

Firm Brochure (Part 2A of Form ADV)  
March 13, 2020



## CRESCENT GROVE ADVISORS, LLC

100 Field Drive, Suite 215  
Lake Forest, IL 60045  
(847) 752-0292

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

**This brochure provides information about the qualifications and business practices of Crescent Grove Advisors, LLC (hereinafter “Crescent Grove Advisors” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (847) 752-0292. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Registration of an adviser with the SEC does not imply a certain level of skill or training.**

**Additional information about Crescent Grove Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 - Material Changes**

Since our last annual Brochure update on March 27, 2019, non-material updates have been made throughout the Brochure. Additionally, the following updates have been made, some of which may be considered material and could influence a client's evaluation of the services provided by Crescent Grove Advisors, LLC (Crescent Grove Advisors" or the "Firm"). This brochure has been updated to reflect the following changes since the last update:

- In *Item 7 – Types of Clients* we've added language to address the potential conflicts associated with a client moving assets from an ERISA plan to an IRA
- In *Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss* we included some additional risk disclosures related to cybersecurity, identity theft, disaster recovery, and legal matters.
- We made a strategic business decision to change the name of our high net worth practice from Portfolio Management Services to Portfolio Advisory Services. As a result various sections in this document that reference this practice have been updated.

## Table of Contents

	<b>Page</b>
Item 2 - Material Changes.....	2
Item 4 - Advisory Business.....	4
Item 5 - Fees and Compensation.....	6
Item 6 - Performance-Based Fees and Side-By-Side Management.....	8
Item 7 - Types of Clients .....	8
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9 - Disciplinary Information .....	13
Item 10 - Other Financial Industry Activities and Affiliations.....	13
Item 11 - Code of Ethics, Participation or Interests in Client Transactions and Personal Trading	14
Item 12 - Brokerage Practices.....	16
Item 13 - Review of Accounts .....	18
Item 14 - Client Referrals and Other Compensation .....	19
Item 15 - Custody.....	19
Item 16 - Investment Discretion .....	20
Item 17 - Voting Client Securities .....	20
Item 18 - Financial Information.....	20

#### **Item 4 - Advisory Business**

Crescent Grove Advisors offers integrated wealth management services to high-net worth, institutional and retail clients. Prior to Crescent Grove Advisors rendering any services, clients are required to enter into one or more written agreements with Crescent Grove Advisors setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Crescent Grove Advisors is a wholly owned subsidiary of Crescent Grove Holdings, LLC. Crescent Grove Advisors was established on April 24, 2015 and is headquartered in Lake Forest, IL with additional offices in Milwaukee, WI and Atlanta, GA. As of December 31, 2019, Crescent Grove Advisors has approximately \$3.414 billion in assets under management, of which approximately \$44.915 million is managed on a non-discretionary basis.

#### ***Financial Planning and Consulting Services***

---

Crescent Grove Advisors offers clients a broad range of financial planning and consulting services, which may include any or all of the following depending upon the client’s specific needs:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Benefit Plan Advice
- Insurance Consulting
- Retirement Planning
- Risk Management
- Charitable Giving
- Family Business Succession Planning
- Tax Planning and Preparation
- Manager Due Diligence

In performing these services, Crescent Grove Advisors is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.,) and is expressly authorized to rely on such information. Crescent Grove Advisors may recommend clients engage the Firm for additional related services, its employees in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Crescent Grove Advisors or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Crescent Grove Advisors under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Crescent Grove Advisors’ recommendations and/or services.

#### ***Investment Management Services***

---

Crescent Grove Advisors manages client investment portfolios on a discretionary or non-discretionary basis. Crescent Grove Advisors primarily allocates client assets among various mutual funds, exchange-traded funds (“ETFs”), independent investment managers (“Independent

Managers”), and alternative investments (including both public and privately traded securities) in accordance with clients’ stated investment objectives.

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage Crescent Grove Advisors to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Crescent Grove Advisors directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

Crescent Grove Advisors tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Crescent Grove Advisors consults with clients on an initial and ongoing basis to assess clients’ specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Crescent Grove Advisors if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Crescent Grove Advisors determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

### **Institutional Wealth Management**

Institutional investors face a complex and ever-changing array of challenges—from preserving and growing assets, to managing risk and meeting liabilities. Crescent Grove delivers independent investment management services—tailored to your organization’s purpose, goals and priorities.

