

## **Rocky Mountain Private Wealth Management, L.L.C.**

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**March 30, 2020**

### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Rocky Mountain Private Wealth Management, L.L.C. If you have any questions about the contents of this brochure, contact us at 281-778-4900. 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 Rocky Mountain Private Wealth Management, L.L.C. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Rocky Mountain Private Wealth Management, L.L.C. is 127140.

Rocky Mountain Private Wealth Management, L.L.C. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 28, 2019 we have the following material changes to report:

*We are reporting that we updated our disclosure brochure to reflect that we have transitioned our firm from registration with the U.S. Securities and Exchange Commission (SEC) to registration with the state securities regulators. For more information see Item 19 Requirements for State-Registered Advisers below. We have also made the following changes and updates to our brochure.*

*We are also reporting that we no longer provide non-discretionary portfolio management services.*

We have update the information about our fees to be more transparent. Our fee is billed and payable quarterly in arrears. Fees are calculated by multiplying the average of the month-end balances of all assets under management for the three previous calendar months ("Average Asset Value") by the appropriate fee acknowledged in Exhibit A ("Management Fee") of the Client Investment Management Agreement and divided by four (4).

For our Partnership clients we have also updated information about the Partnership fees to be more transparent. Management Fees are calculated and paid each calendar month in advance. The management fee means an amount equal to one twelfth of 1.0% of the Capital Account balance of each Limited Partner which is calculated on the first business day of each calendar month. 10% of net profits of each Limited Partner's capital account, generally allocated each year and subject to a "high water mark."

The Fund is structured to accept both "Accredited Investors" and "Qualified Clients". "Accredited Investors" do not meet the criteria to be considered a "Qualified Client", as a result, by law "Accredited Investors" are not eligible to be charged a "Performance-Based Fee". "Accredited Investors" are charged a management fee at an annual rate of 2% of the capital account balance of the Investor. Such fees are to be calculated and payable monthly in advance. Only "Qualified Clients" may be charged a "Performance-Based Fee".

Additionally, we are disclosing that we have changed our fees for 401K Plans. Our annual fee for 401k Plans is 0.65%. The fee is billed and payable monthly in arrears and payable upon invoice. We will send clients an invoice for the payment of our advisory fee, or we will deduct our fee directly from client's account through the qualified custodian holding their funds and securities. We will deduct our advisory fee only when the client has given our firm written authorization permitting the fees to be paid directly from the client's account. Further, the qualified custodian will deliver an account statement to the client at least quarterly. These account statements will show all disbursements from the client's account. Clients should review all statements for accuracy.

For all our client accounts if the portfolio management agreement is executed at any time other than the first day of a month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

We are also disclosing for all our management agreements either party may terminate the Investment Management Agreement upon thirty (30) calendar days advance written notice. In addition, the Client may terminate this Agreement without penalty for a period of five (5) business days after the date it is executed by the Client. The Client may exercise this right by giving written notice to the Advisor within the required time period. In the event of termination, the advisory fee due to the Advisor for the termination period shall be prorated and shall be based on the latest valuation of the assets as of the effective date of termination. For more information about our fee see *Item 5 Fees and Compensation* below in this brochure.

Also, on a quarterly or monthly basis, our firm will send to the Client and the Custodian a statement for the advisory fee, which shall include the specific manner in which the advisory fee is calculated. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us immediately at 281-778-4900.

To provide you with a better understanding of our investment strategies, methods of analysis and the risk associated with the different types of investment we have made significant updates to be more transparent in *Item 8 Methods of Analysis, Investment Strategies and Risk of Loss* section below. We encourage to review this section.

We have also updated the information regarding about the Partnership Fund Potential Conflict of Interest with other accounts to be more transparent. The Investment Manager manages and expects to continue to manage other client accounts, some of which have objectives similar to those of the Fund, including other collective investment vehicles which may be managed by the Investment Manager or any of its affiliates and in which the Investment Manager or any of its affiliates may have an equity interest.

The Partnership Agreement requires that the General Partner, and the Investment Manager as a delegate of the General Partner pursuant to the Investment Management Agreement, act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Fund but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Fund or any restrictions on the nature or timing of investments for the account of the Fund and for the Investment Manager's own account or for other accounts that the Investment Manager or its affiliates may manage. The Investment Manager is not obligated to devote any specific amount of time to the affairs of the Fund, and is not required to accord exclusivity or priority to the Fund in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

When the Investment Manager determines that it would be appropriate for the Fund and one or more other investment accounts to participate in an investment opportunity, the Investment Manager will seek to execute orders for all of the participating investment accounts on an equitable basis. If the Investment Manager has determined to invest at the same time for more than one of the investment accounts, the Investment Manager will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, the Investment Manager will allocate the trade among the different accounts on a basis that it considers equitable. Situations may occur where the Fund could be disadvantaged because of the investment activities conducted by the Investment Manager for other investment accounts. For more information on this subject see *Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*, subsection *Partnership Potential Conflict of Interest* below.

