

# Sizemore Capital Management LLC

## Due Diligence Questionnaire

March 2018

*This document is for informational purposes only and is not and should not be construed as an offer to sell or a solicitation of an offer to buy any interest in any entity or investment vehicle. This document is not a complete description of the businesses engaged in by the Manager and/or any of its affiliates or clients. Accordingly, this document does not contain all material information that may be useful to your evaluation and contains generalizations and categorizations in light of the format of these questions. All information is as of March 2018 unless otherwise noted.*

*Past performance does not guarantee future returns. Any investment with Sizemore Capital Management may lose value. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE SIMULATED TRADES HAVE NOT BEEN EXECUTED, THE RESULTS MAY HAVE UNDER-OR-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN. Any tables, graphs or charts relating to past performance, whether hypothetical, simulated or actual, included in this website are intended only to illustrate the performance of indices, strategies, or specific accounts for the historical periods shown.*

*Due Diligence Questionnaire (DDQ)*

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Company	
General Information	
Firm Name:	Sizemore Capital Management LLC
Firm Headquarters:	10440 North Central Expressway Suite 800 Dallas, Texas 75231
Contact Name:	Charles Sizemore
Contact Telephone Number:	(214) 265-6597
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Firm Description and Organizational Structure	
Please provide a brief description of the firm:	Sizemore Capital Management LLC, founded in 2008, is a registered investment adviser (RIA) serving high net worth individuals, institutions and individual investors. Our services include traditional money management, liquid alternative strategies and full-service wealth management. We focus primarily on absolute-return strategies with low correlations to the traditional equity markets.
Investment Manager Entities and Organizational Structure:	Sizemore Capital Management is a limited liability company formed in the State of Texas. Charles Sizemore is the managing member and 100% owner of the LLC, and there have been no material changes since the firm was created in 2008.
Regulator:	The company is an RIA regulated by the Texas State Securities Board
Personnel	
Please briefly describe the background of the firm's key investment personnel:	<p><b>Charles Lewis Sizemore, CFA</b> is the founder and principal of Sizemore Capital Management LLC, a registered investment advisor.</p> <p>Charles has been a repeat guest on CNBC, Bloomberg TV and Fox Business News, and has been quoted in <i>Barron's Magazine</i>, <i>The Wall Street Journal</i> and <i>The Washington Post</i>. He is a contributor to <i>Forbes</i>, and has been featured in numerous publications and well-reputed financial websites, including MarketWatch, TheStreet.com, InvestorPlace, GuruFocus, MSN Money, and Seeking Alpha.</p> <p>Charles holds a master's degree in Finance and Accounting from the London School of Economics in the United Kingdom and a Bachelor of Business Administration in Finance with an International Emphasis from Texas Christian University in Fort Worth, Texas, where he graduated Magna Cum Laude and as a Phi Beta Kappa scholar. He also maintains the Chartered Financial Analyst (CFA) designation in good standing.</p> <p><b>Phillip Guerra, DO</b> is Head of Quantitative Strategies and Portfolio Manager of the ETF Flow and Futures Flow portfolios.</p> <p>Dr. Guerra has programming experience in multiple languages, including R and Python. He has completed various masters-level courses in finance, accounting, economics and statistics from University of Texas at Arlington and the University of Texas School of Public Health.</p>

	<p>His specialties include dynamic asset allocation, factor-based investing, and risk parity strategies. His interests in data science include automation, GBM and LSTM NN machine learning for return predictability, genetic programming for optimization, momentum and volatility factors.</p> <p>Dr. Guerra is a board-certified anesthesiologist practicing in the Dallas-Fort Worth Metroplex. He received his medical degree from the University of North Texas in Fort Worth and completed his anesthesia residency at University of Texas at Houston. He holds a Series 65 license.</p>
For the firm’s key investment personnel that have left the firm over the past three years, please explain any non-routine reasons for the departures:	There have been no departures since firm inception.
Please describe the firm's supervisory structures:	Phillip Guerra and Charles Sizemore serve jointly as portfolio managers, and Mr. Sizemore additionally serves as Chief Compliance Officer.
How many employees does the firm have supporting investment management businesses in total? If the firm or its affiliates maintain multiple offices, how are these employees distributed geographically?	Currently Dr. Guerra and Mr. Sizemore are the only firm personnel with trading and investment management responsibilities. The firm maintains a single office in Dallas, though both managers regularly work from remote locations.
<b>Service Providers</b>	
Auditor:	The Firm’s accounts are not currently audited. Sizemore Capital Management exclusively uses third-party custodians and relies on performance data provided by the custodians, which the Firm believes to be accurate.
Custodians:	Interactive Brokers and TD Ameritrade are the primary custodians used, though the Firm may use other custodians in certain situations.
Legal counsel:	Bourland, Wall & Wenzel, P.C.
Compliance consultants:	Red Oak Compliance Solutions.
Third-party marketing or referral relationships:	None at this time.
Does the firm outsource any accounting or operational functions to third parties?	The firm has a custom client portal built and maintained by eMoney Advisor.
<b>Compliance System and Registrations with Regulatory Authorities</b>	
Please describe the firm’s compliance regime. Does the firm have a designated Chief Compliance Officer (“CCO”)? If so, please briefly describe the background of the CCO, and explain whether the CCO has any responsibilities other than those relating to compliance matters.	<p>Firm personnel are expected to follow CFA Institute Code of Conduct guidelines.</p> <p>Charles Sizemore serves as CCO in addition to his investment management roles.</p>
Is the firm or any of its affiliates registered with any regulatory authorities?	Yes. Sizemore Capital Management LLC is a registered investment adviser registered with the Texas State Securities Board.