We offer institutional services to the following types of organizations: foundations and endowments, corporations, nonprofit organizations, pension and retirement plans and family offices.

Our institutional investment services include: investment policy statement (“IPS”) and governance reviews; review of current asset allocation, portfolio managers and fee structures; investment strategy construction and implementation; detailed research and due diligence; customized strategies and cash flow analysis; real-time reporting, performance measurement and documentation, ongoing board meetings, presentations and education; market updates focusing on the current investment environment; environmental, social and governance (“ESG”) and impact investing strategies; and outsourced Chief Investment Officer (“CIO”) services.

### **Portfolio Advisory Services**

Crescent Grove Advisors’ Portfolio Advisory Services line of business provides portfolio management services, financial planning, tax planning, cash flow planning and risk management guidance to clients with liquid investible assets of \$1 million to \$10 million.

Our Portfolio Advisory Services also include: a disciplined risk-management approach; open architecture investment platform; ongoing investment monitoring; estate review and chartable planning; and retirement planning, among other services. We will also serve as a single point of contact, providing continuity across your service providers.

### ***Use of Independent Managers***

---

As mentioned above, Crescent Grove Advisors selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients should also receive the written disclosure brochures of the respective Independent Managers engaged to manage their assets.

Crescent Grove Advisors evaluates a variety of information about Independent Managers, which generally includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses the Firm believes are reputable. The Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Crescent Grove Advisors also takes into consideration each Independent Manager's management style, investment performance returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Crescent Grove Advisors provides advice, on a discretionary or non-discretionary basis, regarding the selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Crescent Grove Advisors seeks to ensure the Independent Managers' strategies remain aligned with its clients' investment objectives and overall best interests.

### **Item 5 - Fees and Compensation**

Crescent Grove Advisors offers services on a fee basis, which may include fixed and/or hourly fees, as well as fees based upon assets under management or advisement. The Firm generally relies upon information provided by the client's custodian or investment sponsor for purposes of valuing client portfolios for fee billing purposes.

Additionally, certain Firm employees, in their individual capacities, may offer insurance products through Crescent Grove Advisors' affiliate, Crescent Grove Insurance LLC, under a separate commission-based arrangement. As described more fully within Item 10 below, this arrangement presents a conflict of interest, as the employee is paid a commission based on the type and amount of insurance purchased by the client.

### ***Financial Planning and Consulting Fees***

---

Crescent Grove Advisors generally charges a fixed fee for providing financial planning and consulting services. These fees are negotiable, but generally range from \$3,000 to \$100,000 per year, depending upon the scope and complexity of the services and the professional rendering of the financial planning and/or the consulting services. If the client engages the Firm for additional

investment advisory services, Crescent Grove Advisors may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement with Crescent Grove Advisors. The annual fee is prorated and charged quarterly, in advance.

### ***Investment Management Fees***

---

Crescent Grove Advisors offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee generally varies between 10 and 100 basis points (0.10% – 1.00%), depending upon the size and composition of a client's portfolio and the type of services rendered. The annual fee is prorated and charged quarterly, in arrears, based upon the market value of the average daily account balance.

Since the asset-based fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a quarter, the base fee payable with respect to such assets is adjusted accordingly. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

### ***Investment Management Fees***

---

Each Independent Manager charges a fee that is in addition to the fee charged by Crescent Grove Advisors, as described in Item 5. The Independent Managers' fees are generally charged quarterly and vary between 10 and 200 basis points (0.10% - 2.00%), depending on the value and type of the assets being managed.

### ***Fee Discretion***

---

Crescent Grove Advisors may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

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

---

In addition to the advisory fees paid to Crescent Grove Advisors, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

### *Direct Fee Debit*

---

Clients generally provide Crescent Grove Advisors and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory, consulting and financial planning fees. It is Crescent Grove Advisors' understanding that the Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Crescent Grove Advisors.

### *Use of Margin*

---

Crescent Grove Advisors may be authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed gross of margin such that the market value of the client's account and corresponding fee payable by the client to Crescent Grove Advisors will be increased.

