

SP Asset Management LLC

FORM ADV PART 2A – BROCHURE

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This disclosure brochure provides clients with information about the qualifications and business practices of SP Asset Management LLC, an investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”). It also describes the services SP Asset Management LLC provides as well as background information on those individuals who provide investment advisory services on behalf of SP Asset Management LLC. Please contact Sandeep Pandya, Chief Compliance Officer of SP Asset Management LLC, at 408-257-7711 if you have any questions about the contents of this disclosure brochure.

The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that SP Asset Management LLC or any individual providing investment advisory services on behalf of SP Asset Management LLC possess a certain level of skill or training. Additional information about SP Asset Management LLC is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for SP Asset Management LLC is 323369.

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MATERIAL CHANGES

The following material changes have been made to this Form ADV Part 2A report for this Annual Updating Amendment:

- **Advisory Business:** added details about financial planning services, and updated information about assets under management
- **Fees and Compensation:** added information about financial planning fees charged by the Firm.

The previous version of our Form ADV Part 2A was filed on January 30, 2023.

Additional information about the firm and its investment adviser representatives is also available on the SEC's website at www.adviserinfo.sec.gov.

ADVISORY BUSINESS

OUR COMPANY

SP Asset Management LLC, a California Limited Liability Company, offers discretionary management of investment portfolios and ongoing financial planning for individuals, pension and retirement plans, trusts, and business entities, in accordance with the investment objective(s) of the client.

SP Asset Management LLC was formed in January 2022. SP Asset Management LLC succeeded to the business of Sandeep Pandya dba SP Asset Management, which had operated as a registered investment adviser since 1995. The principal owner of SP Asset Management LLC is Sandeep Pandya.

Throughout this disclosure brochure, we refer to SP Asset Management LLC as “SP Asset Management” or “the Firm.”

OUR INVESTMENT TEAM

Sandeep Pandya, President and CEO

Mr. Pandya is an experienced investment advisor who has been providing investment advice to individuals and organizations since 1995. Mr. Pandya has both Bachelors and Masters degrees in mechanical engineering and has over twenty-seven years of professional experience providing investment advisory services. Additional details about Mr. Pandya can be found in his Form ADV Part 2B brochure supplement.

OUR SERVICES

Investment Advisory Services

At SP Asset Management we provide investment supervisory and portfolio management services on a fully discretionary basis. On more than an occasional basis, we furnish advice to clients on matters not involving securities.

Financial Planning Services

SP Asset Management's financial planning services are available on a "one-time" or "ongoing" basis, and range from comprehensive financial planning to more focused consultations, depending on the needs of each client. Such planning will at times, typically when requested by a client, involve discussions concerning alternative investments such as private placements. Generally, SP Asset Management performs financial planning for sophisticated clients and evaluates the Client's financial, business, and investment information and makes recommendations designed with the intention of achieving the client's overall goals and objectives. Clients have the option of utilizing the Firm to implement certain investment recommendations but are under no obligation to do so. Advice and recommendations may also be given on non-securities matters and any implementation of financial planning recommendations is entirely at the client's discretion. Clients are always free to accept or reject any or all recommendations made by SP Asset Management, and clients retain the authority and discretion on whether or not to implement any recommendations. Clients should understand that a potential conflict of interest exists if the Firm recommends its own investment management services. Financial planning recommendations are based on the client's financial situation at the time the recommendations are provided and are based on the information provided by the client. Past performance is in no way an indication of future performance and SP Asset Management cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As a client's financial situation, goals, objectives, or needs change, the Client is strongly urged to promptly notify SP Asset Management.

Private Fund Management Services

SP Asset Management offers advisory services to private funds focused on fund of funds investments in venture capital and private equity

OUR ASSETS UNDER MANAGEMENT

As of December 31, 2023, the total amount of client assets managed by SP Asset Management LLC is \$1,389,577,962.

