

# **TownSquare Capital, LLC**

## **Part 2A of Form ADV**

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**March 31, 2025**

This brochure provides information about the qualifications and business practices of TownSquare Capital, LLC. If you have any questions about the contents of this brochure, contact us at 385-375-8650. 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 TownSquare Capital, LLC (CRD/IARD # 288576) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

TownSquare Capital, LLC 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 – Summary of Material Changes**

This Brochure is dated March 31, 2025. Our last annual update was on March 28, 2024. Since our last update, we have made the following changes:

- We have updated Item 8 to provide additional details of the Methods of Analysis we may use, Investment Strategies we may recommend, and the Risk that may exist in our advisory offerings.
- We have added our new affiliate, Summit Walth Systems, Inc., to Item 10.
- We have added information relating to our affiliate's integration with Flourish Financial, LLC to Item 10.

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## Item 4 – Advisory Business

### Description of Firm

TownSquare Capital, LLC (“TownSquare”) is a registered investment adviser primarily based in Provo, UT. We are organized as a limited liability company (“LLC”) under the laws of the State of Utah. We have been providing investment advisory services since June 2017. In July 2022, TownSquare Capital, LLC was acquired by Orion Advisor Solutions, Inc. (“Orion”), a company controlled by funds affiliated with Genstar Capital Partners LLC and TA Associates, LLC (the “Change of Control Transaction”). TownSquare Capital, LLC is a wholly-owned, indirect subsidiary of Orion.

The following paragraphs describe our services and fees. As used in this brochure, the words “we,” “our,” and “us” refer to TownSquare Capital, LLC. The term “Primary Investment Adviser” refers to the affiliated and unaffiliated third-party investment advisors who engage us to perform sub-investment advisory services. The term “Underlying Client” refers to the end-investor whose funds we are managing at the direction of the Primary Investment Adviser, as delegated to us by the Primary Investment Adviser. The term “you” refers to the Primary Investment Adviser and those individuals in which we provide our services directly to as further described in [Item 7 – Types of Clients](#) of this brochure.

### Sub-Advisory Asset Management Services to Registered Investment Advisers

We offer sub-advisory services to both affiliated and unaffiliated third-party money managers (the “Primary Investment Adviser”) per the terms and conditions of a written Sub-Advisory Agreement between us and the Primary Investment Adviser. This is sometimes referred to as Outsourced Chief Investment Officer, or OCIO, services.

The Primary Investment Adviser maintains the direct relationship with the investor for whom we are managing assets (the “Underlying Client”), and we manage these assets as delegated to us by the Primary Investment Adviser. At the request of the Primary Investment Adviser, our supervised persons, such as portfolio managers or investment strategists, may meet with Underlying Clients jointly with the Primary Investment Adviser.

The Primary Investment Advisers that engage our sub-advisory services maintain both the initial and ongoing day-to-day relationship with the Underlying Clients, including initial and ongoing determination of client suitability for the designated investment strategies selected for the Underlying Clients. Our obligation is limited to management of the allocated assets consistent with the objective and/or strategy designated by the Primary Investment Adviser. If the custodian/broker-dealer is determined by the Primary Investment Adviser, we will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, the Underlying 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 through alternative clearing arrangements recommended by us. Higher transaction costs adversely impact account performance.

Our sub-advisory services involve discretionary asset management tailored to meet the Underlying Client’s needs and investment objective, based on the information provided to us by the Primary Investment Advisor. We require that the Underlying Client grant us trading authority at the custodian by executing a Limited Power of Attorney to manage their account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on the Underlying Client’s behalf based on the information provided to us by the Primary Investment Adviser. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for the Underlying Client’s account without obtaining approval prior to each transaction. The Primary Investment Advisor may permit the Underlying Client to limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for the Underlying Client account). The Primary Investment Advisor must provide us with a list of any such restrictions and

guidelines in writing. Underlying Clients are responsible for ensuring they maintain their current address with the Primary Investment Advisor.

As part of our asset management services, in addition to other types of investments (see disclosures below in this section), we may invest Underlying Client assets according to one or more model portfolios developed by our firm and selected by the Primary Investment Advisor. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Underlying Clients who may impose restrictions on investing in certain securities or types of securities in their account may be prevented from investing in certain models that are managed by us.

### **Pooled Investment Vehicles**

We are the manager of TownSquare WTI Opportunity I, LLC. The Fund is closed to new investors.

We are the manager of TownSquare Sundance Bay Opportunity I, LLC. The Fund is offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom the Fund is offered will receive a private placement memorandum and other offering documents.

### **House Accounts**

We may offer asset management services directly to employees and their relatives or close acquaintances, as well as legacy accounts that have not transitioned to another Primary Investment Adviser (i.e., House Accounts). The services are similar to those described above under the section entitled "Sub-Advisory Asset Management Services to Registered Investment Advisers."

### **Types of Investments**

We offer advice on equity securities, warrants, corporate debt securities (other than commercial paper), commercial paper, certificates of deposit, municipal securities, variable life insurance, variable annuities, mutual fund shares, United States government securities, options contracts on securities, options contracts on commodities, futures contracts on tangibles, futures contracts on intangibles, money market funds, real estate, REITs, PIPEs, derivatives, structured notes, ETFs, private placements, interests in partnerships investing in real estate, oil and gas.

