

**SEC Form ADV Part 2A “Brochure”**

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This brochure provides information about the qualifications and business practices of Trent Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us via telephone at (336) 282-9302 or via email at [dlabiak@trentcapital.com](mailto:dlabiak@trentcapital.com). 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.

Additional information about Trent Capital Management, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 107344. While Trent Capital Management, Inc. may refer to itself as being “registered” or a “Registered Investment Adviser” or an “RIA”, you should be aware that registration does not imply a certain level of skill or training.

## **Item 2 Material Changes**

### *Summary of Material Changes*

This Brochure contains updated information about Trent Advisors, LLC's (referred to herein as "Trent," "Firm," "Company" or "Adviser") business since the last annual update dated March 23, 2021. This section of the Brochure will address only those "material changes" that have been incorporated since the last annual delivery of this document on the SEC's public disclosure website (IAPD). The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure. There have been no material changes.

Additional information about Trent is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Trent who would be required to be notice filed as investment adviser representatives of Trent. If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our CCO David Labiak at (336) 282-9302. We encourage you to read this document in its entirety.

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## **Item 4 Advisory Business**

Trent Capital Management, Inc. (hereinafter referred to as "Trent", "Trent Capital" or the "firm") is a fee-based SEC-registered investment adviser with its principal place of business located in Greensboro, NC. Trent was founded in 1987. Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- David Michael Labiak, President, Chief Investment Officer, Chief Financial Officer & Chief Compliance Officer
- Robert Vernon May, Vice President
- James Folds, Director of Corporate Development
- William Charles Thacker Jr., Director of Benefit Plan Assets

### Types of Services

We offer the following advisory services to our clients:

#### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides investment management services to clients based on their individual needs. Through personal discussions in which a client's goals and objectives are determined based on a client's particular circumstances, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. This allows us to better determine the appropriate asset allocation for each individual client, be it a focus on growth, income, growth and income, capital preservation and the like.

Our investment management services are offered on a discretionary or non-discretionary basis. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors by advising us of such restrictions.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding, but not limited to, the following securities:

- Exchange-listed securities;
- Securities traded over-the-counter;

- Foreign issuers;
- Warrants;
- Corporate debt securities (other than commercial paper);
- Commercial paper;
- Certificates of deposit;
- Municipal securities;
- Mutual fund shares;
- United States governmental securities;
- Government Agency securities;
- Exchange-traded funds ("ETFs"); and
- Private funds.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when we believe it is consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

#### Qualified Retirement Plans

Trent also provides corporate clients with Qualified Retirement Plan design, financial and compliance consulting as well as selection of mutual fund assets. The services provided by Trent to Qualified Retirement Plans includes, but is not limited to:

- The development of a written investment policy statement.
- Conducting due diligence in selecting the mutual funds used as investments for plan participants.
- Regular monitoring of plan assets seeking to achieve maximum performance for plan participants saving for retirement and long-term financial security.
- Preparation of quarterly monitoring reports that compare plan funds to indices for each specific investment category and established percentile rankings of peer fund benchmarks in order to provide a basis of comparison for plan participants.

#### Pooled Investment Vehicles

Trent also currently provides investment management services to a pooled investment vehicle (the "Fund") and may provide investment management services to other pooled investment vehicles in the future.

#### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2021, we were actively managing approximately \$116,974,581 of clients'

assets on a discretionary basis and \$74,034,222 of clients' assets on a non-discretionary basis, totaling \$191,008,803 total assets managements.

## Item 5 Fees and Compensation

### INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES

#### Individually Managed Accounts

Trent's annual portfolio management fees for *Individually Managed Accounts* is based on a sliding scale that fluctuates based on the amount of assets under management. For accounts opened after April 1, 2007, the management fees are generally as follows:

	<u>EQUITIES</u>	<u>BONDS</u>
First \$3,000,000	1.00%	.500%
Next \$3,000,000	0.85%	.425%
Next \$3,000,000	0.75%	.375%
Next \$3,000,000	0.60%	.300%
Next \$10,000,000	0.50%	.250%

The fees will generally be calculated and charged, usually within 7-10 days, following each calendar quarter based upon the market value and composition of the account as of the end of the last day of the prior quarter, in arrears. Clients have the option to have our quarterly fees deducted from their account, or to be invoiced and paid separately. Clients typically inform Trent Capital of their election at the time the Individually Managed Account Agreement is signed. Any account holding less than 20% bonds/fixed income securities will be treated as an Equity account.