We have added information about the brokerage practice of our partnerships. Please see Item 12 Brokerage Practices section below for information on brokerage practices for Partnerships.

We are also advising mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

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## **Item 4 Advisory Business**

Rocky Mountain Private Wealth Management, L.L.C. is a registered investment adviser primarily based in Sugar Land, Texas. Our firm is organized as a limited liability company under the laws of the State of Texas. We have been providing investment advisory services since 2003. Gabriel S. Gallegos and Taylor L. Gallegos are our principal owners.

As used in this brochure, the words "we", "our", "us" and "Rocky Mountain" refer to Rocky Mountain Private Wealth Management, L.L.C. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### **Portfolio Management Services**

We provide discretionary portfolio management services in accordance with your individual investment objectives. If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. This authorization includes deciding which securities and the amount of securities to be purchased or sold for your account(s), the broker or dealer to be used for each transaction, and the commission rates to be paid without obtaining your consent or approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, and/or trading authorization forms. In providing discretionary management services, we do not accept client restrictions on the specific securities or the types of securities that may be held in their account.

The agreement for services will continue in effect unless terminated by either party by written notice in accordance with the terms of the investment advisory agreement. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days for which you are a client. Investors in private funds managed by our firm should refer to the offering documents specific to those investments for details on terminating the services provided through the private fund.

If you receive an invoice from our firm, we encourage you to reconcile our invoice with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our office at 281-778-4900.

### **Accuracy of Client Information**

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g. attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. You must promptly notify our firm if your financial situation, goals, objectives, or needs change for the purpose of reviewing, evaluating, and/or revising our previous recommendations and/or services.

### **Types of Investments**

We primarily offer advice on mutual funds, exchange traded funds, and alternative investment including interests in partnerships/hedge funds that invest in a variety of other investment vehicles. We may also provide advice on: equity securities, investment company securities (mutual funds), and US Government securities. Additionally, we may recommend other types of investments since each client has different needs and different tolerances for risk. We may also advise you on any type of investment held in your portfolio at the inception of our advisory relationship, or on specific types of investments at your request.

### **Assets Under Management**

As of December 31, 2019, we provide continuous management services for \$52,412,503 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Investment Advisory Fees**

Our investment advisory fees, as described below, are exclusive of, and in addition to, other fees that you may incur, including, but not limited to, the following types of fees: custody and transaction, third-party administrator, legal, CPA/audit, trustee fees, and funds' internal investment expenses.

We may waive our advisory fees for employee related accounts, family members, and certain other accounts, at our discretion. Also, certain pre-existing advisory clients may be subject to our advisory fee and payment terms in effect at the time these clients entered into an advisory relationship with our firm, which may differ from the fees and fee paying arrangements described below.

### **Separately Managed Accounts**

Our annual fee for existing separately managed accounts is equal to 2.00% of the assets under our management. The fee is billed and payable quarterly in arrears. Fees are calculated by multiplying the average of the month-end balances of all assets under management for the three previous calendar months ("Average Asset Value") by the appropriate fee acknowledged in Exhibit A ("Management Fee") and divided by four (4).

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

By signing a Rocky Mountain investment advisory agreement, you have given written authorization for our advisory fee to be deducted from your account. Your account custodian may deduct our fee directly from your account and remit payment directly to our firm. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. In the event that automatic fee deduction is not possible, we will invoice you directly for the amount of our monthly/quarterly fee.

This Agreement will be automatically renewed for an unlimited number of terms of one year each, unless either party terminates it by providing written notice to the other party at least thirty (30) calendar days prior to the end of the current term. Either party may terminate this Agreement upon thirty (30) calendar days advance written notice. In addition, the Client may terminate this Agreement without penalty for a period of five (5) business days after the date it is executed by the Client. The Client may exercise this right by giving written notice to the Advisor within the required time period. In the event of termination, the advisory fee due to the Advisor for the termination period shall be prorated and shall be based on the latest valuation of the assets as of the effective date of termination.

### **Partnership Accounts**

Management Fees are calculated and paid each calendar month in advance. The management fee means an amount equal to one twelfth of 1.0% of the Capital Account balance of each Limited Partner which is calculated on the first business day of each calendar month. 10% of net profits of each Limited Partner's capital account, generally allocated each year and subject to a "high water mark."

The Fund is structured to accept both "Accredited Investors" and "Qualified Clients". "Accredited Investors" do not meet the criteria to be considered a "Qualified Client", as a result, by law "Accredited Investors" are not eligible to be charged a "Performance-Based Fee". "Accredited Investors" are charged a management fee at an annual rate of 2% of the capital account balance of the Investor. Such fees are to be calculated and payable monthly in advance. Only "Qualified Clients" may be charged a "Performance-Based Fee".