Additionally, we may advise on various types of investments based on the Underlying Client's stated goals and objectives, as communicated to us by the Primary Investment Adviser. We may also provide advice on any type of investment held in the Underlying Client's portfolio at the inception of our sub-advisory asset management services.

### **Wrap Fee Programs**

In the event that we are engaged to provide investment advisory services as part of an unaffiliated wrap-fee program, we will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately.

### **Assets Under Management**

As of December 31, 2024, we provide continuous management services for \$14,989,060,522 in client assets on a discretionary basis, and \$0 in client assets on a non-discretionary basis.

## Item 5 – Fees and Compensation

### **Sub-Advisory Asset Management Services for Registered Investment Advisers**

Fees and payment arrangements are negotiable and will vary on a case-by-case basis. Fees are agreed upon between us and the Primary Investment Adviser based on the execution of a Sub-Advisory Agreement entered into between the Primary Investment Advisor and us. Fees payable to us are the obligation of the Primary Investment Adviser. Fees payable to the Primary Investment Adviser are the obligation of the Underlying Client. The frequency with which fees are assessed and the manner in which they are paid to us will be determined via the Sub-Investment Advisory Agreement between us and the Primary Investment Adviser. Depending on the arrangement, we may require the Underlying Client to grant us authorization through a Limited Power of Attorney to directly deduct fees from their accounts.

The Primary Investment Adviser may terminate the agreement upon written notice to our firm. The Primary Investment Adviser will incur a pro rata charge for services rendered prior to the termination of the agreement, which means the Primary Investment Adviser will incur advisory fees only in proportion to the number of days in the billing period for which we managed assets as a sub-advisor for the Primary Investment Adviser. If the Primary Investment Adviser has pre-paid advisory fees that we have not yet earned, they will receive a prorated refund of those fees. If the Underlying Client has pre-paid advisory fees that have not yet been earned, it is the responsibility of the Primary Investment Adviser to ensure they receive a prorated refund of those fees. In such instances, we may assist the Primary Investment Adviser in refunding pre-paid advisory fees on a prorated basis.

### **House Accounts**

Fees charged to House Accounts are negotiable but will not exceed 3% annually of assets under management. Fees will be charged at a frequency and manner as determined via the investment advisory contract. In the event advisory services we offer are terminated and we have received unearned advisory fees, such fees will be refunded.

### **Pooled Investment Vehicles**

The fees charged by TownSquare WTI Opportunity I, LLC and TownSquare Sundance Bay Opportunity I, LLC are separate and apart from our advisory fees. Investors in these funds should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in each Fund. Persons affiliated with our firm may have made an investment in the Fund. See [Item 10 – Other Financial Industry Activities and Affiliations](#) for more information.

### **Additional Fees and Expenses**

As part of our investment advisory services, we may purchase in Underlying Client accounts mutual funds and exchange traded funds, as well as exchange traded equities. The fees paid 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. These fees will generally include a management fee and other fund expenses. Underlying Clients will also incur transaction charges and/or brokerage fees when purchasing or selling securities, including but not limited to stocks or equities, bonds, exchange traded funds ("ETFs"), options, and mutual funds.

These charges and fees are typically imposed by the broker-dealer or custodian through which 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 that will be incurred, Primary Investment Advisers and Underlying Clients should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the [Item 12 – Brokerage Practices](#) section of this brochure.

We may trade Underlying Client accounts or House Account clients on margin. The Underlying Client or House Account client must sign a separate margin agreement before margin is extended to an account owner. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. While a negative amount may show on a statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This creates a conflict of interest where we have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

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

We do not accept performance-based fees or participate in 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 [Item 5 – Fees and Compensation](#) of this brochure and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in any advisory account.



## Item 7 – Types of Clients

We offer sub-investment advisory services to affiliated and unaffiliated investment advisors registered at both the state and federal level in the U.S. The Primary Investment Adviser will allocate a portion, which may include all, of the assets of their Underlying Client and we will manage the assets based on the information and instructions provided to us about the Underlying Client from the Primary Investment Adviser. Underlying Clients may include individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, state or municipal government entities, other investment advisers, and corporates or business not otherwise listed.

We may offer our advisory services on a limited basis to employees and their families and close acquaintances.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate an account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

Investors in the TownSquare WTI Opportunity I, LLC Fund should refer to the Fund offering documents and/or organizational documents for information regarding the Fund's minimum required capital commitment and any additional qualifications required for investment.

Investors in the TownSquare Sundance Bay Opportunity I, LLC Fund should refer to the Fund offering documents and/or organizational documents for information regarding the Fund's minimum required capital commitment and any additional qualifications required for investment.

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

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing Sub-Advisor Asset Management Services to Registered Investment Advisors and when managing private funds:

**Due Diligence Process of our Affiliate:** We may utilize the due diligence process of our affiliate, Orion Portfolio Solutions, LLC. For more information, please see Part 2A of the Form ADV for Orion Portfolio Solutions, LLC.

