize TwinFocus through such *Financial Institution* to debit the client's account in the amount of TwinFocus' fee and to directly remit that management fee to TwinFocus in accordance with applicable custody rules.

The *Financial Institutions* recommended by TwinFocus have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to TwinFocus. Clients must notify TwinFocus promptly if they receive custodial statements less frequently than quarterly, or not at all. In addition, as discussed in Item 13, TwinFocus also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from TwinFocus.

For certain clients, TwinFocus may enter into a relationship whereby TwinFocus pays certain client bills or otherwise maintains the client's direct access to the Financial Institution. If, as part of such an

arrangement, TwinFocus can direct funds out of the Financial Institution without the client's prior consent, TwinFocus may be deemed to have custody of those accounts. For some clients, TwinFocus may assume custody through certain Powers of Attorney or by serving as a Trustee for client accounts. TwinFocus, or its principals, may serve as the Managing Member for certain client investments (e.g. those entities enumerated in Item 10, above.) which would be a custody relationship. Additionally, TwinFocus may facilitate Standing Letters of Authorization (SLOAs) to accounts which may be deemed to be custody by the SEC.

Certain accounts over which TwinFocus is deemed to have custody, depending on the exact nature of the custody relationship, will be subject to an annual surprise inspection or an annual audit by an independent, third-party, PCAOB accounting firm in full accordance with SEC rules and regulations.

## ITEM 16. INVESTMENT DISCRETION

TwinFocus retains the authority to exercise discretion on behalf of clients. TwinFocus is considered to exercise investment discretion over a client's account/portfolio if it can affect transactions for the client without first having to seek the client's consent. TwinFocus is given this authority through a power-of-attorney included in the agreement between TwinFocus and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). TwinFocus takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The *Financial Institutions* to be utilized; and
- The *Independent Managers* to be hired or terminated.

## ITEM 17. VOTING CLIENT SECURITIES

TwinFocus is required to disclose if it accepts authority to vote client securities. TwinFocus does not vote client security proxies on behalf of its clients. Nevertheless, TwinFocus may vote on a client's behalf with regards to limited partnership agreements, LLC memberships, and their amendments.

## ITEM 18. FINANCIAL INFORMATION

TwinFocus is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. In addition, TwinFocus generally bills quarterly in advance and does not require or solicit the prepayment of more than six months or more in advance of fees.

Given the uncertainty of economic conditions and volatility exhibited by global capital markets during the initial stages of COVID, TwinFocus management believed that a prolonged period of global economic lock-down could negatively impact the economy, putting further pressure on capital markets and in turn

negatively impacting clients' balance sheets. This could have had adverse repercussions on TwinFocus' revenues and its ability to hire and maintain the very best talent that is demanded for its clients.

To maintain its very high level of service during these tough times, TwinFocus was committed to maintain its full workforce to provide stability to aid clients in the uncertain times. As such, to potentially avoid furloughing and laying off employees, TwinFocus deemed it prudent to obtain a loan from the SBA under the Paycheck Protection Program authorized by the CARES Act. This has allowed TwinFocus to maintain a stable workforce despite the volatility in markets, all of which are necessary to help support TwinFocus' operations and client services.