Significant deposits and withdrawals during a calendar quarter may cause fees to be prorated, at Trent's sole discretion. Depending upon the nature and level of services provided to the client, fees may be negotiated. Multiple account breakpoints will be applied to clients/relationships whose combined assets are above the breakpoints listed above. Client fees will be refunded via a credit against the account for any errors or miscalculations.

Clients may also be charged additional fees for special services rendered. Such services might include, but not be limited to, engaging a third-party consultant such as a CPA, tax attorney, estate planning attorney and financial planner. All fees charged by such third-party consultants are separate from, and in addition to, the fees payable to Trent Capital and are borne solely by the client.

The schedule for accounts opened prior to April 1, 2007, is as follows:

	<u>EQUITIES</u>	<u>BONDS</u>
First \$1,000,000	1.00%	.500%
Next \$3,000,000	0.75%	.375%
Next \$3,000,000	0.60%	.300%
Next \$3,000,000	0.50%	.250%
Next \$10,000,000	0.40%	.200%

### Qualified Retirement Plans

The fees charged for investment supervisory services for participant-directed *Qualified Retirement Plans* (a “Plan”) are as follows:

**For participant-directed plans starting at \$1,000,000.00 or less in assets, the fee is:**

1% (100 basis points, or 0.01) per annum, to be paid quarterly at the rate of ¼ of 1% (25 basis points, or 0.0025). When aggregate assets in these plans exceed \$1 million, assets in excess of the first \$1 million will be charged at the rate of ½ of 1% (50 basis points, or 0.0050), to be paid quarterly at the rate of ¼ of ½% (12.5 basis points or 0.00125).

**For participant-directed plans starting at more than \$1,000,000.00 in assets, the fee is:**

- From: \$1MM to \$10MM = 50 basis points (0.0050) per annum paid out quarterly at 12.5 basis points (0.001250).
- From: \$10MM to \$20MM = 35 basis points (0.0035) per annum paid out quarterly at 8.75 basis points (0.000875).
- From; \$20MM and above = 25 basis points (0.0025) per annum paid out quarterly at 6.25 basis points (0.000625).

This fee includes not only the fees for Investment Advisory Services, but also includes fees for Trent’s written acceptance and obligation to act as Co-Fiduciary alongside the Client/Plan Sponsor. Trent Capital neither receives nor will take other forms of compensation for services rendered to retirement plan clients for these services. Trent Capital will cause the Plan's Custodian to direct all 12-b1 fees, which are a part of each Mutual Fund's Expense Ratio, back into the Plan's Trust. Plan Sponsors may then use these fees as they see fit. Plan Sponsors have the option to have the quarterly fee deducted from the plan assets or to be billed separately.

This schedule reflects annual fees to be paid for the investment advice and selection of various types of investment funds under management held in Retirement Plan Accounts of similar



design. This stated fee will be calculated based upon the market value of the account on the last day of the prior quarter (i.e., "in arrears"). Additionally, other fees may be charged for "special services" rendered by Trent Capital as requested by the Client/Plan Sponsor. Such services might include, but not be limited to, engaging a third-party consultant such as a CPA, tax attorney, estate planning attorney, financial planner or ERISA expert. All fees charged by such third-party consultants are separate from, and in addition to, the fees payable to Trent Capital and are borne solely by the client.

All fees received by Trent Capital are to be fully disclosed within the Plan's Form 5500. Depending upon the nature and level of services provided to the client, fees may be negotiated.

### *Pooled Investment Vehicles*

Trent's Fund clients are typically charged two types of fees. These fees are a quarterly management fee and an annual performance fee. The quarterly management fee is a specified percentage of the net asset value of the Fund, payable based on the market value of the account at the end of the prior quarter (i.e., in arrears). The performance fee, if any, is a specified percentage based upon the increase in the market value of the account at the end of the calendar year compared to the highest ending account balance at the end of previous calendar years. Each year's performance fee, if any, is paid by the Fund based upon the performance results as of December 31 of each year. Performance fees paid will be in compliance with Rule 205-3 of the Investment Advisers Act of 1940.