Investors in privately held investment companies managed by our firm should refer to the offering documents of such companies for further information regarding fees, fee paying arrangements, and withdrawals and deposits of assets into and out of the privately held investment companies.

#### **401k Plans**

Our annual fee for 401k Plans is 0.65%. The fee is billed and payable monthly in arrears and payable upon invoice. We will send clients an invoice for the payment of our advisory fee, or we will deduct our fee directly from client's account through the qualified custodian holding their funds and securities. We will deduct our advisory fee only when the client has given our firm written authorization permitting the fees to be paid directly from the client's account. Further, the qualified custodian will deliver an account statement to the client at least quarterly. These account statements will show all disbursements from the client's account. Clients should review all statements for accuracy.

If the portfolio management agreement is executed at any time other than the first day of a month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

Either party may terminate the Investment Management Agreement upon thirty (30) calendar days advance written notice. In addition, the Client may terminate the Agreement without penalty for a period of five (5) business days after the date it is executed by the Client. The Client may exercise this right by giving written notice to the Advisor within the required time period. In the event of termination, the advisory fee due to the Advisor for the termination period shall be prorated and shall be based on the latest valuation of the assets as of the effective date of termination.

#### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds, exchange traded funds, and/or hedge funds/partnerships. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders, and the additional charges assessed by hedge funds/partnerships (described in the offering documents of the fund). These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, hedge funds, our firm, and others. Refer to the *Brokerage Practices* section below for additional disclosure on this topic.

We may trade client accounts on margin. Our fees for advice (as disclosed above) do not include the value of the securities purchased on margin. Nonetheless, the use of margin may result in interest charges in addition to all other fees and expenses associated with the securities involved.

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

Performance-based fees are fees that are based on a share of a capital gains 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 performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above.

While we do not charge performance based fees for our Separately Managed Account investment advisory services, we do charge performance based fees for our Partnership Accounts as described above.

We may charge performance-based fees to "qualified clients" having a net worth greater than \$2,100,000 or for whom we manage at least \$1,000,000 immediately after entering into an agreement for services. All clients to whom we charge performance-based fees must be eligible for this type of fee paying arrangement and must choose this fee structure from available options in our partnerships. Performance-based fees are fees based on a share of capital gains or capital appreciation of a client's account. Investors in privately held investment companies managed by our firm should refer to the offering documents of such companies for further information regarding fee arrangements.

We manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management may create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees may create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account are being managed according to the client's investment objectives and risk tolerance.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. It is important for the client to understand by having multiple fee structures in a single investment program, there inherently adds a new element of risk.

## Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, privately held investment companies, and other business entities. In general, we require the following minimum account size requirements to open and maintain an advisory account.

- Separately managed accounts \$250,000
- Partnership accounts \$500,000
- 401K accounts no minimum

At our discretion, we may waive the above minimum account size requirements for separately managed accounts and/or partnership accounts.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Charting Analysis - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Cyclical Analysis - form of technical analysis that involves evaluating recurring price patterns and trends.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

As a general practice, we will invest in various sectors and could be 100% invested or 100% in cash on any given day depending on the existing investment model. The Investment Manager(s) will primarily utilize mutual funds to execute their investment strategy as is currently done with existing client accounts. It is anticipated that the Investment Manager could also utilize margin accounts and could use leverage, where such investment strategies are deemed to be in the best interest of the client.

The private investment funds for which we serve as investment adviser will employ varied methods of analysis, sources of information, and investment strategies that are geared towards the overall investment objectives of the particular fund.

The private investment funds/limited partnerships investment strategies focuses on market momentum, sector rotation, and long and short strategies. Generally, the Investment Manager invests in, but is not limited to, no-load and low-load mutual funds, as well as exchange-traded funds, and other stock baskets to carry out the Fund's strategy. These investment vehicles may have domestic, regional, international and global exposure.

Whenever possible, the Investment Manager constructs a portfolio of investments that have a low correlation to each other in an attempt to achieve greater diversification. The Investment Manager considers cash as a position, and the Fund may from time to time be partially or fully invested in cash or cash equivalent vehicles.

The Investment Manager may use leverage in an attempt to achieve a higher return. This use of leverage may expose the Fund to a higher degree of market risk and volatility; however, the Investment Manager may also utilize leverage to add short positions to the Fund's portfolio in order to reduce market exposure and volatility.

The Investment Manager may also carry out the Fund's investment strategy through the use of special purpose vehicles for the purposes of certain trading activity. The use of such special purpose vehicles may involve certain additional expenses and fees which will be expenses of the Fund.

Full disclosure is available in the offering documents of the particular fund. Refer to the *Other Financial Industry Activities and Affiliations* section below for additional disclosures on this topic.