**Charting Analysis** - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

**Risk:** Our charting analysis may not accurately detect anomalies or 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.

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or 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.

**Quantitative Analysis** - using mathematical models, statistical techniques, and computational algorithms to analyze financial data. It involves examining data to identify patterns, trends, and correlations, building models to assess and mitigate risks, and selecting a mix of assets for portfolio management.

**Risk:** The risk of Quantitative Analysis arises from inaccurate assumptions or poor-quality data, leading to unreliable predictions. Additionally, overfitting occurs when models are too closely tailored to historical data, reducing their effectiveness for future predictions. Market changes can render models based on past data obsolete, as they may not account for sudden or unprecedented events.

**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 and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect 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** - a type of technical analysis that involves evaluating recurring price patterns and

trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

**Risk:** 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.

**Modern Portfolio Theory** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

**Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**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.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**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.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Short Sales** - Unlike a straightforward investment in stocks where you buy shares with the expectation that their price will increase so you can sell at a profit, in a "short sale" you borrow stocks from your brokerage firm and sell them immediately, hoping to buy them later at a lower price. Thus, a short seller hopes that the price of a stock will go down in the near future. A short seller thus uses declines in the market to his advantage. The short seller makes money when the stock prices fall and loses when prices go up. The SEC has strict regulations in place regarding short selling.

**Risk:** Short selling is very risky. Investors should exercise extreme caution before short selling is implemented. A short seller will profit if the stock goes down in price, but if the price of the shares increase, the potential losses are unlimited because the stock can keep rising forever. There is no ceiling on how much a short seller can lose in a trade. The share price may keep going up and the short seller will have to pay whatever the prevailing stock price is to buy back the shares. However, gains have a ceiling level because the stock price cannot fall below zero.

**Risk:** A short seller has to undertake to pay the earnings on the borrowed securities as long as the short seller chooses to keep the short position open. If the company declares huge dividends or issues bonus shares, the short seller will have to pay that amount to the lender. Any such occurrence can skew the entire short investment and make it unprofitable. The broker can use the funds in the short seller's margin account to buy back the loaned shares or issue a "call away" to get the short seller to

return the borrowed securities. If the broker makes this call when the stock price is much higher than the price at the time of the short sale, then the investor can end up taking huge losses.

**Risk:** Margin interest can be a significant expense. Since short sales can only be undertaken in margin accounts, the interest payable on short trades can be substantial, especially if short positions are kept open over an extended period.

**Risk:** Shares that are difficult to borrow – because of high short interest, limited float, or any other reason – have “hard-to-borrow” fees. These fees are based on an annualized rate that can range from a small fraction of a percent to more than 100% of the value of the short trade. The hard-to-borrow rate can fluctuate substantially on a daily basis; therefore, the exact dollar amount of the fee may not be known in advance, and may be substantial.

**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.

**Risk:** If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

**Option Writing** - a securities transaction that involves selling an option. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price on or before the expiration date of the option. When an investor sells a call option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. When an investor sells a put option, he or she must pay the strike price per share if the buyer exercises the option, and will receive the specified number of shares. The option writer/seller receives a premium (the market price of the option at a particular time) in exchange for writing the option.

**Risk:** Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

**Trading** - We may use frequent trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Frequent trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses.

**Risk:** When a frequent trading policy is in effect, there is a risk that investment performance within your account may be negatively affected, particularly through increased brokerage and other transactional costs and taxes.

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 information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your or the Underlying Client's financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

We will not perform quantitative or qualitative analysis of individual securities. Instead, we will advise

you on how to allocate your assets among various classes of securities or third party money managers. We primarily rely on investment model portfolios and strategies developed by the third party money managers and their portfolio managers. We may replace/recommend replacing a third party money manager if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark.

### **Tax Considerations**

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 consult with a tax professional regarding the investing of your assets.

Moreover, custodians and broker-dealers must report the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the First-In First-Out ("FIFO") 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, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. 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 is inherently risky. An investment in mutual funds, exchange-traded funds, or stocks could lose money. We and the Strategists cannot give any guarantee that they will achieve their investment objectives or that Clients will receive a return on or return of their investment. Although money market funds are considered low risk, they are affected by other types of risk, mainly interest-rate risk and inflation risk. The underlying value of the instruments within the money market fund may change depending on the direction of interest rates.

The value of a Client investment could decline and be worth less than the principal initially invested. And while a money market fund seeks a stable share price, its yield fluctuates. In addition, mutual funds are not insured or guaranteed by an agency of the U.S. government. Bond funds, unlike purchasing a bond directly, will not re-pay the principal at a set point in time.

Performance could be impacted by a number of different market risks including but not limited to:

### **Loss of Capital**

All of our programs are subject to general market risk. Any investment in the securities is subject to risk of loss of capital. The value of the portfolio will fluctuate based upon changes in value of the underlying securities. Investments are not insured by the Federal Deposit Insurance Corporation.

### **Interest Rate Risk**

Portfolios may change in response to the movement of interest rates. The price of a fixed income security will generally fall when interest rates rise, and vice versa.