Of this total amount, \$972,818,805 of client assets are managed on a discretionary basis and \$416,759,157 of client assets are managed on a non-discretionary basis.

FEES & COMPENSATION

INVESTMENT MANAGEMENT FEES

In the event the client desires, the client can engage the Firm to provide discretionary investment management services on a fee-only basis. The Firm charges an annual investment management fee based upon a percentage of the market value of the assets managed by the Firm (including cash and

cash equivalents). Although SP Asset Management’s fees are negotiable, they generally follow the below listed schedule.

Assets Under Management	Annual Fee (%)	Applicable Quarterly Fee
\$0 to \$999,999	1.00%	0.250%
\$1,000,000 to \$1,999,999	0.90%	0.225%
\$2,000,000 to \$2,999,999	0.80%	0.200%
\$3,000,000 to \$3,999,999	0.70%	0.175%
\$4,000,000 to \$4,999,999	0.60%	0.150%
\$5,000,000 to \$9,999,999	0.50%	0.125%
\$10,000,000 and above	0.25%	0.0625%

The Firm's annual investment management fee shall be pro-rated and paid quarterly, in arrears, based upon the market value of the assets (including cash and cash equivalents) on the last day of the previous quarter.

FINANCIAL PLANNING FEES

The Firm’s fees for financial planning services vary and are dependent upon the scope and complexity of the requested services, and are specified as part of the client’s written agreement. The Firm generally charges a fixed fee for its financial planning services that range from \$10,000 or higher, depending on the complexity of the services being provided. These rates can be negotiable based on the sole discretion of the Firm. An invoice for services is issued on completion of the services, which is payable upon receipt. Clients can terminate the written agreement, without penalty, at any time upon written notice. At the time of termination, the Firm will invoice for the work completed based on the amount of work completed by the Firm as of the date the notice of termination is received.

PRIVATE FUND FEES

Compensation received by the Firm from the private fund it advises generally comprise management fees, based on a percentage of assets managed, and carried interest.

Management Fee

Management fees charged to the fund can vary and are established pursuant to negotiations with investors in the fund and set forth in each fund investor’s respective documents. The Firm, in its sole discretion, has in the past and expects in the future to reduce or waive its standard fees for fund investors. Any management fees charged will be payable quarterly in arrears and deducted from the assets of the fund as described in the fund’s governing documents. Additionally, consistent with the governing documents of the fund, the fund typically bears certain out-of-pocket expenses incurred by the Firm in connection with the services provided to the fund. Further details about certain common fees and expenses are set forth below, and investors and prospective investors should review the fund’s governing documents for additional information about fund fees and expenses.

Carried Interest

Investments made by the Firm on behalf of the fund are subject to a sharing of realized profits known as carried interest, which is a percentage of the investment income and net realized capital gains and losses. The Firm, in its sole discretion, has in the past and expects in the future reduce or waive its entitlement to receive carried interest with respect to investments by fund investors. Generally, for the fund, the Firm receives carried interest, after achievement of various performance hurdles. The terms of any carried interest arrangement, including a description of the carried interest calculation methodology, are set forth in the fund's governing documents.

IMPORTANT ADDITIONAL INFORMATION

Fees Negotiable

The Firm, in its sole discretion, has the ability to charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, client negotiation, length of client relationship, etc.). In addition, for family and friends of the Firm, the Firm may, in its sole discretion, reduce or waive fees in their entirety. Although the Firm believes its advisory fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

Direct Debiting of Client Accounts

We generally directly debit our advisory fees from our clients' accounts on a quarterly basis. We will only do this under the following three conditions. First, the client must provide written authorization permitting SP Asset Management's fees to be paid directly from the client's account. Second, the client must have their account held by an independent custodian. Third, the custodian agrees to send to the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to SP Asset Management. Clients are informed that it is their responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated.

Termination of Client Relationship

Either party has the ability to cancel an agreement for any reason upon written notice. Upon termination of any account, any unpaid, earned fees will be due and payable to the firm, and the Firm will refund any unearned, prepaid fees.