### *Account Additions and Withdrawals*

---

Clients may make additions to and withdrawals from their accounts at any time, subject to Crescent Grove Advisors' right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or to decline to facilitate acceptance of securities by a custodian into a client's account. Clients may withdraw account assets on notice to Crescent Grove Advisors, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Crescent Grove Advisors may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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

Crescent Grove Advisors does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7 - Types of Clients**

Crescent Grove Advisors offers services to individuals, trusts, estates, charitable organizations, corporations, business entities, foundations, endowments, nonprofit organizations, pension and retirement plans and family offices.

Crescent Grove Advisors has an incentive to encourage individual clients to rollover an employer retirement account into a Firm-managed Individual Retirement Account ("IRA"), with the potential of higher fees and lower liquidity. The decision of whether to rollover an employer retirement account rests with the individual account owner, and Crescent Grove Advisors is committed to providing information to help a client make a decision that is in that client's overall

best interests. As a practical matter, while we may provide advice on investment selections within a retirement plan, Crescent Grove Advisors will not directly manage assets on behalf of a client which are held within an employer's retirement account.

### ***Minimum Account Value***

---

As a condition for starting and maintaining an investment management relationship, Crescent Grove Advisors generally imposes a minimum client net worth of \$10,000,000; however, for our Portfolio Advisory Services clients, the minimum client net worth is \$2,000,000. Crescent Grove Advisors may, in its sole discretion, accept clients with smaller net worth based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, related accounts, pre-existing client relationships, account retention, and pro bono activities. Crescent Grove Advisors may aggregate family relationships to meet the minimum net worth.

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

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

---

Crescent Grove Advisors ascribes to an asset allocation approach to investing, stressing the importance of long-term strategic allocation combined with shorter-term tactical allocation decisions. This approach is further expanded to include low-correlating asset classes to the portfolio to reduce risk and/or increase expected returns. The Client Advisor, as further discussed below, also performs a discretionary, common sense review of "tail risk," current market conditions and tactical opportunities. This approach produces a more consistent risk profile.

Creating an optimal asset allocation is a multi-faceted process. At the outset of a relationship, the Crescent Grove Advisors Client Advisor, in collaboration with the client, will create an IPS. The development of an IPS is tailored to each individual client. The IPS sets forth the investment parameters for a client portfolio including ranges for specific asset classes, permissible investment types and liquidity requirements, as well as expectations around performance evaluation for the overall portfolio and specific strategies.

In order to determine the investment objectives contained within the IPS, the Client Advisor examines the client's investment goals, income requirements, acceptable risk tolerances, tax bracket and status, time horizon, governing documents and any other relevant factors. After the above has been determined, the Client Advisor sets the target asset allocation.

After the IPS has been executed, the portfolio construction process synthesizes the initial discussions, the formalized IPS and the Client Advisor's capital markets expectations to construct an investment portfolio.

The final step is the recommendation of a portfolio of investments which may include mutual funds (open and closed-end), exchange traded funds, separately managed accounts, structured notes, derivatives and private placement partnerships that operate within the constraints of the IPS. The goal is to produce a portfolio that maximizes risk-adjusted returns.

The CGIC is tasked with sourcing new investment ideas for Crescent Grove Advisors, including, but not limited to, traditional fixed income and equity separate account managers, mutual funds (open and closed-end), exchange traded funds, as well as the across spectrum of liquid and

illiquid alternative investment strategies. Investment strategies are sourced through Crescent Grove Advisors' extensive web of professional contacts, client network, and resources such as Bloomberg. Crescent Grove Advisors periodically utilizes research performed by third parties to assist in vetting prospective firms.

The initial due diligence stage generally includes a review of an Independent Manager's people, philosophy, process and performance via a meeting with members of the prospective firm. The prospective firm's strategy and trading execution are analyzed to gauge whether or not there is sufficient interest within Crescent Grove Advisors to continue the due diligence process. Next steps may include the completion of the CGIC's customized Due Diligence Questionnaire, an on-site visit to the prospective firm's headquarters by at least two CGIC members and a review of all pertinent legal documents by Crescent Grove Advisors' outside counsel, based on the CGIC's determination of appropriateness. The CGIC may rely upon the due diligence efforts and documentation prepared by a third party if the CGIC determines such due diligence efforts are at least as thorough as Crescent Grove Advisors' due diligence processes. Formal write-ups are then prepared and presented to the CGIC for a voice vote as to a manager's approval for inclusion on the Crescent Grove Advisors platform.