### **Manager Risk**

Performance may deviate from overall market returns if we or any unaffiliated Strategist is either more defensive or more aggressive when the market is rising or falling, respectively.

### **Credit Risk**

The value of a Client's investment in the portfolio may change in response to changes in the credit ratings of the portfolio's securities. Generally, investment risk and price volatility increase as a

security's credit rating declines.

### **Derivatives Risk**

Derivatives, such as options, futures and swaps, can be volatile, and a small investment in a derivative can have a large impact on the performance of the portfolio. Other risks of investments in derivatives include imperfect correlation between the value of these instruments and the underlying assets; risks of default by the other party to the derivative transactions; risks that the transactions may result in losses that partially or completely offset gains in portfolio positions; and risks that the derivative transactions may not be liquid.

### **Foreign Risk**

Foreign investments are subject to the same risks as domestic investments and additional risks, including international trade, currency, political, regulatory and diplomatic risks, which may affect their value. Also, foreign securities are subject to the risk that their market price may not reflect the issuer's condition because there is not sufficient publicly available information about the issuer.

### **Leverage Risk**

Certain transactions, such as reverse repurchase agreements, dollar rolls, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, may give rise to leverage, causing a portfolio to be more volatile than if it had not been leveraged.

### **Liquidity Risk**

Certain securities eligible for investment by the portfolio may be deemed to be illiquid under applicable law. During periods of market turbulence or unusually low trading activity, in order to meet redemptions, it may be necessary for the portfolio to sell such securities at prices that could impact portfolio value.

### **Alternative Investments**

Alternative investments, such as Private Equity Funds, non-traded Real Estate Investment Funds, Hedge Funds, and typically any security or investment that is not traded and priced on a daily basis, are speculative and involve substantial risks. It is possible that investors may lose some or all of their investment. Please review the offering documents for the risks associated with each alternative investment that Clients are considering for investment.

### **Alternative Investment Mutual Funds**

Alternative investment mutual funds are speculative and involve substantial risks. It is possible that investors may lose some or all of their investment. Please review the mutual fund prospectus for the risks associated with each alternative mutual fund that Clients are considering for investment in a Strategist Model.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

## **Item 9 – Disciplinary Information**

Neither we nor any of our employees have been involved in any legal or disciplinary events in the past 10 years that would be material to a Client's evaluation of us or our personnel..

## Item 10 – Other Financial Industry Activities and Affiliations

### Recommendation of Other Advisers

We may recommend the use of a third party money manager ("TPMM") based on the Underlying Client's needs and suitability. We will not receive separate compensation, directly or indirectly, from the TPMM for recommending their services. Our affiliate, Orion Portfolio Solutions, LLC, is a TPMM we may recommend.

### Broker-Dealer Registrations

Brinker Capital Securities, LLC ("BCS") is a registered broker-dealer and an affiliate of TownSquare. Brinker Capital Securities, LLC acts as introducing broker under a clearing agreement with National Financial Services, LLC ("NFS"). We may manage accounts for Underlying Clients that are introduced to NFS through BCS. Neither we nor BCS receive any commission, mark-up, or mark-down income related to our accounts introduced to NFS by BCS.

### Other Registrations

Neither TownSquare nor any of its management persons are registered or have applications pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

### Transactions with Orion Affiliates

As discussed above, we are a subsidiary of Orion. The following direct and indirect subsidiaries of Orion are affiliates of us: Advizr, Inc. dba Orion Planning, Orion Advisor Technology, LLC ("OAT"), Constellation Trust Company ("CTC"), Brinker Capital Destinations Funds Trust ("Destinations Funds"), Brinker Capital Securities, LLC ("BCS"), Orion Portfolio Solutions, LLC dba Brinker Capital Investments, GxWorks, LLC dba Orion Risk Intelligence (formerly HiddenLevers), BasisCode Compliance, LLC dba Orion Compliance, Redtail Technology, Inc, and Summit Wealth Systems, Inc. Certain of our executive officers also serve as officers and directors of these affiliates.

Orion Advisor Technology, LLC ("OAT"), Advizr Inc., and Orion Risk Intelligence- TownSquare utilizes the back-office system provided by OAT for trade processing, account management, and performance reporting for certain Programs. TownSquare or its affiliates also make available to its clients financial planning tools from Advizr and risk analytics tools from Orion Risk Intelligence. Primary Investment Advisors also may use these tools and be customers of OAT, Advizr, and Orion Risk Intelligence, and may receive discounted fees for our services or the services of our affiliates based on the combination of services for which they engage us and our affiliates. TownSquare believes that the utilization of OAT, Advizr and Orion Risk Intelligence do not create a conflict of interest.

Constellation Trust Company ("CTC")- CTC is a Nebraska chartered trust company and an affiliate of TownSquare. Some of TownSquare's executive officers also serve as officers and directors of CTC. CTC's custodial services facilitate certain clients who desire a third-party investment adviser such as us to manage their account(s). TownSquare and its affiliates may recommend CTC, among other custodians, to our clients.