Mutual Fund and ETF Fees

All fees paid to SP Asset Management for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds ("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 (including 12b-1 fees). If the fund also imposes sales charges, a client will pay an initial or deferred sales charge. A client could invest in a mutual fund or ETFs directly, without the services of SP Asset Management. In that case, the client would not receive the services provided by SP Asset

Management 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. To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by SP Asset Management to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Trading and Other Costs

All fees paid to SP Asset Management for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of equity securities, fixed income and options. Such additional fees include, among others, custodial fees, private fund management and incentive/performance fees, other transaction related fees, IRA and Qualified Retirement Plan fees, interest charged on margin borrowing, interest charged on debit balanced, "spreads" imposed by brokers and dealers representing implicit transaction costs, commissions and transfer taxes. In addition, fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Please see the section entitled "Brokerage Practices" of this disclosure brochure for additional information on brokerage and other transaction costs.

PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

SP Asset Management does not accept performance-based fees (e.g., fees based on a share of capital gains on or capital appreciated of the assets in a client's account). Please note that the SPV Fund does not charge separate fees. See additional information in the section titled *Fees & Compensation*.

TYPES OF CLIENTS

The Firm's investment advisory services are currently limited to the discretionary and non-discretionary management of investment portfolios and ongoing financial planning for individuals, pension and retirement plans, trusts, and business entities, in accordance with the investment objective(s) of the client. To the extent specifically requested by a client, SP Asset Management may provide limited consultation services to its investment management clients on investment and non-investment related matters. Any such consultation services, to the extent rendered, shall be rendered exclusively on an unsolicited basis, for which Registrant shall not receive any separate or additional fee.

ENGAGING THE SERVICES OF SP ASSET MANAGEMENT

All clients wishing to engage SP Asset Management for investment advisory services must first complete the applicable written investment advisory agreement and a separate custodial/clearing agreement with the selected custodians. The investment advisory agreement describes the services and responsibilities of SP Asset Management to the client. It also outlines SP Asset Management's fee in detail. Upon completion of these documents, SP Asset Management will be considered engaged by the client. Clients will be responsible for ensuring that SP Asset Management is informed in a timely manner of changes in investment objectives and risk tolerance. The Investment

Advisory Agreement between the Firm and the client will continue in effect until terminated by either party by written notice.

CONDITIONS FOR MANAGING ACCOUNTS

Investment Management Services

SP Asset Management generally does not require new clients have a minimum account size. SP Asset Management does require a minimum quarterly fee of \$2,500, regardless of a client's account size.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES, & RISK OF LOSS

TYPES OF INVESTMENTS

Currently, the Firm primarily allocates investment management assets of its client accounts among domestic and foreign equity securities, commercial paper, certificates of deposit, municipal and United States government securities, ETFs, mutual funds, private equity funds, and options contracts on securities. The Firm generally manages investments on a discretionary basis, and in accordance with the investment objectives of the client.

INVESTMENT STRATEGIES

SP Asset Management can utilize different investment strategies, based upon the needs of the client, including long-term purchases, short-term purchases, trading, short sales, margin transactions and option writing. SP Asset Management also utilizes asset allocation strategies to match client goals and objectives.

SECURITIES ANALYSIS

SP Asset Management primarily uses fundamental analysis to analyze securities

SOURCES OF INFORMATION

In conducting security analysis, SP Asset Management generally utilizes the following sources of information: financial newspapers and magazines; inspection of corporate activities; research materials prepared by others; annual reports, prospectuses, and filings with the U.S. Securities and Exchange Commission; and company press releases.

RISK

General

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to a company specific event (e.g. unsystematic risk), or general market activity (e.g., systematic risk). In addition, certain strategies impose more risk than others. For example, with fixed income securities, a period of rising interest rates could erode the value of bond since bond values generally fall as bond yields rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting and economic and political instability.