Once a manager or strategy has been approved and added to the Crescent Grove Advisors platform, ongoing monitoring and due diligence is performed. On a monthly basis all traditional strategies are compared against their appropriate benchmarks and peer groups. On a quarterly basis, all non-traditional and limited partnership performance is reviewed. If the CGIC identifies any material changes at a manager within the focal areas of people, process, philosophy, and performance, a more in-depth review is then triggered.

Philosophically, the CGIC's goal is to maintain a high quality, low turnover investment platform. With respect to alternative investments, the CGIC's objective is to introduce niche strategies with limited correlation to traditional equities and fixed income without sacrificing the long-term return potential. Crescent Grove Advisors' investment platform includes a diverse selection of offerings. Alternative investments are employed, when appropriate, based on clients' investment profiles and risk tolerance levels, in an effort to enhance the returns of clients' portfolios, while reducing the volatile nature of the publicly traded markets.

Further, Crescent Grove Advisors can direct clients to third parties that can facilitate liquidations of select Crescent Grove Advisors' client holdings. In such instances, Crescent Grove Advisors does not pay any private placement agents directly for such services, nor does Crescent Grove Advisors receive any compensation or other benefit from the third party, as the client pays the fees for such services.

### ***Risk of Loss***

---

All investments are subject to risk of loss.

### ***Market Risks***

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Crescent Grove Advisors' recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There

can be no assurance that Crescent Grove Advisors will be able to predict those price movements accurately or capitalize on any such assumptions.

#### *Mutual Funds and ETFs*

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

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

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Shares of closed-end funds have different risks than open-end funds. Like ETFs, closed-end funds trade on the market, generally not at NAV. Like a more typical security, the price may diverge from the NAV and sell at a discount or premium. In addition, closed-end funds are able to use more leverage than open-end funds and, therefore, may take on additional risk.

#### *Use of Independent Managers*

As stated above, Crescent Grove Advisors may select certain Independent Managers to manage a portion of its clients' assets. In these situations, Crescent Grove Advisors continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Crescent Grove Advisors generally does not have the ability to supervise the Independent Managers on a day-to-day basis, as Crescent Grove Advisors is not affiliated with the Independent Managers.

#### *Use of Private Collective Investment Vehicles*

Crescent Grove Advisors recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these

vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Such private funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

#### *Use of Margin*

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

#### *Legal Litigation*

Crescent Grove Advisors' may periodically receive notifications of pending class action or similar legal litigation involving securities held within client accounts. As a matter of policy, Crescent Grove Advisors does not elect to participate in such lawsuits or other settlements on behalf of Firm clients. The Firm will, however, provide assistance to clients wishing to pursue such legal litigations. Further, Independent Managers maintain separate policies covering such legal litigations, and Firm clients may participate in class action lawsuits and similar legal litigation alongside other clients of the Independent Managers.

#### *Disaster Recovery*

Crescent Grove Advisors maintains a Disaster Recovery Plan designed to reasonably ensure the essential business functions of the Firm are promptly restored in the event of a disaster event. While Crescent Grove Advisors strives to establish and maintain comprehensive processes supporting this Disaster Recovery Plan, the Firm cannot ensure it will be able to continue business operations in the event of every disaster event, given the unknown nature and scope of future disaster events, which could include acts of war, terrorism, accidents and sabotage. If there were to be an actual disaster event, Crescent Grove Advisors will make reasonable attempts in light of the situation to notify clients of the impact of the event on the Firm and its clients.

#### *Cybersecurity*

Information security concerns impact every user of the internet, and investment advisers such as Crescent Grove Advisors are no exception. Crescent Grove Advisors recognizes the importance of protecting clients' personal information as well as the confidential and proprietary information of the Firm and its employees. While Crescent Grove Advisors employs resources (both internal and third-party IT vendors/consultants) to protect this information, Crescent Grove Advisors

cannot guarantee the protection of all such information, nor assure against all related losses, in consideration of the real and evolving cybersecurity risks.

Crescent Grove Advisors believes clearly communicated information represents a critical aspect for identifying and managing cybersecurity risks and has encouraged employees to communicate early and often regarding any potential cybersecurity risk. The Firm encourages all clients to communicate any information security risk or breach they may have detected to their Client Advisor immediately.