The information contained in this Item 5 is only a summary of the fees payable to Trent from its Fund client and is qualified in its entirety by the Funds' private placement memorandum and other governing documents (the "Offering Documents"). Investors in the Fund are urged to refer to the Fund's Offering Documents for a complete understanding of how Trent Capital is compensated for its advisory services to the Fund, and the other fees and costs associated with an investment in the Fund.

## **GENERAL INFORMATION**

### *Additional Fees and Expenses*

In addition to the fees discussed above, clients may also be subject to other fees and expenses, such as, but not limited to, prime broker charges, interest on margin accounts, borrowing charges on securities sold short, wire transfer and electronic fund transfer fees, fees and taxes on brokerage accounts and securities transactions, fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s), and other charges related to account and asset management. Please refer to

the "Brokerage Practices" section (Item 12) of this Form ADV Part 2A for additional information.

#### *Limited Negotiability of Advisory Fees*

Although Trent has established the aforementioned fee schedule(s), we retain the discretion to negotiate fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee charged to clients. These include, but are not limited to, the complexity of the client's objectives, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between Trent Capital and each particular client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Though not generally available to our advisory clients, discounts may be offered to family members and friends of associated persons of our firm.

#### *Termination of the Advisory Relationship*

Agreements with clients, other than the Fund, may be amended at any time by written instrument in a manner that is mutually agreed upon by the client and Trent Capital. These Agreements may be terminated by either Trent or the client at any time upon written or verbal notice. This Agreement may not be assigned without the parties' consent. Upon termination of any account, any unpaid fees will be invoiced on a pro-rated basis according to the number of days remaining in the applicable billing period.

The relationship between the Fund and Trent may be terminated in accordance with the terms of the Fund's Offering Documents.

#### *Mutual Fund Fees*

All fees paid to Trent for investment advisory services are separate and distinct from, and are in addition to, the fees and expenses charged by mutual funds (the "funds") and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's

financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### *Grandfathering of Minimum Account Requirements*

Pre-existing advisory clients are subject to Trent's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements and fees will differ among our clients.

#### *ERISA Accounts*

Trent is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts ("IRAs") pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Trent may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Trent's advisory fees.

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

### **PERFORMANCE-BASED FEES**

As we disclosed in Item 5 of this Brochure, private fund clients are charged two types of fees. These fees consist of a quarterly management fee, discussed under Item 4 above, and an annual performance fee. The performance fee is a percentage based upon the increase in the market value of the investment account at the end of the calendar year compared to the highest ending account balance at the end of any previous calendar year, in accordance with the terms contained in the Fund's Offering Documents. Each year's performance fee, if any, is paid by the Fund based upon the performance results as of December 31 of that year. Performance fees paid will be in compliance with Rule 205-3 of the Investment Advisers Act of 1940.

In cases where the same security may be owned by both individual accounts and the Fund (i.e., side-by-side management), a conflict of interest may exist in regards to the allocation of securities. To avoid this conflict, Trent either allocates the entire trade across all accounts so that each client, including the Fund, receive the same price and commission per share (see Item 12 regarding Brokerage Practices) or Trent enters and allocates all client trades prior to placing trades in the Fund. Trent uses reasonable efforts to ensure that the Fund does not receive preferential treatment over other client accounts.

Clients should be aware that this type of fee arrangement may create an incentive for Trent to make more speculative investments for such clients or increase Trent's focus on short-term profits, rather than focusing on long-term capital appreciation, which could expose such clients to additional levels of risk than would exist if such a fee structure were not in place.

## **Item 7 Types of Clients**

Trent provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals);
- High net worth individuals;
- Pension and profit sharing plans (other than plan participants);
- Charitable organizations;
- Corporations or other businesses not listed above; and
- Other entities such as Limited Partnerships, Limited Liability Companies and Qualified Retirement Plans.

Trent generally imposes a minimum account requirement of \$100,000, which may be waived in its sole discretion. Trent does not impose any minimum account requirements on Fund clients, however, the Fund may impose minimum account requirements on their investors and/or require them to satisfy certain suitability standards.

As previously disclosed in Item 5, pre-existing advisory clients are subject to the initial minimum account requirements and advisory fees that were in effect at the time we entered into the advisory relationship with them, which are based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided under each applicable service.