Options

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of covered call options, the client forgoes, during the option's life, the opportunity to profit from increases in the market value of the underlying security or the index above the sum of the option premium received and the exercise price of the call, but has retained the risk of loss, minus the option premium received, should the price of the underlying security decline. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

Margin Transactions

Only if a client authorizes the use of margin will the Firm thereafter employ margin in the management of the client's investment portfolio. When buying stocks on margin, you are employing leverage as an investing strategy. Leverage allows you to extend your financial reach by investing using borrowed funds while limiting the amount of your own cash you expend. Please note, however, that this can involve a high degree of risk. Some of these risks include:

- Losing more money than you have invested;
- Being required to deposit additional cash or securities in your account on short notice to cover market losses;
- Being forced to sell some or all of your securities when falling stock prices reduce the value of your securities; and
- Having your brokerage firm sell some or all of your securities without consulting you to pay off the loan it made to you.

In addition, the use of margin increases the market value of the client's account and corresponding fee payable by the client to the Firm. As a result, in addition to the additional principal risks associated with the use of margin, we advise clients that authorizing margin creates a potential conflict of interest. Therefore, the decision as to whether to employ margin is left totally to the discretion of the client. To the extent applicable, we advise clients that the use of margin in a retirement account could subject the account to unrelated business income tax, and that they should discuss the issue with their tax advisors.

Private Funds

Investing in private funds involves a significant degree of risk and is suitable only for sophisticated investors. The investment strategies pursued by SP Asset Management are speculative. Investment in a private fund managed or advised by SP Asset Management is appropriate only for investors for whom such investment does not represent a complete investment program and who fully understand and are capable of bearing the risks of a complete loss of such investment. There can be no assurance that the private fund's investment objective will be achieved or that any investor will receive a return of its capital, and investment are illiquid & results may vary substantially on an annual basis. In addition to any management fee and carried interest payable to SP Asset Management and the expenses of the fund, underlying portfolio partnerships will typically have similar, and most likely higher, levels of management fees, carried interest and expenses than the funds managed by SP Asset Management, which will further reduce return on invested capital and, consequently, will lower any returns to investors.

In addition, there will be occasions when SP Asset Management encounters conflicts of interest relating to the management of private funds and separate accounts advised by the Firm.

See additional information regarding risk relating to private funds in the private fund's governing documents.

CASH MANAGEMENT

SP Asset Management treats cash as an asset. Typically, a core money market fund holds clients' cash. On occasion, SP Asset Management uses certificates of deposit and other cash alternatives. If a client needs short-term liquidity, his/her account will hold the cash.

DISCIPLINARY INFORMATION

Neither SP Asset Management nor its employees have any reportable disciplinary history.

OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Pandya Insurance Services, LLC is an affiliated insurance company owned by Sandeep Pandya. The insurance company assists clients with life insurance contracts, creating a potential conflict of interest in financial planning. While doing financial planning and discussing risk management, SP Asset Management discusses the need (if any), pros and cons of a life insurance policy with client. SP Asset Management points the client to standard premium comparison portals which price various life insurance policies so clients can make their own choice. There are times when representatives of the Firm, acting as insurance agents, recommend the purchase of certain insurance products to the Firm's clients. Upon purchase, such representatives, in their capacities as insurance agents, will receive normal and customary commission.

Due to the fact certain representatives of the Firm are licensed and can recommend the purchase of insurance products where they receive commissions or other compensation for doing so, a conflict of interest exists because such Firm representatives have an incentive to make recommendations

based on the compensation received rather than on a client's needs. SP Asset Management has adopted certain procedures designed to mitigate the effects of this conflict. As part of our fiduciary duty to clients, the Firm and our representative's endeavor at all times to act in the client's best interest, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients through the Firm's brochure, Form ADV 2A brochure supplements, and/or verbally prior to or at the time of entering into an agreement with the Firm. Clients always have the right to decide whether or not to implement any recommended transactions by the Firm. Firm clients should understand that lower fees and/or commissions for comparable services may be available from other sources.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, & PERSONAL TRADING