#### **Risks Associated with Methods of Analysis**

**Charting and Technical Analysis** - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - The risk of fundamental analysis is that collected data may be inaccurate and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical Analysis** - Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

We may use investment strategies that involve buying and selling securities periodically in an effort to capture significant market gains and avoid significant losses during a volatile market. However, periodic trading can negatively affect investment performance. Periodic trading can lead to poor investment decisions by the investment advisor, increased brokerage/transactional costs, and taxes.

#### **Investment Strategy and Tax Disclosures**

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note 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.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or 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. You understand that our investment recommendations for your account are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

We primarily recommend mutual funds, exchange traded funds, and limited partnerships for our clients. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

A limited partnership is a financial affiliation that includes at least one general partner, who manages the partnership and assume legal debts and obligations, and a number of limited partners who invest money, but have limited liability, are not involved in the day-to-day management, and usually cannot lose more than their capital. Rocky Mountain serves as the general partner to GL Asset Management LP. GL Asset Management LP serves as the general partner to RM Domestic Partners LP, RM Domestic Partners II LP, and RM Domestic Partners III LP. Rocky Mountain serves as the Investment Adviser to all the mentioned above limited partnerships.

Investment in a Private Fund/ limited partnership is speculative and involves certain risks. Certain of these risks are summarized below. The Fund may not be suitable for all investors and is intended for sophisticated investors who can accept the risks associated with its investments. An investment in the Fund does not constitute a complete investment program.

**Investment and Trading Risks in General:** All investments risk the loss of capital. No guarantee or representation is made that the Fund's program will be successful, and investment results may vary substantially over time.

**Investment Judgment; Market Risk:** The success of the Fund's investment program will depend on the judgment of the Investment Manager. There can be no assurance that the decisions made by the Investment Manager will lead to the financial success of the Fund. With respect to the investment strategy utilized by the Fund, there is always some, and occasionally a significant, degree of market risk.

**Diversification:** Since the Fund's portfolio will not necessarily be widely diversified, the portfolio may be subject to more rapid changes in value than would be the case if the Fund were required to maintain a wide diversification among companies, securities and types of securities.

**Sector Risks:** The Fund may potentially focus its investments in a particular sector. Sector risk is the possibility that securities within the same group of industries will decline in price due to sector-specific market or economic developments. If the Fund invests more heavily in a particular sector, it will be more sensitive to changes that affect the price of securities in that sector. In addition, some sectors could be subject to more government regulations than other sectors. As a result, changes in regulatory policies for these sectors may have a material effect on the value of securities issued by companies in these sectors. The sectors in which the Fund may invest, directly or indirectly, will vary.

**Portfolio Concentration:** The Fund may invest a portion of its assets in securities, mutual funds, exchange traded funds, or derivative products that are industry, sector, or capitalization specific, and thereby may be subject to the volatility attendant with such a specialized focus. To the extent the Fund's portfolio is concentrated in a particular industry or sector, there is increased risk due to adverse developments within that industry or sector.

**Portfolio Turnover:** The Fund is not restricted in effecting transactions by any specific limitations with regard to its portfolio turnover rate. The Fund's investment policies might result in substantial portfolio turnover. Fund investments may be sold for a variety of reasons, such as a more favorable investment opportunity or other circumstances bearing on the desirability of a continued position in such investments. A high rate of portfolio turnover involves correspondingly greater brokerage commissions and fees, which will be borne directly by the Fund.

**Short Sales:** The Fund may invest in mutual funds and exchange traded funds that specialize in short selling or which make short selling a significant part of their overall investment strategy. The Fund itself may also engage in short selling. Short sales can, in some circumstances, substantially increase the impact of adverse price movements on an investment portfolio. A short sale is a sale of a security that the investor does not own, in hopes of a decline in the security's price. To deliver the security to the buyer and complete the sale, the investor must borrow the security. To return the security, the investor must buy it at the market price at the time of repayment. That price may be less than the price at which the investor made its short sale, in which case the investor would have made a profit, or it may be

more, in which case the investor would have suffered a loss. Short sales create the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit. Limited use of short selling and the purchase of mutual funds and exchange traded funds that engage in short sales may be employed in an attempt to limit portfolio risk.

**Derivatives:** Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Fund contracts for the purpose of making derivative investments. In the event of such counterparty's default, the Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

**Counterparty Risk:** The Fund is subject to the risk that counterparties of derivative contracts and other instruments in which they invest and trade may default on their obligations under those instruments and that certain events may occur that have an immediate and significant adverse effect on the value of those instruments. Some of the markets in which the Fund effects its transactions are over-the-counter or inter-dealer markets. The participants in such markets are typically not subject to credit evaluation by an exchange or clearing organization and regulatory oversight as are members of exchange-based markets. The Fund therefore is exposed to a greater risk that a counterparty will not timely settle a transaction or otherwise perform its obligations in accordance with contractual terms and conditions because of a dispute over the terms of the contract (whether or not bona fide), or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement of positions and segregation and minimum capital requirements applicable to intermediaries.