#### *Identity Theft*

Crescent Grove Advisors recognizes the inherent risk all individuals face with respect to identity theft. Consistent with regulatory requirements, the Firm has created an identity theft prevention program, primarily designed to help employees identify potential red flags indicating a client's identity may have been stolen. In addition to identifying potential red flags, this identity theft prevention program outlines the actions employees and the Firm will take in the event the Firm believes a client's identity may have been stolen. Crescent Grove Advisors requests any client who suspects his/her identity may have been stolen to immediately notify their Client Advisor, thereby permitting the Firm to implement additional controls around the client's account.

#### **Item 9 - Disciplinary Information**

Crescent Grove Advisors has not been involved in any legal or disciplinary events.

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

Crescent Grove Advisors is a wholly owned subsidiary of Crescent Grove Holdings, LLC, which also wholly-owns Crescent Grove Insurance LLC, a Delaware limited liability company with business entity licenses to do business in Arizona, Florida, Georgia, Illinois, Kentucky, Minnesota, and Wisconsin.

Crescent Grove Advisors has entered into a discretionary investment management agreement and a services agreement with the Cedar Street Charitable Foundation, a donor-advised fund organized in Wisconsin. Gregg George, Managing Director of Crescent Grove Advisors, is President of the Cedar Street Charitable Foundation, which presents an inherent conflict of interest. Crescent Grove Advisors takes its fiduciary responsibilities to this and other clients seriously, and seeks to mitigate such potential conflicts by, among other matters, maintaining policies and procedures designed to address such potential conflicts. Further, Crescent Grove Advisors primarily utilizes open-end mutual funds in constructing Cedar Street Charitable Foundation's investment portfolios, which the Firm believes mitigates conflicts related to allocating investment opportunities between this and other Firm clients.

#### ***Crescent Grove Insurance LLC***

---

A number of the Firm's employees are licensed insurance agents and may offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that Crescent Grove Advisors or its affiliate, Crescent Grove Insurance LLC, recommends the

purchase of insurance products where its employees may be entitled to insurance commissions or other additional compensation. All such compensation paid to employees is fully disclosed to applicable clients. Further, the Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

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

Crescent Grove Advisors has adopted a Code of Ethics that sets forth the standards of conduct expected of its employees. Crescent Grove Advisors' Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its employees. The Code of Ethics also governs the personal trading activities of Crescent Grove Advisors' personnel.

The Code of Ethics requires Crescent Grove Advisors' personnel to report their personal securities holdings and transactions and obtain pre-approval of initial public offerings and limited offerings, including investments in private funds and private companies. The Code of Ethics also prohibits Firm personnel from purchasing securities included on the Firm's Restricted Securities List, a listing of securities about which Firm personnel could, in connection with their normal business activities in servicing public company executive client accounts, obtain access to material non-public information.

The Firm's employees are permitted to buy or sell securities (including investments in private funds) that it also recommends to clients if done in a manner that is consistent with the Code of Ethics. The Firm's Code of Ethics has been established recognizing that 1) some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities; 2) Crescent Grove Advisors is generally not in a position to impact the market price of securities in connection with its trading activity; and 3) Crescent Grove Advisors' personnel do not have advanced knowledge of trades to be executed within client accounts by Independent Managers.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no employee with access to this information may knowingly affect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the Crescent Grove Advisors transaction has already been completed;
- the transaction for the employee is completed as part of a batch trade with clients and has sufficient supply and/or liquidity to reasonably ensure the employee's transaction is not executed at the expense of a client's transaction; or
- a decision has been made not to engage in the transaction for the client.

Crescent Grove Advisors' personnel may not enter an order in his or her personal account(s) or in an account of an immediate family member that knowingly anticipates (i.e., "front runs") or competes with a customer order. While Crescent Grove Advisors believes it is unlikely to affect the price of most securities invested on behalf of its clients, in an effort to avoid an appearance of impropriety, Crescent Grove Advisors' personnel:

- Are expected to trade closed-end funds within their personal accounts only after client trading activity anticipated at the time of the personal trade is completed within the employee's assigned client accounts; and
- Are generally not permitted to liquidate their private fund holdings ahead of clients.