CODE OF ETHICS

SP Asset Management has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that SP Asset Management and its employees owe a fiduciary duty to its clients. Accordingly, the Firm expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. SP Asset Management and its employees are required to adhere to the Code of Ethics. At all times, the Firm and its employees must (i) place client interests ahead of SP Asset Management's; (ii) engage in personal investing that is in full compliance with SP Asset Management's Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of the Firm's Code of Ethics by contacting Sandeep Pandya, Chief Compliance Officer of SP Asset Management, at 408-257-7711.

PRIVACY NOTICE

SP Asset Management views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. SP Asset Management does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, SP Asset Management shares some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, lawyers, and digital vendors (e.g. reporting Software, CRM tools,). SP Asset Management restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for SP Asset Management. As emphasized above, it has always been and will always be SP Asset Management's policy never to sell information about current or former clients or their accounts to anyone. It is also SP Asset Management's policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of SP Asset Management's Privacy Policy, please contact Sandeep Pandya, Chief Compliance Officer of SP Asset Management, at 408-257-7711.

PROHIBITION ON USE OF INSIDER INFORMATION

SP Asset Management has also adopted policies and procedures to prevent the misuse of “insider” information. No person associated with SP Asset Management, shall disclose material nonpublic information about a company or about the market for such that company’s securities: (a) to any person except to the extent necessary to carry out the legitimate business obligations of the Firm; or (b) in circumstances in which the information is likely to be used for unlawful trading.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Policy. SP Asset Management does not permit any of the Firm’s advisory representatives or his/her immediate family to affect for himself/herself any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Firm's clients, unless in accordance with the following Firm Procedures.

Firm Procedures. Regarding any of the Firm’s advisory representatives or his/her immediate family (“Covered Persons”), the following procedures apply.

- 1) If the Firm is purchasing or considering for purchase any thinly traded security on behalf of the Firm's client, no Covered Persons are permitted to transact in that security prior to the client purchase having been completed by the Firm, or until a decision has been made not to purchase the security on behalf of the client.
- 2) If the Firm is selling or considering the sale of any thinly traded security on behalf of the Firm's client, no Covered Persons are permitted to transact in that security prior to the sale on behalf of the client having been completed by the Firm, or until a decision has been made not to sell the security on behalf of the client.

Exceptions to Procedures. Regarding any of the Firm’s advisory representatives or his/her immediate family, the following exceptions to the Firm’s procedures apply.

- a) This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of the Firm's clients trade in sufficiently broad markets to permit transactions to be completed without any appreciable impact on the markets of the securities. Under certain circumstances exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with the Firm's records in the manner set forth above.
- b) Open-end mutual funds and/or the investment subdivisions which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and/or variable insurance products by Covered Persons are not likely to have an impact on the prices of the fund shares in which clients invest, and are therefore not prohibited by the Firm's Investment Policy and Procedures.

BROKERAGE PRACTICES

BROKERAGE SELECTION

Best Execution

Best execution has been defined by the SEC as the “execution of securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances.” The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer’s services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness. The commissions paid by the Firm’s clients shall comply with the Firm’s duty to obtain best execution. However, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where the Firm determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. 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 a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although the Firm will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions.

Broker Analysis

SP Asset Management evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer’s trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving SP Asset Management.

Also in consideration are such broker-dealers’ provisions or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by “soft dollars”, as further discussed in the “Research/Soft Dollars Benefits” section immediately below). Accordingly, if SP Asset Management determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

Research/Soft Dollar Benefits

In return for affecting securities transactions through Fidelity, Charles Schwab or other designated broker-dealers, the Firm receives certain investment research products and/or services which assist the Firm in its investment decision-making process for the client, all of which transactions shall be in compliance with Section 28(e) of the Securities Exchange Act of 1934. Although the investment research products and/or services obtained by the Firm will generally be used to service all of the Firm’s clients, a brokerage commission paid by a specific client can be used to pay for research that

is not used in managing that specific client's account. The brokerage commissions and/or transaction fees charged by Fidelity, Charles Schwab or other designated broker-dealer/custodian are exclusive of, and in addition to, the Firm's investment management fee.