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

### **METHODS OF ANALYSIS**

We generally use the following methods of analysis in formulating our investment advice and/or in managing client assets:

#### *Fundamental Analysis*

Trent adheres to disciplined investment parameters. As value managers, our portfolios include investments in undervalued companies, often when the companies are out of favor or simply overlooked. Our investment philosophy is not concerned with short-term fluctuations of market price. Instead, Trent believes that, in the long run, value wins out.

Trent follows a bottom-up approach by selecting stocks and bonds on an individual basis. The portfolio managers look for strong, attractive businesses offered at reasonable prices based on Trent valuation metrics and parameters. We approach an investment as a business owner rather than as a market timer who focuses on momentum or market projections. Trent looks for investments that are of a low risk nature, but could potentially lead to high rewards in the long run. The types of companies include:

- Companies with dominant market share, high returns on assets, strong discretionary cash flows and good franchise characteristics.
- Stable companies that are minimally affected by outside forces beyond their control including competition, commodity pricing, technological obsolescence, overcapacity and politics.
- Companies that stay in the same business year after year and do not depend on constant change for continued success (i.e. companies that do not have to constantly reinvent the wheel).
- Companies that are able to reinvest cash flow at high reinvestment rates to strengthen their positions in the marketplace and to increase value for stockholders.
- Undervalued companies that have strong long-term businesses but are being offered at low price/earnings ratios relative to market averages because they are out of favor due to some short-term consideration.
- Well understood businesses: Trent understands what the companies do today and, more importantly, how they can continue being successful in the future.

#### **FIXED INCOME**

Fixed income accounts include U.S. Treasury and government agency obligations and

corporate and municipal bonds. Our goal is to generate a competitive rate of return while emphasizing security of principal. We accomplish this by:

- Assessing interest rates of Treasury, government agency, mortgage-backed, corporate and municipal issues.
- Analyzing interest rate spreads between similar and different rated investment grade fixed income securities.
- Evaluating the quality of the business and financial soundness of companies issuing fixed income securities.
- Appraising call protection, redemption and/or convertible features of fixed income securities under consideration.
- Assessing duration, average life, premium, discount and/or zero-coupon aspects of securities under consideration. Comparing interest rate spreads among similarly rated taxable and tax-exempt issues.
- Analyzing the yield curve (steep, flat or inverted) as to where the most satisfactory return is in relation to short, intermediate and long-term yields.
- Reviewing income tax implications of investing in taxable or tax-exempt issues.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

#### *Technical Analysis*

While not part of our overriding investment philosophy, we may analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a particular company. This presents the risk that a poorly managed or financially unsound company may underperform regardless of market movement and past performance trends are no guarantee of future results.

#### *Cyclical Analysis*

In this type of technical analysis, we may measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security. This presents a potential risk in that we may not accurately predict the price movement of securities.

#### *Qualitative Analysis*

We subjectively evaluate non-quantifiable factors such as quality of management, labor

relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data.

The risk in using qualitative analysis is that our subjective judgment may prove incorrect.

#### *Risks for all forms of analysis*

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Other risk factors applicable to all forms of investment analysis include, but are not limited to, currency risk, call risk, credit risk, liquidity risk, inflation risk, interest rate risk, political risk, market risk, sentiment risk and other risks, which we may be unable to prepare against. Clients should be aware that investing in securities involves risk of loss, including the possible loss of your entire investment.

#### **POOLED INVESTMENT VEHICLES**

An investment in any pooled investment vehicle or Fund may be deemed a speculative investment and is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in such Fund. No guarantee or representation is made that the Fund will achieve its investment objective or that investors will receive a return of their capital. Interests in a Fund will not be registered under the federal securities laws and their transfer will be limited under federal and state securities laws and under the terms of the governing documents of such Fund. There will be no public or private market in which Fund interests may be sold. Consequently, each investor should view any investment in a Fund as a long-term investment which it may not be able to liquidate for an indefinite period of time. Investors in any Fund should be prepared to bear the loss of their investment.

Trent's investment strategies and methods of analysis involve numerous risks, some of which are described below. Investors and prospective investors in any Fund should review the offering documents with respect to such Fund for a detailed description of the risks associated with an investment in such Fund.

Nature of Fund Investments. Most portfolio investments are highly illiquid, and there can be no assurances that a Fund will be able to realize a return on such investments in a timely manner or at attractive prices. As a result, investment in the Fund requires a long-term commitment, with no certainty of return. It is unlikely that there will be near-term cash flow available to



investors. In some circumstances, Limited Partners may receive distributions in kind.