**Options:** Although it is not currently the intention of the General Partner or the Investment Manager to invest in options (except incidentally to invest in one or more mutual funds that might invest to a limited extent in options) the Partnership Agreement authorizes the General Partner (and pursuant to its discretionary authority, the Investment Manager) to buy or sell options. To the extent the Fund enters into option transactions, it would most likely be part of a hedging tactic. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin,

and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Investments in Bonds, Bond Funds, and Bond ETFs. The Fund may invest in bonds, bond funds and bond ETFs. Such investments are subject to a number of risks, including:

- (i) Credit risk: the risk that the issuers of the bonds may default (fail to pay the debt that they owe on the bonds that they have issued). This risk may be minimal for investments in insured or U.S. Government bonds.
- (ii) Prepayment risk: the risk that prior to the bond maturity dates, the issuers of the bonds will prepay (call) them at a time when interest rates have declined. This risk is sometimes also known as "call risk." Because interest rates have declined, the Fund or its underlying bond funds, as applicable, may have to reinvest the proceeds in bonds with lower interest rates, which can reduce the return. Not all bonds, however, can be prepaid.
- (iii) Interest rate risk: the risk that the market value of the bonds will fluctuate as interest rates go up and down. Nearly all bond funds are subject to this type of risk, but bonds with longer maturities are more subject to this risk than bonds with shorter maturities. Because of this type of risk, bond investors may suffer losses, including those investors in insured bonds or government bonds. These risks could affect the value of a particular investment or investments by the Fund, possibly causing the Fund's asset value and total return to be reduced and fluctuate more than other types of investments. In addition, the Fund may invest directly, or through bond mutual funds and ETFs, in what are sometimes referred to as "junk bonds," which are speculative investments that carry greater risks and are more susceptible to real or perceived adverse economic and competitive industry conditions than higher quality debt securities.

Costs Associated with Mutual Fund and ETF Investments. Investment managers of mutual funds and ETFs selected by the Investment Manager will generally be entitled to a fee based on net assets under management. Any such fees charged by an investment manager of a mutual fund or ETF in which the Fund invests are in addition to the Management Fee of the Investment Manager and the Performance Allocation of the General Partner and will reduce the Fund's assets accordingly.

Financial Markets and Regulatory Change: The hedge fund industry is subject to regulatory scrutiny and risks relating to uncertainty in the credit markets. Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the "hedge fund" industry in general. The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the Fund's activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Fund. It is impossible to predict what, if any, changes in regulation applicable to the Fund or the Investment Manager, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. The Fund or the Investment Manager may be or may become subject to unduly burdensome and restrictive regulation. In particular, in response to significant recent events in international financial markets, governmental intervention and certain regulatory measures have been adopted in certain jurisdictions, including restrictions on short selling of certain securities in the U.S., the U.K. and certain other jurisdictions. The extent to which the underlying causes of these recent events are pervasive throughout global financial markets and have the potential to cause further instability is not yet clear. These recent events, and their underlying causes, have heightened the risks associated with the

investment activities and operations of hedge funds, including without limitation, those resulting from a substantial reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity, an increased risk of insolvency of prime brokers and other counterparties, and regulatory changes that may have an adverse effect on hedge funds generally, and in particular, on the Fund's ability to achieve its investment objective. The hedge fund industry may continue to be adversely affected by the recent developments in the financial markets in the U.S. and abroad, and any future legal, regulatory, or governmental action and developments such as financial markets and the broader U.S. economy could have an adverse effect on the Fund's business, operations and performance.

**Foreign Investment:** The Fund may invest in mutual funds, ETFs and other similar instruments that invest in securities of issuers organized or based outside the United States. These investments may be subject to a variety of risks and other special considerations not affecting securities of domestic issuers. Many foreign securities markets are not as developed or efficient as those in the United States. Securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers. Similarly, volume and liquidity in many foreign securities markets are less than in the United States and at times, volatility of price can be greater than in the United States. The issuers may be subject to less stringent financial reporting and informational disclosure standards, practices and requirements than those applicable to U.S. issuers.

Since foreign securities transactions often are denominated in currencies of foreign countries, the Fund may incur currency exchange costs when effecting these transactions, and the value of these securities as measured in U.S. dollars may be affected favorably or unfavorably by subsequent changes in currency rates and exchange control regulations. Currency exchange rates may fluctuate significantly over short periods of time. The Fund will be permitted, but will not be required, to engage in currency hedging transactions (using forward, futures or options contracts) to protect against adverse changes in currency rates, and it is possible that such hedging transactions could be unsuccessful.

**Emerging Markets Risks:** In addition to the risks generally associated with investing in securities of foreign companies, countries with emerging markets also may have relatively unstable governments, social and legal systems that do not protect shareholders, economies based on only a few industries, and securities markets that trade a small number of issues.