These broker-dealers also make available to SP Asset Management other products and services that benefit SP Asset Management, but that do not benefit its clients' accounts. Some of these other products and services assist SP Asset Management in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of SP Asset Management's fees from its clients' accounts, and assist with back-office support, record keeping and client reporting. Many of these services generally are used to service all or a substantial number of SP Asset Management's accounts, including accounts not maintained at the specific broker-dealer that is offering this particular service. These broker-dealers also provide SP Asset Management with other services intended to help SP Asset Management manage and further develop its business enterprise. These services include consulting, publications, conferences and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, these broker-dealers make available, arrange and/or pay for these types of services to SP Asset Management by independent third parties. These broker-dealers may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SP Asset Management. While as a fiduciary, SP Asset Management endeavors to act in its clients' best interests, SP Asset Management's recommendation that clients maintain their assets in accounts with Fidelity or Charles Schwab are based in part on the benefit to SP Asset Management of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage provided by these broker-dealers which creates a conflict of interest.

DIRECTED BROKERAGE

SP Asset Management Directed Brokerage

As stated above, clients in need of brokerage will have Fidelity or Charles Schwab recommended to them. While there is no direct linkage between the investment advice given and usage of these broker-dealers, economic benefits are received which would not be received if SP Asset Management did not give investment advice to clients (please see additional disclosures in the "Research/Soft Dollars Benefits" section above). SP Asset Management does not participate in any transaction fees or commissions paid to the broker dealer or custodian and does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

Not all investment advisers require their clients to direct brokerage. SP Asset Management is required to disclose that by directing brokerage, SP Asset Management may not be able to achieve most favorable execution of client transactions and that this practice may cost clients more money.

Client Directed Brokerage

The client may direct the Firm to use a particular broker-dealer (subject to the Firm's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Firm will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by the Firm. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event that transactions for client accounts are affected through a broker-dealer that refers investment management clients to the Firm, the potential for conflict of interest may arise.

TRADE AGGREGATION & ALLOCATION

Transactions for each client account generally will be affected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm 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 have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's principal(s) and/or associated person(s) invest, the Firm shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. The Firm shall not receive any additional compensation or remuneration as a result of the aggregation.

REVIEW OF ACCOUNTS

INVESTMENT MANAGEMENT SERVICES

Reviews

The Firm's President, Sandeep Pandya, conducts account reviews on an ongoing basis. The frequency of these reviews is at the discretion of the Firm, but accounts are typically reviewed not less than annually. Accounts are reviewed for performance, consistency with the investment strategy and Client objectives, and other account parameters in order to determine if any adjustments need to be made.

In addition to the periodic reviews described above, reviews can be triggered by changes in a client's personal, tax or financial status. Account holdings also are reviewed when changing market conditions warrant such review.

It remains the responsibility of all clients to advise the Firm of any changes in the client's investment objectives and/or financial situation. The Firm encourages all clients to comprehensively review investment objectives and account performance with the Firm on an annual basis, as applicable.

Reports

The custodians for clients' accounts provide clients with transaction confirmation notices and regular summary account statements. Written account statements are generated no less than quarterly and are sent directly to the client from the account custodian. These statements list the account positions, activity in the account over the covered period, and other related information, including any fees deducted from the account. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. Clients are urged to carefully review all account statements.

The Firm will also send to those clients to whom the Firm provides investment advisory services a periodic report summarizing account positions and performance.