**Borrowing.** A Fund may use borrowing funds to finance portfolio investments. The use of borrowed funds may involve a high degree of financial risk. In addition, borrowings by a Fund would expose the Fund to interest rate risk, and it may be less likely to be profitable or meet its goals if interest rates increase. If the Fund does not receive sufficient cash flow from its investments to meet principal and interest payments on any such borrowings, then the Fund may need to dispose of its portfolio investments sooner or at a lower price than it otherwise would have in order to pay the debt.

**Leverage.** Certain portfolio investments may be in portfolio companies with significant levels of debt. In addition, a Fund may increase the leverage issued by the portfolio company as part of the purchase consideration. Although Trent will seek to use leverage in a prudent manner, the leveraged capital structure of portfolio companies increases the exposure of those companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the portfolio company or its industry.

**Portfolio Company Projections.** Trent will establish the capital structure of portfolio companies based on financial projections. These projections will be based upon certain assumptions and upon information provided by and judgments made by management of the relevant portfolio company. These projections will be only estimates of future results and, therefore, there can be no assurance that the projected results will be achieved. Actual results may vary significantly from the projections, and general economic conditions and other factors out of the control of the Manager may negatively impact the reliability of the financial projections.

**Reliance on Management of Portfolio Companies.** While it is the intent of Trent to invest in portfolio companies with proven operating management in place, there can be no assurance that such management will continue to operate successfully. Although Trent will monitor the performance of each investment, it will rely upon portfolio company management to operate the portfolio companies on a day-to-day basis.

**Lack of Diversification.** While, in general, Trent limited the amount of a Fund's capital invested in any one portfolio company, each Fund will only make a limited number of portfolio investments. As a result, the aggregate return may be substantially adversely affected by the unfavorable performance of even a single investment.

**Difficulty of Locating Suitable Investments.** Trent's success will depend on its ability to identify suitable portfolio investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of portfolio investments on favorable terms. There can be no assurances that there will be a sufficient number of suitable investment opportunities to

enable a Fund to invest all of its Capital Commitments in opportunities that satisfy its investment objective, or that such investment opportunities will lead to completed investments. Identification of attractive investment opportunities generally will be subject to market conditions. Competition for such opportunities is expected to be substantial.

**Dependence on Limited Staff.** Trent's investment activities will depend to a large extent on the efforts, experience and expertise of its principals and limited staff. There can be no assurance that all of the principals and staff members will remain in the employ of Trent or otherwise continue to be able to carry on their duties. The loss of any of the principals' or any of the staff members' services could harm the Trent ability to realize its investment objectives and have a material adverse effect on its operations.

**Risks Upon Disposition of Portfolio Investments.** In connection with the disposition of a portfolio investment, Trent or the Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. A Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by investors.

## **INVESTMENT STRATEGIES**

We typically use the following strategies in managing client accounts, provided that such strategy or strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

### *Long-term purchases*

We typically purchase securities with the intention of holding them in the client's account for 3 to 5 years or longer. Typically, we employ this strategy when we believe the securities to be currently undervalued.

Market conditions may vary from period to period, yet the core tenets of our investment discipline and approach remain the same. We start with the premise that stocks represent fractional ownership in real businesses. We seek to purchase durable businesses at value prices and hold them for the long term. We believe that owning shares of well-managed businesses with attractive reinvestment rates, purchased at reasonable valuations and held for years to allow

the power of compounding to work, is a reliable method for building capital over long investment horizons.

By definition, owning shares of companies for years or even decades means that some, perhaps all, of our investments will traverse rough patches along the way, whether they are specific to a company, an industry or the broader market. We know in advance that we are going to own businesses in periods of rising interest rates, falling interest rates, inflation, disinflation, a weak dollar, a strong dollar, and so forth. Therefore, before we purchase shares of a company, we weigh carefully whether we think the business can withstand inevitable changes in addition to considering the likelihood that the business can grow earnings power, and therefore intrinsic worth, over full cycles. Then, company-by-company, we set out to build a durable, all-weather portfolio of businesses that can compound over the long term.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

#### *Short-term purchases*

While rarely utilizing this strategy, we may purchase securities with the idea of selling them within a relatively short time, typically a year or less. We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

#### *Risk of Loss*

Securities investments are not guaranteed and clients may lose money on their investments. We ask that each client work with us to help us understand his or her particular tolerance for risk.

