

# SHEPHERD KAPLAN KROCHUK, LLC

## Client Relationship Summary

June 26, 2020

### 1. Introduction

Our name is Shepherd Kaplan Krochuk, LLC ("SKK"). We are registered with the Securities and Exchange Commission as an investment adviser. The services offered and fees charged by an investment adviser differ from those of broker-dealers and it is important that you understand the differences. Free and simple tools are available to research investment adviser firms, broker-dealers, and their financial professionals at [www.Investor.gov/CRS](http://www.Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### 2. Relationships and Services

***What investment services and advice can you provide me?*** We offer investment advisory services to retail investors. We typically advise retail clients on their entire investment portfolios, beginning with the preparation of a financial plan, if needed, and then an investment strategy to achieve the client's investment goals. We recommend investments such as mutual funds, ETFs, separately managed accounts, and private funds, although we do not typically recommend individual company stocks. These investments are generally held in accounts in the client's name at independent custodian brokers, such as Schwab or Fidelity. Most investments that we recommend are not affiliated with us, although we also have affiliated private funds that we make available to certain qualified clients. We also have conflicts of interest with some non-affiliated private funds that we may recommend to clients, as described in Item 3 below, in which case we will disclose those conflicts to persons considering such investments.

We select and monitor your investments using research and reporting tools that we developed. We report to you at least quarterly on the performance of your investments and portfolio, and you may access these reports through a secure online portal. You may choose whether our investment services are performed on a discretionary, partial discretionary or non-discretionary basis. This means that once we have agreed upon your investment goals, we have varying degrees of authority to make investment decisions for you, ranging from our having the discretion to select all investments, to our recommending investments to you, with you making the final investment decisions. In general, we require a minimum account size of \$20,000,000 to open and maintain an account with us, although we reserve the right to waive this requirement. ***Please see the more detailed disclosure on the investment services and advice that we can provide to you in Items 4 and 7 of our Form ADV Part 2A which is available [here](#).***

***Conversation Starters.*** Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

### 3. Fees, Costs, Conflicts, and Standard of Conduct

***What fees will I pay?*** You will pay us an asset-based fee typically ranging from .60 to 1.00% of the net assets in your account on an annualized basis, assessed quarterly in advance. Because we charge an asset-based fee, the more assets there are in your advisory account, the more you will pay in fees, and we therefore have an incentive to encourage you to increase the assets in your account. You will also pay other fees and costs, including custodian fees, brokerage fees, commissions, interest fees, taxes, duties and other governmental charges, transfer and registration fees, foreign exchange transaction costs, fees and costs charged by other investment advisers or funds, account maintenance fees, mutual fund fees, variable annuities fees, and other transactional fees and product-level fees. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. If we recommend affiliated private funds to you as a qualified client, you will pay certain fees associated with the private fund investments to us or our affiliates, although our general policy is to forego either wealth management fees or private fund fees on the same investment. Nonetheless, affiliated private fund fees paid to us or our affiliates constitute a conflict of interest you should consider carefully in connection with any investment subject to them. ***Please make sure you understand what fees and costs you are paying. Please see the more detailed disclosure on our fees and costs in Items 5.A., B., C., and D of our Form ADV Part 2A, which is available [here](#).***

***Conversation Starters.*** Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

***What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?*** When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your

interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means. The following arrangements and activities give us an incentive to make investments for you based on our own interests rather than on your needs.

- **Affiliated Funds.** We may introduce or recommend investments in certain private funds that we advise and one of our affiliates manages. Investments in these funds may incur management and/or performance fees that are paid to us or our affiliates. In such circumstances, if you are an investment advisory client of SKK, you will not pay both an investment advisory fee and a fund management fee on the assets invested in those affiliated funds. Additionally, our affiliates, and/or our personnel have made investments in such funds and/or in companies in which those funds invest, and our personnel may provide services for compensation, including service as a director, for such companies. Also, our managers and employees do not pay management and performance fees if they invest in our affiliated funds. You will make the final decision regarding whether an investment in one of our affiliated funds is appropriate for you after we have disclosed to you any material conflicts.
- **Other Conflicts.** We may have business or financial relationships with private funds or private direct investments (or their affiliates) that we introduce or recommend to you. For example, a principal or affiliate of such a fund, or the fund itself, may invest in one of our funds or provide financing to us or an affiliate of ours, or joint venture with us in a fund or other business. You will make the final decision regarding whether such an investment is appropriate for you, after we have disclosed to you any material conflicts.

**Conversation Starters.** *How might your conflicts of interest affect me, and how will you address them?*

**Please see the more detailed disclosure on our conflicts of interest in Items 5, 6, 10, 11, 12, 14, and 17 of our Form ADV Part 2A, which is available [here](#).**

**How do your financial professionals make money?** We pay our financial professionals who provide you with investment advice the following compensation: Our financial professionals receive a combination of fixed salary and variable compensation that is derived from revenues we receive from advisory clients. Such variable compensation is paid when a financial professional (i) has provided certain material assistance to the firm in procuring the client, or (ii) directly provides investment advisory services to such a client as their investment advisory consultant. Such compensation incentivizes our representatives to encourage you to increase the assets in your account,

#### 4. Disciplinary History

**Do you or your financial professionals have legal or disciplinary history?** Yes. In February 2020 SKK became the sole owner of all voting securities of Peak Capital Management, LLC (“PCM”) and PCM’s principal, Brian Lockhart (“Lockhart”), became a member of SKK’s Management Board. Prior to this transaction, Lockhart entered into a Stipulation for Consent Order with the Colorado Division of Securities (“Stipulation”). In the Stipulation, the Staff of the Division (the “Staff”) alleged that in 2012 and 2013 Lockhart recommended an investment in a movie production company to some advisory clients and others regarding which he, as an Executive Producer, had a material conflict of interest that he maintains he disclosed orally to all of the clients. Multiple clients acknowledged such oral disclosure. The Staff determined that this recommendation was inconsistent with Lockhart’s obligations under Division Rule 51-4.8(IA)(K), which requires such disclosures to be made in writing. Under the Consent Order, Lockhart agreed not to violate Rule 51-4.8(IA)(K). No fine or other penalty was assessed.

**Conversation Starters.** *As a financial professional, do you have any disciplinary history? For what type of conduct?*

#### 5. Additional Information

You can find additional information about our investment advisory services on the [SEC’s website](#) [and on <https://skk-llc.com/>]. You can request up to date information and a copy of our relationship summary by contacting us at 617 896 1600.

**Conversation Starters.** *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*