CLIENT REFERRALS & OTHER COMPENSATION

SP Asset Management does not receive any economic benefits (e.g., sales incentives, prizes) from non-clients for providing investment advice. SP Asset Management does not use third parties to refer clients to the Company.

CUSTODY

Investment Advisory Clients

SP Asset Management is deemed to have custody of client funds because SP Asset Management has the authority to deduct its fees directly from clients' accounts. Both the Firm's Investment Advisory Agreement and the corresponding custodial/clearing agreement(s) authorize the custodian(s) to debit the account for the amount of the Firm's investment management fee and to directly remit that management fee to the Firm in accordance with applicable regulatory procedures.

The independent custodian selected by the client will maintain actual physical custody of the client's assets. SP Asset Management will not have physical custody of any assets in the client's account. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize SP Asset Management to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. We urge clients to carefully review statements received from the custodian to ensure the accurate reporting of such information.

In addition, for ease of operation some clients have standing letters of authorization ("SLOAs") for fund transfers to their bank accounts or for periodic payments like capital calls for their private equity investments. These SLOA arrangements are also deemed to give the Firm custody. However, the Firm takes certain steps to comply with applicable SEC guidance relating to SLOAs which

means that the Firm is not required to obtain an annual surprise audit for client assets that are the subject of SLOAs.

Private Funds

As the general partner of a private fund, SP Asset Management will be deemed to have custody of funds or securities in the fund.

The Firm will comply with the custody rules promulgated under the Investment Advisers Act of 1940, as amended, by ensuring that the fund:

- is audited on an annual basis by an independent accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules; and
- distributes audited financial statements prepared in accordance with generally accepted accounting principles to all limited partners (or members or other beneficial owners) within 180 days.

Trustee Services Assets

Upon client request and at the sole discretion of the Firm, in limited circumstances, Sandeep Pandya acts as trustee for client trusts. As a result, SP Asset Management is deemed to have custody of those trust accounts. An annual surprise audit of those trust accounts will be done by an independent accounting firm.

INVESTMENT DISCRETION

For those client accounts over which SP Asset Management has discretion, SP Asset Management requests that it be provided with written authority (e.g., limited power of attorney contained in SP Asset Management's Investment Advisory Agreement) to determine, without first obtaining a client's permission, the amounts of securities that are bought or sold in a client's account. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing. SP Asset Management generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are affected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be bought and sold. Account guidelines, investment objectives and trading restrictions (as agreed between SP Asset Management and the client) may limit SP Asset Management's authority in making investment related decisions.

For clients that are receiving services on a non-discretionary basis, the Firm will make recommendations to the client regarding the purchase or sale of securities or other assets that it considers to be in the best interest of the client. The client has full discretion to accept or reject the Firm's recommendations and is responsible for implementing any accepted recommendations with any financial institution the client chooses.

Clients will retain ownership of all assets in their accounts. Neither SP Asset Management nor its supervised persons will have any right to withdraw either cash or securities from the client's account, *except for the direct deduction of advisory fees as authorized by the client.*

VOTING CLIENT SECURITIES

PROXY VOTING

SP Asset Management does not vote proxies on behalf of its clients. Therefore, although SP Asset Management provides investment advisory services relative to client investment assets, it is the client that maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets. SP Asset Management and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Clients can contact Sandeep Pandya, Chief Compliance Officer of SP Asset Management, at 408-257-7711 if they have questions regarding a particular solicitation.

CORPORATE ACTIONS

Although SP Asset Management generally has discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

FINANCIAL INFORMATION

PREPAYMENT OF FEES

Because SP Asset Management does not require or accept prepayment of more than \$1,200 in fees six months or more in advance, SP Asset Management is not required to include a balance sheet with this disclosure brochure.

FINANCIAL CONDITION

SP Asset Management does not have any adverse financial conditions to disclose that impair its ability to meet contractual and fiduciary obligations to clients.

BANKRUPTCY

SP Asset Management has never been the subject of a bankruptcy petition.