**Underlying Manager Risks:** The managers who actively manage the Fund's underlying funds may make poor security selections, potentially causing such underlying funds and the Fund itself to underperform relevant benchmarks or other funds with similar investment objectives.

**Issuer-Specific Risks:** The value of a specific security, mutual fund, ETF or a similar instrument can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. The value of securities of smaller issuers can be more volatile than that of larger issuers. The value of certain types of securities can be more volatile due to increased sensitivity to adverse issuer, regulatory, market, or economic developments.

**Cybersecurity Considerations:** The Investment Manager's and the Fund's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events, such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Investment Manager and the Fund will likely implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Investment Manager and/or the Fund may have to make a significant investment to fix or replace them.

The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Investment Manager's and/or the Fund's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Investment Manager's and/or the Fund's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

## **Item 9 Disciplinary Information**

Rocky Mountain has been registered and providing investment advisory services since 2003. Neither our firm nor any of our Associated Persons have any disciplinary information. Refer to the *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* section below for additional disclosures on the supervision of our Associated Persons.

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

We serve as the investment adviser to RM Domestic Partners, LP, RM Domestic Partners II, LP, and RM Domestic Partners III, LP (hereinafter collectively referred to as the "Funds"), all of which are pooled investment vehicles in which you may be solicited to invest. The Funds are offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom the Funds are offered will receive a private placement memorandum and other offering documents. The fees charged by the Funds are separate and apart from our advisory fees. You should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Funds. Persons affiliated with our firm may have made an investment in the Funds and may have an incentive to recommend the Funds over other investments. You are strongly encouraged to seek independent legal counsel prior to investing in these private investment vehicles. These investments are not protected by SIPC. Refer to the *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* section below for additional disclosures on this topic.

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

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We adhere strictly to these guidelines. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting our main office at 281-778-4900.

### **Participation or Interest in Client Transactions**

We serve as the investment adviser to RM Domestic Partners, LP, RM Domestic Partners II, LP and RM Domestic Partners III, LP (hereinafter collectively referred to as the "Funds"), all of which are pooled investment vehicles that invest in securities and other investment products. GL Asset Management LP, a Related Person of our firm, will serve as the general partner to the Funds. If you are an investor in the Funds, refer to the Funds' offering documents for important detailed disclosures regarding the Funds. Additionally, individuals associated with our firm may buy or sell - for their personal account(s) - investment products identical to those purchased by the Funds. This practice may create a conflict of interest because we have the ability to trade ahead of the Funds and

potentially receive more favorable prices than the Funds will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor our Associated Persons shall have priority over the Funds in the purchase or sale of securities.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor any of our Associated Persons shall have priority over your account in the purchase or sale of securities. We have also adopted a written Code of Ethics designed to prevent and detect personal trading activities that may interfere or be in conflict with client interests, as discussed above in this section.

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 mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

### **Partnership Potential Conflict of Interest**

The Investment Manager manages and expects to continue to manage other client accounts, some of which have objectives similar to those of the Fund, including other collective investment vehicles which may be managed by the Investment Manager or any of its affiliates and in which the Investment Manager or any of its affiliates may have an equity interest.

The Partnership Agreement requires that the General Partner, and the Investment Manager as a delegate of the General Partner pursuant to the Investment Management Agreement, act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Fund but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Fund or any restrictions on the nature or timing of investments for the account of the Fund and for the Investment Manager's own account or for other accounts that the Investment Manager or its affiliates may manage. The Investment Manager is not obligated to devote any specific amount of time to the affairs of the Fund, and is not required to accord exclusivity or priority to the Fund in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

When the Investment Manager determines that it would be appropriate for the Fund and one or more other investment accounts to participate in an investment opportunity, the Investment Manager will seek to execute orders for all of the participating investment accounts on an equitable basis. If the Investment Manager has determined to invest at the same time for more than one of the investment accounts, the Investment Manager will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, the Investment Manager will allocate the trade among the different accounts on a basis that it considers equitable. Situations may occur where the Fund could be disadvantaged because of the investment activities conducted by the Investment Manager for other investment accounts.

From time to time the Investment Manager may determine that a sale of positions from one client account to another is in the best interests of both accounts. For example, the Fund may acquire investments from unrelated sellers and may re-offer a portion of such investments to affiliated investment vehicles that were subject to legal, fiscal or other restrictions on participating in the original

transaction. Alternatively, an affiliate may require an investment from an unrelated seller in anticipation of offering it to the Fund at a future date, if the Fund does not have available capital to make the investment when it is being marketed by the unrelated seller. While these transactions with related parties are expected to expand the universe of opportunities that are available to the Fund and other clients of the Investment Manager, the Fund will not necessarily derive a benefit from each such transaction, and the Fund and the other party to a particular transaction may have divergent interests. Moreover, there may be uncertainties regarding the valuation of investments that are subject to these transactions. Where required by applicable law or in other appropriate circumstances as determined by the General Partner, the General Partner may convene the Conflicts Committee to consent on behalf of the Fund to transactions in which participating accounts may have divergent interests. Limited Partners will have no opportunity to participate in the evaluation of the terms or merits or valuation of any such transactions and will be bound by the consent of the Conflicts Committee. Affiliates may earn commissions, spreads or other compensation from the Fund relating to such transactions. Amounts due from the Fund to the Investment Manager and its affiliates are not adjusted for such commission, spreads or other compensation.