	Dr. Guerra maintains a Series 65 license, and Mr. Sizemore maintains the CFA charter in good standing.
Does the firm maintain and periodically review written compliance policies and procedures, including a code of ethics? If not, please explain.	Yes. The Firm maintains written policies and procedures, including a code of ethics, in collaboration with the firm’s compliance consultants. All key personnel are required to review written policies and procedures annually.
Does the firm have a written policy on the handling and safe guarding of any material, non-public information in its possession, including a process to educate employees? If not, how is material, non-public information protected, and how are these processes communicated to employees?	Yes. Per the Firm’s compliance manual, trading on insider information is strictly prohibited. Though as an algorithmic, systems-based advisor, it would be highly unusual for firm personnel to come into contact with material non-public information or to have the ability to trade based on it.
Does the firm have written policies regarding personal account trading by employees? If so, please describe. If not, is personal account trading monitored, and how are standards of conduct communicated to employees?	Yes. The Firm’s compliance manual addresses the trading of personal accounts by employees. Employees are encouraged to invest in Firm strategies, though front-running of client accounts is strictly prohibited.
Does the firm maintain written procedures on the provision and receipt of gifts and entertainment? If not, how is such activity monitored, and how are standards of conduct communicated to employees?	Yes. The Firm follows CFA Institute guidelines on the provision and receipt of gifts and entertainment.
Does the firm maintain written Anti-Money Laundering (“AML”) procedures? Is there a designated AML compliance officer? If not, how are AML checks conducted?	Yes, although this is mostly a moot point as we use third-party custodians for account opening and custody. Our primary custodians – Interactive Brokers and TD Ameritrade Institutional – both has strict AML procedures in place.
Please describe any material soft dollar arrangements the firm currently maintains.	None.
Please describe any material directed brokerage arrangements the firm currently maintains.	None.
<b>Legal Proceedings</b>	
In the past five years: (a) have there been any criminal or administrative proceedings or investigations against the firm, a principal or key employee of the firm, or any affiliate of the firm; or (b) have there been any civil proceedings against the firm, a principal or key employee of the firm, or any affiliate of the firm in each case that resulted in an adverse disposition? If so, please describe.	No.
Is the firm currently aware of any pending criminal or administrative	No.

proceedings against the firm, a principal or key employee of the firm, or any affiliate of the firm?	
Have any adverse dispositions materially impacted any of the funds or accounts managed by the firm?	No.

### Infrastructure and Controls

Please describe the firm's current trading, portfolio management, and post-trade reconciliation and accounting infrastructure, identifying any significant deployments of third-party software.	All client accounts are managed using a third-party custodian. Block trading tools are used to ensure that all clients benefit from average pricing. Accounting responsibilities are managed by the custodian.
Please describe how trades are generally executed. What types of controls are typically used to help prevent unwanted executions from occurring?	Depending on market depth of the security traded, we may use market orders, limit orders, algorithmic orders, volume-weighted average pricing or time-weighted average pricing orders. We do not maintain open stop orders in order to avoid the risk of an unwanted execution during times of market stress.
Please describe how cash or other asset transfers can be authorized, both for transfers within a vehicle managed by the firm, as well as to external parties. What types of controls are generally used to prevent unwanted transfers from occurring?	Cash transfers are regulated by the custodians and are limited to accounts titled in the client's name. For example, the Firm may request a transfer to or from the client's brokerage account to the client's bank account, but the Firm does not have the ability to transfer client funds to Firm accounts or to commingle funds. The only exception are management fees, which may be directly debited from client accounts, per investment management agreement.
Please describe how the firm handles trading errors.	Trading errors that result in losses are absorbed by the Firm. Trading errors that result in gains benefit the client or clients affected.
Does the firm or its affiliates retain errors and omissions insurance?	Not at this time.

### Business Continuity

Does the firm maintain a written Business Continuity / Disaster Relief plan?	Yes.  Our algorithms run on redundant servers both locally, on our in-house servers, and remotely via a secured virtual server with Amazon Web Services. In the event of a natural disaster hitting our offices, we would be able to carry on business as usual remotely from anywhere in the world.
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## Overview of the Activities of the Investment Manager

### Vehicles Managed

Please provide a description of the major investment vehicles managed by the investment manager.	Stocks, bonds, options, ETFs, mutual funds and private investment vehicles.
What are the aggregate assets under management of the investment manager?	\$54.9 million as of March 8, 2018.
Does the firm manage separate accounts? If so, please describe.	Yes. The firm manages separately managed accounts for clients using third-party custodians.