Active strategies undertaken by Trent may entail additional risk due to greater frequency transactions. As such, active strategies may involve additional brokerage charges, transaction costs and taxes. In addition, strategies that include private investment funds entail greater risk as these offerings have limited regulatory oversight, have less liquidity and depend on the due diligence undertaken by the investment adviser.

#### *Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues*

Our business activities could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome

(SARS), and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, COVID-19 has spread (and is currently spreading) rapidly around the world since its initial emergence in China in December 2019 and has severely negatively affected (and may continue to materially adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of COVID-19 and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).

## **Item 9 Disciplinary Information**

Neither Trent nor any of its supervised persons have been the subject of any legal or disciplinary events that would be material to a client's evaluation of Trent or the integrity of its management.

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

### *Private Funds*

As previously disclosed in Item 5, Trent provides investment management services to the Fund and in such capacity receives a management fee and a performance-based fee.

Clients should be aware that the receipt of additional compensation by us and our management persons or employees may create a conflict of interest that could impair the objectivity of our firm and our employees when making advisory recommendations. We endeavor, at all times, to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this potential conflict of interest:

- we include disclosure in our brochure regarding the existence of all material conflicts of interest, including the potential for our firm and our employees to earn additional compensation from advisory clients apart from our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside business activity so that we may ensure that any conflicts of interests in such activities are properly addressed; and
- we periodically monitor these outside business activities to verify that any conflicts of interest continue to be properly addressed by our firm.

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

Our firm has adopted a Code of Ethics that complies with the requirements of SEC Rule 204A-1. Our Code of Ethics sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Both Trent and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of our Code of Ethics but to the general principles that guide the Code of Ethics.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any transactions in covered securities, as defined therein. It also provides for oversight, enforcement and recordkeeping provisions.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [dlabiak@trentcapital.com](mailto:dlabiak@trentcapital.com), or by calling us at (336) 282-9302.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients; and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Our firm and individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, related person(s) may have an interest or position in certain security or securities which may also be recommended to a client. These practices create potential conflicts of interest in that Trent or individuals associated with Trent may have an incentive not to recommend the sale of securities held by clients in order to protect the value of their personal investment. Further, related persons may also recommend investments in certain securities for which Trent may receive a commission. This arrangement may cause a potential conflict of interest in that Trent, or individuals associated with Trent, may have an incentive to recommend certain investments in which Trent receives commissions.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby

preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients and employees will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As the practices described above may represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures to address such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations. These holdings are reviewed and updated on a regular basis by our firm's Chief Compliance Officer or his/ her designee.
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
7. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
8. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
9. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

We require that each discretionary client provide us with written authority to determine the broker-dealer to use as well as the commission costs that will be charged to these clients for these transactions. These clients must specify any limitations on this discretionary authority in this written authority statement. Clients may amend these limitations at any time. Such amendments must be provided to us in writing.

The factors that may be considered by Trent in selecting brokers and determining the reasonableness of their commission include, but are not limited to:

1. Experience of firm and individual brokers;
2. Efficiency of trade execution;
3. Recordkeeping;
4. Availability of institutional brokerage discount arrangements;
5. Availability of research services; and
6. Making a market in a particular security;

We conduct periodic broker-dealer reviews by analyzing price and commissions offered by the various brokers used and volume of client commissions directed to each broker. Moreover, we perform a qualitative ranking of all brokers considering such factors as back office support, accuracy, timeliness of error correction, research capabilities and other factors.

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

Brokers that we select to execute transactions may, per their internal policies and procedures, from time to time, refer clients to our firm. Trent does not direct client transactions to a particular broker-dealer in return for client referrals. Trent will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and Trent's interest in receiving future referrals.

### ***Directed Brokerage***

Clients are permitted to instruct Trent to use a particular broker-dealer through which securities transactions are executed on behalf of the client. However, such instructions must be in writing. A client is permitted to change such instructions by giving us written notice thereof. Clients that direct brokerage should be aware that in such instance, we will not have the ability to negotiate commissions among various brokers, and best execution may not be achieved, which may result in higher transaction costs for clients.