The Principals, the employees and officers of the General Partner and the Investment Manager and of organizations affiliated with the General Partner or the Investment Manager ("Affiliates"), may buy and sell securities for their own account or the account of others, but may not buy securities from or sell securities to the Fund. The Affiliates may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Fund has no right to participate in or benefit from the other management activities of the Investment Manager described above and the Affiliates are not obligated to account to the Fund for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Fund any of the investment or service opportunities obtained through such activities.

If the General Partner or the Investment Manager, as appropriate, incurs any Fund expenses for the account or for the benefit of, or in connection with its activities or those of its Affiliates on behalf of, both the Fund and any assets or investments of the General Partner, or any other assets or investments managed by the General Partner or any Affiliate of the General Partner for the account of any person or entity (including investment vehicles) other than the Fund, which are invested or which are available for investment in securities or other instruments or for trading activities whether or not of the specific type being conducted by the Fund ("Other Accounts"), the General Partner or the Investment Manager, as appropriate, will allocate such expense among the Fund and each such Other Account in a manner the General Partner considers fair and reasonable and consistent with the Investment Manager's expense allocation policy.

Akin Gump Strauss Hauer & Feld LLP ("Akin Gump") serves as counsel to the Fund, the Investment Manager, the General Partner and certain of their Affiliates (the "Clients") in connection with the formation of the Fund and certain other Clients, the offering of Interests as well as certain other matters for which the Clients may engage Akin Gump from time to time. Akin Gump disclaims any obligation to verify the Clients' compliance with their obligations either under applicable law or the governing documents of the Fund. In acting as counsel to the Clients, Akin Gump has not represented and will not represent any Limited Partners nor does it purport to represent their interests. No independent counsel has been retained to represent the Limited Partners. In assisting in the preparation of this Memorandum, Akin Gump has relied on information provided by the Fund, the Investment Manager and the General Partner and certain of the Fund's other service providers (including, without limitation, the Principals' biographical data, summaries of market conditions, the planned investment strategy of the Fund and the performance of the Fund, its investments or any predecessor Fund) without verification and does not express a view as to whether such information is accurate or complete.

## Item 12 Brokerage Practices

We recommend the brokerage and custodial services of TD Ameritrade Institutional (through the TD Ameritrade Institutional Platform), a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers' services which include custody of securities, trade execution and clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Platform as disclosed below.

We believe that TD Ameritrade provides quality execution services for you at competitive prices. Best execution is not measured solely by reference to commission rates. We also consider the quality of the brokerage services provided by TD Ameritrade, including the value of research provided, the ability to provide professional services, reputation, experience and financial stability, execution capabilities and responsiveness to our clients and our firm. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered.

As disclosed above, we participate in TD Ameritrade's Institutional Platform and we recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our participation in the Platform and the investment advice we give to our Clients, although we receive economic benefits through our participation in the Platform that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the Platform do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services. In recognition of the value of research services and additional brokerage products and services TD Ameritrade provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### Partnership Accounts

The Investment Manager is responsible for the placement of the portfolio transactions of the Fund and the negotiation of any commissions or spreads paid on such transactions. Portfolio transactions normally are effected through brokers on securities exchanges or directly with the issuer, or through an underwriter, or market maker or other dealer for the investments. Portfolio transactions through brokers involve a commission to the broker. Portfolio transactions with dealers typically are priced to include a spread between the bid and the asked price to compensate the dealer. Portfolio transactions will be executed by brokers selected solely by the Investment Manager in its absolute discretion.

Substantially all of the Fund's investments in marketable securities, as well as its cash and cash equivalents, are expected to be held at TD Ameritrade Institutional or other prime brokers or custodians selected by the Investment Manager. Instruments not constituting marketable securities generally are recorded through book entry by the borrower or by an agent for the borrower or the creditors. Documentary evidence of the acquisition, ownership and disposition of these assets typically will be held by the

Administrator. In determining which broker-dealer generally provides the best available price and most favorable execution, the Investment Manager considers a totality of circumstances, including the ability to efficiently execute difficult trades (such as those in illiquid markets or trades of substantial size), the broker's risk in positioning a block of securities, commitment of capital, depth of services provided, back office and processing capabilities, financial strength, stability and responsibility, efficiency, reputation, access to markets, confidentiality, commission rate, and the responsiveness to the Investment Manager provided by such brokers.