Orion Portfolio Solutions, LLC ("OPS")- OPS is an investment adviser registered with the SEC. OPS provides a fee-based investment platform that allows investment advisors the ability to develop their own model portfolios or utilize models provided by institutional portfolio strategists. We make certain strategies and model portfolios available through OPS. Additionally, certain operational services, such as trading and fee billing, for client accounts are performed by employees of OPS. TownSquare also shares compliance systems, resources, and employees, including its Chief



Compliance Officer, with OPS. OPS has a sub-advisory agreement in place with us to manage products available on its platform. Due to the fact that we are an affiliate, OPS has an incentive to utilize us as a sub-advisor.

OPS is the investment advisor for the Destinations Mutual Funds and OPS receives an investment advisory fee for this service, which presents a potential conflict of interest. The Destinations Mutual Funds are included in the Destinations strategies offered through our sub-advisory service. Additional information about such potential conflict of interest can be found in the Material Conflicts of Interest section of OPS's Form ADV Part 2A.

TownSquare has entered into a sub-advisory agreement with OPS regarding certain programs offered by OPS to third party advisors. The following programs TownSquare has engaged OPS for are:

**Custom Indexing:** TownSquare has engaged OPS to provide Orion Custom Indexing to TownSquare and in turn, to make available to the Primary Investment Adviser. We may select among several customized portfolio options through Orion Custom Indexing. Orion Custom Indexing utilizes optimization technology to provide TownSquare with the ability to personalize portfolios, tax transition legacy assets, and tax loss harvest portfolios. In addition to managing against passive indexes, the program also offers the ability to overlay on top of proprietary and third-party portfolios. Portfolios are typically constructed of individual stocks but may also include ETFs and mutual funds depending on the specific mandate and any legacy assets incorporated into the client portfolio.

**Orion Communities:** We may use model portfolios to recommend an investment strategy to the Primary Investment Advisers for the Underlying Clients. These model portfolios may be models we create, models created by our affiliate OPS, or models created by third-party strategists. As part of our agreement with OPS, OPS has made available to us its Orion Communities platform. Orion Communities is an investment management platform that provides advisors such as TownSquare that utilize the Orion technology platform with access to third party strategist models for fixed income, equities, and alternatives.

More information about OPS and the programs it offers is available in its ADV Form Part 2A.

Orion Compliance- Orion Compliance is a compliance management system owned and sold by our parent company. The cloud-based software platform provides core compliance functions including management of policies and procedures, employee trade monitoring, testing, and certifications. We utilize Orion Compliance as a technology solution for our compliance program.

### **Third Party Technology Services Arrangements**

We utilize the investment advisor technology platform created by our affiliate, Orion Tech. This platform is available to other, unaffiliated investment advisors and features integrated third-party services available through unaffiliated financial technology providers, creating integrated services available to users of Orion Tech (including us). Through Orion Tech's arrangements with such third party technology providers, Orion Tech receives revenue based on the usage of the third-party service through its platform. While such third-party services are typically integrated into the Orion Tech technology experience for ease of use, users of Orion Tech's technology services are not prevented from choosing alternative providers. Nevertheless, the inclusion of certain third-party service providers on Orion Tech's platform for which Orion Tech receives revenue for the services it provides to support the integration creates a conflict as we are encouraged to refer or recommend those services which would generate more revenue for Orion Tech. Such services are discussed in detail below.

### **DPL Financial Partners**

DPL Financial Partners (“DPL”) is a financial service provider that coordinates the provision, either directly or through its associated and licensed broker-dealer, of certain insurance products, including annuities. DPL supports such activities through the use of a web-based platform and certain associated Product Tools (collectively, the “DPL Platform”), as well as through relationships that DPL has established with certain insurance carriers that offer Insurance Products. DPL offers the use of its insurance services through a membership program. DPL is unaffiliated with us or any of our affiliates.

Our affiliate, Orion Tech, has entered into an arrangement where DPL will share a portion of the membership fee paid to it by any investment advisor referred to DPL by Orion Tech. DPL will also pay a technology support fee to Orion Tech for its efforts in supporting the integration with the DPL Platform. We do not receive any portion of these fees. There is a conflict as the Client’s third party investment advisor which uses our advisory services described in this brochure may also use the technology services of Orion Tech, and Orion Tech may receive revenue from DPL if the Client’s investment advisor was referred to DPL by Orion Tech and became a member of DPL.

Neither we nor Orion Tech, nor any of our affiliates, is involved in the solicitation or sales of the insurance products through the DPL Platform.

### **Capital Integration Systems**

Capital Integration Systems (“CAIS”), itself and through its subsidiaries, offers a platform for the purchase of private placements and other non-traded assets. CAIS is unaffiliated with us or any of our affiliates. Our affiliate, Orion Tech, has entered into an arrangement where CAIS will pay Orion Tech a fee based on the value of the assets held by Clients of investment advisors who utilize Orion Tech’s technology, including OPS or BCI Platform Clients. Orion Tech will receive no fee until the value of such assets exceeds \$100 million, and the size of the fee will increase until the value of such assets exceeds \$500 million, at which time the fee will not increase. However, as the fee is based on the value of the assets on the platform, the amount of revenue received by Orion Tech will increase as the value of such assets (either by market gain or additional sales) will increase. We do not receive any portion of this fee.