Does the investment manager or any of its employees have an interest in any of the investment vehicles managed by the investment manager?	Employees are encouraged to hold managed accounts running the same strategies as clients. We believe managers should have “skin in the game.” Firm personnel are treated the same as any other client and are not given preference, though management fees may be waived.
<b>Other Businesses</b>	
Does the investment manager engage materially in other businesses apart from asset management? If so, please describe.	No.
<b>Conflicts of Interest</b>	
Please describe those conflicts of interest that you consider material to the management of the investment vehicles.	There are no conflicts of interest. We specifically designed our operational settings to exclude any potential conflicts of interest with our clients. We take our role as an investment fiduciary seriously.
Does the firm engage in cross-trades or principal cross-trades with or among the accounts and/or investment vehicles it manages?	No.
Does the firm have any affiliates or subsidiaries that are broker-dealers or execution agents?	No.
<b>Strategy Information: ETF Flow Portfolio</b>	
<b>Overview and Investment Approach</b>	
Please describe the strategy's legal structure.	All client accounts are managed via a managed account platform. All clients open an account at a third-party custodian, giving the investment manager limited power of attorney to trade.
Please provide a brief description of the investment strategies deployed:	ETF Flow chooses among 35-40 ETFs in its strategy universe and holds up to 5 of the highest ranked ETFs based on Sizemore Capital's proprietary momentum model. The allocation is recalculated every 2-5 trading days to minimize downside risk.  The portfolio is available as a separately managed account at Interactive Brokers and may also be held in an IRA, Roth IRA or other qualified account.
What types of financial instruments does the fund generally trade?	ETFs.
In which geographical markets does the fund generally trade?	U.S. markets only.
Approximately how many positions does the fund generally hold? What is the typical maximum position size?	The strategy generally involves holding 2-5 ETFs at any time.
Please describe the portfolio turnover:	Turnover may be 100% or greater per week.
<b>Investor Terms</b>	
Investment minimum:	\$50,000
Management fee:	Standard management fee is 1% per annum of assets managed.

Performance fee, including hurdle rates, high-water marks, and loss carryforwards, if any:	None.
Redemption terms, including any fees payable, lock-ups, gating provisions, or other restrictions:	There are no redemption fees, and clients can generally withdraw their funds from the custodian within 24 hours.
Can the investment manager suspend redemptions, suspend the payment of redemption proceeds, pay redemption proceeds in-kind, or otherwise elect to deviate from the redemption terms described in 2 above? If so, please describe:	No. The strategy trades only liquid instruments, and there would be no need to suspend redemptions. Furthermore, as a separately managed account, the client would be free to remove limited power of attorney authorization and take direct control of the account.
Have gates been imposed in the past? If so, under what circumstances were the gates imposed? If gates have been imposed in the past, have those gates been lifted? If so, under what circumstances were the gates lifted?	N/A
Does the firm generally charge additional expenses to investors, including operating expenses, audit fees, administrative fees, organizational expenses, legal fees, sales fees, salaries, rent, or other charges not detailed in above?	No.
What is the firm's policy with regard to side letters? Do any investors in the fund experience fee or redemption terms that differ materially from those listed above? If so, please describe:	The firm does not issue "side letters," per se, though management fees can be negotiated on a client by client basis based on assets under management or other consideration.
<b>Risk Management</b>	
Please describe the firm's risk management philosophy and discuss the approach used by the firm in the management of the fund's exposure to: equity, interest rate, currency, and credit market risk (as applicable); financing and counterparty risk; and operational risk:	<p>We practice evidence-based investment and have a strict focus on minimizing drawdowns. We also believe that limiting a portfolio's holdings only to those asset classes that are exhibiting positive momentum is itself a way to reduce risk due to the "inertia" of price movement at differing time frames. Our algorithms work at the asset allocation level, remain within the U.S., and monitor portfolio-wide and individual security volatilities daily. In general, the higher the volatility of the security, the lower the allocation in the portfolio.</p> <p>Furthermore, the portfolio is reallocated and rebalanced at least weekly, allowing us to take defensive positions in cash, short-term bonds or other defensive sectors. This strategy would not take the downside of a major bear market because it is designed to rotate to defensive sectors during times of market stress.</p>
Does the firm rely on third parties to perform any portion of its risk management function?	No.
What types of risk measures does the firm use in its risk management function?	We monitor volatility, Sharpe, beta, correlation, VaR, CVaR, weighted average yield, and margin maintenance, among other metrics.

## Investor Communications

What types of investor communication do you currently provide, and with what frequency?

The Firm regularly sends client letters, and all clients receive monthly statements from the custodian or custodians used in the management of their account. Additionally, clients have access to an online web portal with account values as of the previous trading day.