Under limited circumstances, the Chief Compliance Officer may approve exceptions to the policies stated above (for example, a need to raise cash for personal needs).

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

In the normal course of business and for the purpose of creating goodwill and sound working relationships, employees of Crescent Grove Advisors may provide or receive gifts or entertainment to or from individuals and entities doing business with the Firm. Such individuals and entities may include clients, prospective clients, vendors and Independent Managers. Such gifts and entertainment are subject to Crescent Grove Advisors' Gifts & Entertainment policies.

While employment at Crescent Grove Advisors is expected to be an employee's primary business association, employees may engage in outside business activities, subject to prior approval. In approving such activities, Firm management will take into consideration potential conflicts with Crescent Grove Advisors' business, with an eye toward avoiding such conflicts. Firm management monitors such activities on an ongoing basis.

Employees of Crescent Grove Advisors, subject to prior approval, may serve on the advisory board for select Independent Managers monitored by the CGIC. As a practical matter, Crescent Grove Advisors finds its clients benefit from the strategic participation of select Firm employees on various advisory boards, as these participation on advisory boards generally provide insight into the Investment Manager's thought processes. Supervised persons may only serve on such advisory boards if: 1) they do not receive compensation (other than reimbursement for customary travel expenses associated with attending advisory board meetings); 2) they do not have access to investment management activity resulting in the supervised person becoming an access person of the Independent Manager; and 3) the Firm's Compliance Committee determines such involvement on the advisory board is considered to be in the best interests of Crescent Grove Advisors and its clients. In an effort to mitigate inherent conflicts associated with these arrangements, any employee who serves on such an advisory board must abstain from any CGIC vote or decision regarding the Independent Manager.

Clients and prospective clients may contact Crescent Grove Advisors to request a copy of its Code of Ethics.

## **Item 12 - Brokerage Practices**

### ***Recommendation of Broker/Dealers for Client Transactions***

---

Crescent Grove Advisors generally recommends that clients utilize the custody, brokerage and clearing services of Fidelity Family Office Services (“Fidelity”) for investment management accounts.

Factors Crescent Grove Advisors considers when recommending Fidelity or any other broker-dealer to clients include the broker dealer’s respective financial strength, reputation, execution, pricing, research and service. Crescent Grove Advisors considers various factors (including those outlined above) in connection with assessing the Firm’s overall duty to obtain “best execution”. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of Fidelity’s services. Crescent Grove Advisors seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

While Fidelity enables the Firm’s clients to invest in many mutual funds without transaction charges and other securities at nominal transaction charges, the commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other financial institutions. All benefits provided by Fidelity are made available to Crescent Grove Advisors’ employees and are utilized in the servicing of your account. The receipt of such benefits by employees does not represent a factor in determining whether to recommend Fidelity.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Crescent Grove Advisors periodically reviews its policies and procedures regarding its recommendation of a Preferred Custodian in light of its duty to obtain best execution.

### ***Software and Support Provided by Financial Institutions***

---

Crescent Grove Advisors does not engage in traditional “soft dollar arrangements” with brokers; those arrangements where an adviser receives cash compensation or research from brokers in exchange for directing client trades through that broker. Crescent Grove Advisors may, however, receive without cost from Fidelity computer software and related systems support, which allow Crescent Grove Advisors to better monitor client accounts custodied at Fidelity. Crescent Grove Advisors may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Fidelity. The software and related support are not provided in connection with securities transactions of clients (i.e., not soft dollars). The software and related systems support may benefit Crescent Grove Advisors, but not its clients directly. In fulfilling its duties to its clients, Crescent Grove Advisors endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Crescent Grove Advisors’ receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm’s choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Crescent Grove Advisors may receive the following benefits from Fidelity:

- Credits to be used toward qualifying third-party service providers used in connection with the Firm’s research, technology and software platforms;
- Credits paid to clients for expenses charged for moving their assets from their current custodian to Fidelity.
- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts;
- Access to an electronic communication network for client order entry and account information;
- Access to Fidelity practice management communications generally available to advisers with clients on Fidelity’s platform; and
- As described in Item 14 below, access to a select program whereby Fidelity provides referrals to Crescent Grove Advisors of prospective clients.