Client’s Investment Advisor which uses our advisory services described in this brochure may also use the technology services of Orion Tech, and may recommend that Clients allocate a portion of their assets to one or more offerings available on the CAIS platform. In addition, if Clients engage our Wealth Advisory service, we may recommend that Clients allocate a portion of Client assets to one or more offerings available on the CAIS platform. This creates a conflict for us as Orion Tech may receive revenue from CAIS if Clients invest in any offering on the CAIS platform through their investment advisor or our Wealth Advisory platform.

### **Orion Cash and Credit**

Orion Cash and Credit offers third-party financial advisors who utilize the OPS and BCI platforms access to an array of banking and lending solutions and related services. These services are offered to our Clients by Uptiq, Inc. (“Uptiq”) through an integration with the platform of our affiliate, Orion Tech. Orion Tech, will receive a fee for Orion Tech clients who are referred to Uptiq’s platform, including our Clients.

Financial advisors that utilize the integration to the Uptiq platform, including advisors who use the OPS or BCI Platforms, will have access to Uptiq’s financial institution partners that offer the lending- and deposit-related products listed below (collectively, the “Financial Products”). In each case, access to the Financial Products is made available to a financial advisor so that the financial advisor may identify one or more selected banking institutions that can offer to the Client certain Financial Products desired by the Client. Such Financial Products currently consist of the following:

- Mortgage Loans — Loans relating to residential purchases, refinancing, HELOC, and construction loans;
- Working Capital — Corporate, commercial, and business working capital, expansion and acquisition lines of credit and loans;
- Commercial Real Estate — Commercial real estate, multifamily and other owned occupied properties;
- Securities Backed Lines of Credit (SBLOC) — Automated and highly competitively priced non-purpose securities backed lines along with lines secured by selective private and alternative investments;
- Specialty Lending — Premium financing, fund call and operating lines of credit, along with others;
- Watercraft and Aircraft Lending — New and used watercraft and/or aircraft purchases and refinancing; and

FDIC Insured Deposit Program — In-portfolio cash balances, held away debit/transactional cash and outside client cash savings with \$2 to \$100 million of insurance per tax ID.

**Flourish Financial, LLC**

Flourish Financial, LLC (“Flourish”) offers a platform for Investment Advisors to assist in managing their client’s cash held in checking, savings, or similar banking products. Flourish is unaffiliated with us or any of our affiliates. Our affiliate, Orion Tech, has entered into an arrangement where Flourish will pay Orion Tech a fee based on the value of the balances held by clients of investment advisors who utilize Orion Tech’s technology, including our clients.

A Primary Investment Advisor which uses our advisory services described in this brochure may also use the technology services of Orion Tech, and may recommend that Clients utilize the services of Flourish.

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

### Description of Our Code of Ethics

We have adopted a Code of Ethics (the “Code”) which meets the requirements of Rule 204A-1 promulgated under the Investment Advisers Act of 1940. The Code sets forth a standard of business conduct required of all of our employees (which includes all of our officers, directors, and employees as well as any other person who provides advice on our behalf and is subject to our supervision and control). We effectively treat each employee as an “access person” as defined in Rule 204A-1. Our employees do not include employees of unaffiliated Strategist or Investment Advisors who refer Clients to us (in a solicitor arrangement) or who recommend our services (in a co-advisory relationship), each of whom is required to adopt its own code of ethics applicable to these individuals.

The Code is based, in part, upon the principle that we and our employees owe a fiduciary duty to Clients. Each employee must act in a manner as to avoid (1) placing his or her own personal interests ahead of Clients; (ii) taking inappropriate advantage of his or her position with us; and (iii) any actual or potential conflicts of interest or any abuse of his or her position of trust and responsibility.

The Code provides that employees and members of their households may not:

- trade in any security while in possession of material nonpublic information about the issuer of a security;
- communicate material nonpublic information about any publicly traded issuer of any securities to anyone else except in the ordinary course of his or her employment-related duties;
- disclose to other persons the securities activities engaged in or contemplated for Client portfolios; or
- disclose the holdings in a Client’s portfolios (except, in the case of any employee of us or any of our affiliates, as required to carry out his or her employment-related duties to Clients or as required by applicable securities laws).

In addition, each employee must:

- conduct all of his or her business activities in accordance with the requirements of the Code and consistent with our fiduciary duties to its our Clients;
- comply with all applicable federal securities laws;
- promptly report any violations of the Code to our Chief Compliance Officer or Compliance Department; and
- annually certify that he or she has received, read and understands the Code, has complied with all requirements of the Code and disclosed all personal securities transactions required pursuant to the Code.

Each employee has already furnished to our Compliance Department a list of all securities required to be reported under the Rule in which either such employee or members of his or her household own a beneficial interest (“Reportable Securities”), which list must be updated annually. In addition, by the thirtieth day following each calendar quarter, each employee must provide our Compliance Department with reports of all Reportable Securities transactions during such quarter.