### *Aggregation of Trades*

We may aggregate trades where possible and when advantageous to clients. Block trades permits us to aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at the same broker.

## **Item 13 Review of Accounts**

### *Reviews*

Trent has four officers that conduct periodic reviews of client accounts. Their titles and functions are described in Item 4 - “Advisory Business” section of this brochure. The standard review encompasses the positions in the account, realized gains and losses, unrealized gains and losses, account performance, the accounts current investment objectives, any change in those objectives and any other matter which may need to be discussed regarding the particular account. While no officer is assigned a certain number of accounts, each account under management is generally reviewed twice each year. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

After a face-to-face meeting, Trent makes recommendations based on the client's income and assets, age, risk tolerance, financial goals and investment horizon. We consider each client's feedback and preferences and then revisit these objectives at each subsequent review in order to make any necessary changes or adjustments to your portfolio.

Our regularly scheduled reviews are intended to help ensure that each account is maintaining a proper asset allocation, tracks performance against market benchmarks and reviews progress toward investment goals and objectives. Our comprehensive portfolio review includes not only managed assets but any assets outside of Trent's direct management, such as pensions and 401(k) plans, life insurance, real estate, employee stock options and other bank, brokerage and mutual fund accounts. By analyzing a client's entire investment portfolio, Trent is better able to identify a strategy that will accomplish your investment goals and objectives.

We periodically meet with clients to discuss results, identify opportunities and make necessary adjustments that align with client needs. During these reviews, clients will receive clear and transparent statements of holdings and transactions as well as customized performance reports designed to measure the progress of the account versus their investment goals. At year-end, clients will receive a clear and concise annual summary of tax details and, if necessary, we will communicate with other professionals such as a client's accountant. Trent will make adjustments to a client's portfolio when their personal situation or objectives change or when they would like to make changes to the risk exposure of their investment mix.

### *Reports*

In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account balances and holdings.

## Item 14 Client Referrals and Other Compensation

### CLIENT REFERRALS

Trent does not receive any additional compensation or other economic benefit from third parties for providing investment advice to our clients. Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document *Firm Brochure* and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by Solicitors are not increased as a result of any referral. The use of referral services may result in a conflict of interest. However, such conflicts of interest issues are lessened within the framework of our compliance program and Code of Ethics.

## **Item 15 Custody**

Trent does not maintain physical custody of client funds and securities. However, as we previously disclosed in the "Fees and Compensation" section (Item 5) of this brochure, clients have the option to have our advisory fees deducted from their accounts and as such, Trent is deemed to have constructive custody of such client's funds.

In the event that fees are permitted to be deducted, and as part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements with those received from the account custodian to ensure that all account transactions, holdings and values are accurate and current.

In addition, Trent is currently the managing member for the Fund. All funds and securities of this Fund are held in accounts maintained by a qualified custodian. An independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, audits the financial statements of the Fund annually. In addition, the audited financial statements, which are prepared in accordance with GAAP, are distributed to all members of the Fund within 120 days of the end of its fiscal year. In the event that audited financial statements of the Fund are not audited as set forth above, it is Trent's policy that the funds and securities of the Fund will be examined on a surprise basis by an independent public accountant at least once each calendar year, without prior notice to Trent.

## **Item 16 Investment Discretion**

Clients hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell
- Clients give us discretionary authority through the Individually Managed Account agreements they enter into with our firm. Each client may limit this discretionary authority by giving us written instructions. Clients may also change/amend such limitations by providing us with written instructions.

## **Item 17 Voting Client Securities**

We vote proxies for all client accounts; however, clients always have the right to vote proxies themselves or to direct us to vote proxies in a certain manner. Clients can exercise this right by instructing us in writing to not vote proxies in their account or to instruct us to vote such proxies in a particular manner.

We will vote proxies in the best interests of our clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting David Labiak by telephone, email, or in writing. Clients may request at any time, in writing, information on how proxies for his/her shares were voted. It is our policy to immediately provide such information to the client. We will advise and act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact David Labiak by telephone, email, or in writing. You can instruct us to vote proxies according to criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at 336/282-9302 or via e-mail at [dlabiak@trentcapital.com](mailto:dlabiak@trentcapital.com).

## **Item 18 Financial Information**

Advisers are required in this Item to provide you with certain financial information or disclosures about Trent's financial condition. Trent has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.