### ***Brokerage for Client Referrals***

---

Crescent Grove Advisors does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### ***Directed Brokerage***

---

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

### ***Trade Aggregation***

---

Transactions for each client generally will be effected independently, unless Crescent Grove Advisors decides to purchase or sell the same securities for several clients at approximately the same time. Crescent Grove Advisors may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among participating

Crescent Grove Advisors' clients on generally a pro rata basis to the purchase and sale orders placed for each client on any given day.

### ***Allocation of Investment Opportunities***

---

Crescent Grove Advisors strives to allocate all investment opportunities among client accounts in a fair and equitable manner, taking into account each client's IPS with the objective of ensuring such allocation does not result in favoring or discriminating against any client or group of clients over time. The CGIC works in concert with Client Advisors to determine which clients are eligible to participate in opportunities with limited availability (such as certain private funds). The CGIC then determines which clients will receive an allocation of the investment opportunity, documenting its rationale supporting the determination made.

### ***Trade Errors***

---

From time to time, Crescent Grove Advisors, the custodian or an Independent Manager may make an error in placing a trade on a client's behalf. Crescent Grove Advisors generally considers a "trade error" to be the execution of a transaction on behalf of a client on terms other than those intended. Crescent Grove Advisors faces an inherent conflict in addressing trade errors, as trade errors are often detected by Firm personnel who may have an inherent incentive to mitigate such trade errors in Crescent Grove Advisors' favor, which could be to the detriment of the clients. To address this risk, the Firm logs and Firm management actively reviews all trade errors. The Firm believes these controls, along with a periodic employee training program, function to mitigate these inherent risks. The Firm's policy is to ensure clients will be made whole following a trade error, with the responsible party being responsible to reimburse the client for any loss incurred. For client accounts which use Fidelity for brokerage and custody services, the Firm follows Fidelity's base policy to net gains and losses within a separate Firm Trade Error Account maintained at Fidelity. Net losses are absorbed by Crescent Grove Advisors, and net profits are allocated to a charitable organization selected by the Firm.

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

### ***Account Reviews***

---

Crescent Grove Advisors monitors client portfolios on an ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by their Client Advisors. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Crescent Grove Advisors and to keep the Firm informed of any changes thereto. The Firm, often through clients' assigned Client Advisors, contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### ***Account Statements and Reports***

---

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time to

time or as otherwise requested, clients may also receive written or electronic reports from Crescent Grove Advisors and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Crescent Grove Advisors or an outside service provider.

Crescent Grove Advisors derives performance information to be reported to clients from a variety of sources, both internal and external. External sources include:

- Bloomberg for public fund performance figures, including mutual funds and exchange traded funds; and
- The applicable fund sponsor, investment manager, or a service provider engaged by the fund sponsor for private funds (including hedge funds and private equity funds). This approach presents an inherent conflict of interest as the fund sponsor, investment manager or related service provider may have an incentive to inflate the performance figures reported. To mitigate this risk, all private funds engaged by clients of Crescent Grove Advisors undergo an annual financial audit by a third party accounting firm. Further, the CGIC routinely performs due diligence of these private funds, which includes reviewing reported performance figures for reasonableness.

Crescent Grove monitors reporting tools available in the market for functionality and reporting enhancement opportunities.

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

Other than the limited benefits received from Preferred Custodians as disclosed in Item 12 above, the Firm does not currently provide compensation to any third-party entity for client referrals.

#### **Item 15 - Custody**

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorizes Crescent Grove Advisors and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Crescent Grove Advisors. Clients are encouraged to compare information in the Firm's reports to reports provided by the Financial Institution.

In addition, as discussed in Item 13, Crescent Grove Advisors also typically sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Crescent Grove Advisors.

### **Item 16 - Investment Discretion**

Crescent Grove Advisors is generally given the authority to exercise discretion on behalf of clients. Crescent Grove Advisors is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Crescent Grove Advisors is given this authority through a power-of-attorney included in the agreement between Crescent Grove Advisors and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Crescent Grove Advisors generally takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

### **Item 17 - Voting Client Securities**

Crescent Grove Advisors generally does not accept the authority to vote a client's securities (i.e., proxies) on a client's behalf. Clients receive proxies directly from the Financial Institutions where the client's assets are custodied and may contact the Firm using the contact information on the cover of this brochure with questions about any such issuer solicitations.

### **Item 18 - Financial Information**

Crescent Grove Advisors is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.