We have no direct or indirect control over the investment decision-making process of unaffiliated Strategists. Accordingly, since our employees are generally not aware of investment decisions of unaffiliated Strategists, our employees may buy or sell for their personal accounts securities which are recommended by Strategists for Client accounts. However, if we receive confidential information

regarding an issuer from a Strategist, we may establish a restricted list for such securities. Employees are prohibited from personally, or on behalf of a household member, purchasing any securities on a restricted list. In the event that an employee owns a security that was purchased prior to being placed on the restricted list, the employee must obtain approval (pre-clearance) from the Chief Compliance Officer prior to entering any securities transaction in their personal accounts for the sale of that security.

In addition, each employee must receive prior approval from our Chief Compliance Officer or their designee for (i) any purchase of securities in an initial public offering or a limited offering for the benefit of such employee or member of his/her household or (ii) serving on the boards of directors of any public corporation.

Employees are also subject to restrictions on giving gifts to, or receiving gifts from, certain persons and in dollar amounts that exceed a certain de minimis amount.

A copy of the Code is available, upon request, by contacting us at (800) 379-2513.

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

We serve as the Manager of two separate private funds, TownSquare WTI Opportunity I, LLC and TownSquare Bay Opportunity I, LLC, private funds (private pooled investment vehicles). Our Company, certain members of its management, and other knowledgeable employees may acquire, directly or indirectly, investment interests in our fund or have other financial interests (e.g. General Partner, Officers, Board Members, etc.) in the funds. This presents a conflict of interest because we have investments in the private funds. Conflicts that arise are mitigated through our Company's fiduciary obligation to act in the best interest of our clients, contractual limitations that govern our activities as Manager, as applicable, and the requirement of our Company not to place its interests before its clients' interests when managing the funds.

### **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 your Underlying Clients are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of your Underlying Clients 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 persons associated with our firm shall have priority over your accounts in the purchase or sale of securities.

### **Block Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

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 eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## Item 12 – Brokerage Practices

We have arrangements with and typically recommend the brokerage and custodial services of Trade-PMR, Inc. National Financial Services, LLC, Fidelity Investments, LLC and/or Charles Schwab & Co., Inc. ("CS&Co"), collectively the ("Custodian").

In all cases, the recommended Custodian is a securities broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). We believe that the recommended Custodian provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the Custodian, including the value of the Custodian's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Trade-PMR, Inc.**

We utilize Trade-PMR, Inc. ("Trade-PMR") for brokerage and trade execution services. Trade-PMR clears trades and custodies assets with First Clearing, FINRA member broker-dealers. First Clearing is a trade name used by Wells Fargo Clearing Services, LLC., a non-bank affiliate of Wells Fargo & Company. Trade-PMR acts as an introducing broker dealer on a fully disclosed basis. Trade-PMR and First Clearing are members of SIPC and are unaffiliated registered broker dealers and FINRA members. The brokerage commissions and/or transaction fees charged by Trade-PMR or any other designated broker-dealer are exclusive of and in addition to our fee. We regularly review these programs to seek to ensure that its recommendation is consistent with its fiduciary duty. Factors which we consider in recommending Trade-PMR and First Clearing or any other broker-dealer or custodian to clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by these brokers may be higher or lower than those charged by other broker-dealers.

In addition, Trade-PMR provides us with access to its institutional trading and custody services, which are typically not available to retail investors. These brokerage services include the execution of securities transactions, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Additionally, we may receive the following benefits from Trade-PMR: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading which provides the ability to aggregate securities transactions and then allocates the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### **Schwab Advisor Services**

We believe that CS&Co provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab Institutional, including the value of research provided, the firm's reputation and financial stability, execution capabilities, commission rates, and responsiveness to our clients and our firm.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, CS&Co provides us and our clients, with access to its institutional brokerage services – trading, custody, reporting and related services – many of which are not typically available to CS&Co retail customers. CS&Co also makes available various support services. The availability to us of CS&Co's products and services is not based

on us giving particular investment advice, such as buying particular securities for our clients. CS&Co's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co's services described in this paragraph generally benefit the client and the client's account. CS&Co also makes available to us other products and services that benefit us but may not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

CS&Co also offers other services intended to help us manage and further develop our business enterprise. The availability of the foregoing products and services is not contingent upon us committing to CS&Co any specific amount of business (assets in custody or trading). Our firm receives PortfolioCenter software solutions that are provided by Schwab Performance Technologies.

#### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

#### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platforms of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

#### **Recommendation of Prime Broker**

In some circumstances, where a client has not previously made custodial arrangements, we may suggest that the client use a particular broker-dealer to act as custodian for the funds and securities we manage. In those cases, we generally only recommend broker-dealers capable of acting as a "prime broker." Under "prime broker" arrangements, the firm may, on a transaction-by-transaction basis, either use the "prime broker"/custodian or select other broker-dealers, who will execute transactions for settlement into the client's "prime brokerage" account. In making suggestions as to "prime broker"/custodians, we will consider, among other things, the clearance and settlement capabilities of the broker-dealer where other broker-dealers execute transactions, the broker-dealer's ability to provide effective and efficient reporting to the client and our firm, the broker-dealer's reliability and financial stability, and the likelihood that the broker-dealer will often be chosen as executing broker-dealer on the basis of the considerations described above, including the prospects that the broker-dealer will provide valuable research services and products.