The Investment Manager may also execute trades with brokers and dealers with whom the Fund or the Investment Manager has other business relationships, including prime brokerage, credit relationships and capital introduction or investments by affiliates of the broker-dealers in the Fund or other entities managed by the Investment Manager. However, the Investment Manager does not believe that these other relationships will influence the choice of brokers and dealers who execute trades for the Fund.

### **Soft Dollars**

We do not receive any soft dollar benefits.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

We routinely recommend that you direct our firm to execute transactions through TD Ameritrade. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent us from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

### **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's

best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

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

Gabriel Gallegos, President and Chief Compliance Officer, or another Associated Person of our firm, will review all discretionary accounts in detail as necessary, but no less frequently than quarterly. This process will entail review of market positions, prices, and portfolio performance in light of current market conditions and the portfolio's investment objective. In addition, a portfolio may be reviewed in response to client needs, a client meeting, or market changes.

Separately Managed Accounts and 401k clients will receive trade confirmations and statements, at least quarterly, directly from your account custodian(s). If available, such information may be accessed online.

Quarterly, our firm will send to the Client and the Custodian a statement for the advisory fee, which shall include the specific manner in which the advisory fee is calculated. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us immediately at 281-778-4900.

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

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

As disclosed above, our firm may receive certain economic benefits through its participation in the Institutional Program. While these benefits are typically not available to TD Ameritrade retail investors, they are nevertheless, offered to all investment advisers that participate in the Institutional Program. Receipt of these benefits does not depend on the amount of brokerage transactions directed to TD Ameritrade, Inc.

While TD Ameritrade, Inc. does not consider this to be a soft dollar arrangement, some states do. As such, we have disclosed our participation in the Institutional Program as a soft dollar arrangement.

### **Item 15 Custody**

#### *Payment of Advisory Fees for Separately Managed Accounts*

As paying agent for our firm, your independent custodian may directly debit your account(s) for the payment of our advisory fees, but only if you previously consented to such deduction in writing. This authority to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

#### *Private Investment Companies*

We serve as investment adviser to RM Domestic Partners, LP, RM Domestic Partners II, LP and RM Domestic Partners III, LP (hereinafter collectively referred to as the "Funds"), all of which are pooled investment vehicles that invest in securities and other investment products. GL Asset Management LP, a Related Person of Rocky Mountain will serve as the general partner to the Funds. In our capacity as investment adviser to the Funds and resulting from GL Asset Management LP, acting as general partner, we will have access to the Funds' funds and securities, and therefore are deemed to have custody over such funds and securities. In accordance with the offering documents of the Funds, we provide each investor in the Funds with audited annual financial statements within 120-days of the Funds' fiscal year end. If you are an investor in the Funds and have questions regarding the financial statements or if you did not receive a copy of the financial statements, contact Gabriel Gallegos, Chief Compliance Officer, at 281-778-4900.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement. If you engage us to provide investment advisory services on a discretionary basis, we have the authority to determine the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. We also have discretion over the broker or dealer to be used and the commission rates to be paid. In providing discretionary management services, we do not accept client restrictions on the specific securities or the types of securities that may be held in their account. Refer to the *Advisory Business* section above for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

Without exception, we will not vote proxies on behalf of your advisory accounts.

## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$500 in fees and six or more months in advance, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Item 19 Requirements for State-Registered Advisers**

Our firm is not actively engaged in any business other than giving investment advice that is not already disclosed above.

Our firm is compensated for advisory services with performance-based fees. Refer to the *Performance-Based Fees and Side-By-Side Management* section above for additional information on this topic. Performance-based fees may create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account are being managed according to the client's investment objectives and risk tolerance.

Neither our firm, nor any of our Associated Persons have any reportable arbitration claims, civil, self-regulatory organization proceeding or administrative proceeding.

Neither our firm, nor any of our Associated Persons have a material relationship or arrangement with any issuer of securities.

**Gabriel Gallegos, President**

Please refer to the Part 2B for background information about Gabriel Gallegos, the President of our firm.

**Taylor Gallegos, Vice President**

Taylor L. Gallegos received her B.B.A. in Accounting & Finance from Texas A&M University-Corpus Christi. She began her career in public accounting as an auditor for non-profit and governmental entities in Corpus Christi, Texas and the surrounding areas. She later moved into the private sector providing audit and tax services to a variety of companies in the Greater Houston area. In May 2004, Mrs. Gallegos joined Rocky Mountain Private Wealth Management, L.L.C. as controller of the firm. In 2008, Mrs. Gallegos became Vice-President of Rocky Mountain Private Wealth Management, L.L.C.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure. We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of our privacy policy notice to you on an annual basis. Please contact us at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In limited circumstances, we may make an error in submitting a trade on your behalf. In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a profit results from correcting the trade, all net gains (positive error accounts balances resulting from trade corrections) will be moved to a TD Ameritrade error account and subsequently donated to charity.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.