**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**

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 our firm 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**

We combine multiple orders for shares of the same securities purchased for discretionary 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. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, 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. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. 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.

**Trade Errors**

We have internal controls for the prevention of trade or model portfolio allocation errors, however, on occasion, errors may occur. We recommend that you regularly review your custodial statements. In the event you identify an error, you have 45 days from your statement date to notify us of its existence. Upon notification, we will perform an analysis of the reported discrepancy. If TownSquare is responsible for the error, we will seek to correct the error in a way that returns your account to where it would have been had the error not occurred. In the event an error results in a gain, TownSquare or your custodian will retain such gains. If you notify us of a potential error more than 45 days after your statement date and TownSquare is responsible for the error, TownSquare will reimburse you for any damage caused to your account from the date of the error through 45 days after your statement date.

We maintain a record of identified errors, including details of the original transaction and the corrective actions.



## **Item 13 – Review of Accounts**

We will monitor Underlying Client accounts on an ongoing basis to ensure the advisory services provided are consistent with the investment needs and objectives of you and the Underlying Client. The Primary Investment Advisor will meet with the Underlying Client at a frequency to be determined by the Primary Investment Advisor to ensure the services provided by us are still appropriate for the Underlying Client based on any changes to the Underlying Client's investment objective or financial situation.

For House Accounts, we will continue to manage the account in accordance with previously agreed upon investment management styles unless and until instructed otherwise by the account owner or their designee.

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

As noted in [Item 12 – Brokerage Practices](#) of this brochure, we will receive additional benefits from Trade-PMR which includes electronic systems that assist in the management of our client accounts, access to research, the ability to directly debit client fees, software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), pricing information and other market data, assist with back-office functions, recordkeeping and client reporting.

Our affiliate Orion Portfolio Solutions, LLC, may receive referrals from third party registered investment advisors and may delegate some or all of the investment management to us through a sub-investment advisory arrangement. We do not receive any more or less compensation for such arrangements.

## Item 15 – Custody

As paying agent for our firm, the Underlying Client's independent custodian, at our direction, may directly debit their account(s) for the payment of their advisory fees to the Primary Investment Adviser, a portion of which will be retained by us as a sub-advisor for the Underlying Client's account. This ability to deduct advisory fees from Underlying Client accounts causes our firm to exercise limited custody over Underlying Client funds or securities. We do not have physical custody of any of our Underlying Clients' funds and/or securities. Underlying Client funds and securities will be held with a bank, broker-dealer, or other qualified custodian. Underlying clients will receive account statements from the qualified custodian(s) holding their funds and securities at least quarterly. The account statements from the custodian(s) will indicate the amount of our advisory fees deducted from Underlying Client account(s) each billing period. Primary Investment Advisors should advise the Underlying Clients to carefully review account statements for accuracy.

We are deemed to have custody of the assets for the two Private Funds we managed (TownSquare WTI Opportunity I, LLC and TownSquare Sundance Bay Opportunity I, LLC). All funds and securities, where applicable, are held with the qualified custodian, and all asset movements are processed through the Fund Administrator. We adhere to the applicable requirements of Rule 206(4)-2 under the Advisers Act (the "Custody Rule") for Private Fund Advisers as stated: Our Chief Compliance Officer or designee will be responsible for arranging for the annual independent audit of each Fund by an independent auditor in accordance with generally accepted accounting principles, and for delivery of the Fund's audited financial statements to the investors in such Funds within 180 days of such Fund's fiscal year end, as required under the Custody Rule. If you are a Fund investor and have questions regarding the financial statements or if you did not receive a copy, contact us directly at the telephone number on the cover page of this brochure.

### **Wire Transfer and/or Standing Letter of Authorization**

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

In the event we do not meet the above criteria, we will obtain a surprise annual audit on those client's

assets.

## **Item 16 – Investment Discretion**

Before we can buy or sell securities on behalf of an Underlying Client, the Underlying Client must first sign a limited power of attorney granting us discretionary trading authority in their account.

## Item 17 – Voting Client Securities

We may agree to vote proxies and other securities materials for Underlying Clients if the Underlying Client grants such authority to their Primary Investment Adviser and the Primary Investment Adviser delegates such authority to us in writing. If we have such voting authority, we will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for the Underlying Client. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

In the event you wish to direct our firm on voting a particular proxy, you should contact our main office at the phone number on the cover page of this brochure with your instruction.

Conflicts of interest between you and our firm, the Underlying Client and our firm, or you and a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where an Underlying Client holds different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in the Underlying Client's best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

## **Item 18 – Financial Information**

### **Audited Balance Sheet**

The requirement to provide an audited balance sheet is not applicable to us as we do not require Clients to prepay fees six months or more in advance.

### **Financial Condition**

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to Clients and have not been the subject of a bankruptcy proceeding..