

ITEM 1. COVER PAGE



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Form ADV Part 2A | Brochure

This brochure provides information about the qualifications and business practices of RGT Capital Management, Ltd., DBA RGT Wealth Advisors (“RGT” or “we”). If you have any questions about the contents of this brochure, please contact Tiffany Ramirez, Chief Compliance Officer, at 214.360.7000 or tramirez@rgtadvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about RGT is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

This brochure dated March 31, 2017, amends our last update, dated November 28, 2016. Our last annual amendment was dated and filed on March 29, 2016. Material changes to this Form ADV, Part 2A since the last annual update include the following:

There were slight changes made to the ownership of RGT Capital Management, Ltd., as three partners left the firm, two senior employees became partners, and two new partners joined the firm. This change did not affect the control of the firm. Please see the Form ADV, Part 1, Schedule A for the update.

RGT – Weetabix, L.P., a private fund managed by RGT, completed liquidation and distribution during 2016.

The language in *Item 9* has been amended to include: As has been widely reported in the press, in February 2016, an internal investigation by RGT revealed that two partners and employees in RGT's California office, Ash Narayan ("Narayan") and Stanley Bae ("Bae") recommended to a finite group of clients a small number of private equity investments despite the fact that over time they had deteriorated financially (the "Subject Investments"); withheld material information from RGT and its clients regarding the Subject Investments; for a small number of clients, made certain investments without client approval; and, as to Narayan, accepted undisclosed "finders fees" in exchange for orchestrating some of the Subject Investments.

RGT terminated the partners, as well as various other staff in the California office. On February 17, 2016, RGT voluntarily disclosed its investigation to the United States Securities and Exchange Commission ("SEC"), which subsequently launched its own investigation. The SEC filed a lawsuit in the Northern District of Texas (*SEC v. Narayan, et al.*, 3:16-cv-1417-M) against The Ticket Reserve, Inc., one of the Subject Investments. The suit also named Narayan, who served on Ticket Reserve's board, and two other Ticket Reserve board members as defendants. The court appointed a receiver to take over operation of Ticket Reserve.

On November 21, 2016, upon motion by the SEC seeking approval of a settlement between it and Narayan, the court entered a final judgment by consent against Narayan, resolving the SEC's claims against him. Narayan was ordered to pay disgorgement in the amount of \$1,498,000 and a \$350,000 civil penalty. Under an additional agreement with the SEC, Narayan is barred from associating with any registered investment-related business and has been suspended from appearing or practicing before the SEC.

The SEC has not filed any claims against RGT or any of its current employees.

In October, 2016, RGT closed its California office. All clients are now being served from the firm's Texas office. Since discovering Narayan's actions and the Subject Investments, RGT has worked tirelessly to assist affected clients. First, RGT voluntarily disclosed to all clients about Narayan's actions and the Subject Investments. Next, the firm has reached mutual settlements and releases with clients representing more than 95% of the money invested in the Subject Investments. Finally, RGT continues to assist affected clients to maximize value and mitigate

any losses associated with the Subject Investments. Only two clients have brought formal proceedings.

On June 30, 2016, RGT former clients, David Rosenblatt and Shari Gersten, initiated an arbitration proceeding against RGT and certain of its partners and officers with the Financial Industry Regulatory Agency related to Narayan's and Bae's actions in connection with the Subject Investments (FINRA# 16-01915). On March 29, 2017, RGT reached a full settlement with Mr. Rosenblatt and Ms. Gersten for the dismissal with prejudice of all claims asserted in this arbitration.

On July 1, 2016, former RGT clients, Eric and Shanda Munson, filed a lawsuit in California Superior Court against RGT and its partners related to Narayan's actions in connection with the Subject Investments (LASC No. BC625770). This matter is ongoing and no final outcome has yet been reached.

The language in *Item 10* has been amended to include: *Other Financial Industry Activities and Affiliations* was updated to address changes to the outside business activities of certain employees.

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ITEM 4. ADVISORY BUSINESS

ADVISORY FIRM DESCRIPTION

RGT Capital Management, Ltd., a Texas limited partnership doing business as RGT Wealth Advisors, has been in business since 1985, and is owned by Mark Griege, Charles Thoele, Todd Amacher, Matt Krauss, Mark McClanahan, Greg Bone, Joseph Nolan, Michael Shockley, Ashley Blanchette, Timothy Weber, John A. (Pete) Bricker, Jr., Joanna Jadow, Chip Tardy, Colleen Affeldt, Jeremy Hudson, and Peter Lodwick. RGT was formed in response to our clients' demands to extend our services beyond traditional tax accounting into financial planning, portfolio management, and wealth advisory services.

TYPES OF ADVISORY SERVICES

RGT's purpose is to serve as our clients' trusted advisor. We partner with our clients to evaluate and achieve their financial and life goals by helping them identify opportunities and navigate complex decisions, thereby contributing to their peace of mind. We develop a comprehensive investment strategy for each client to address his/her financial goals, objectives, and risk tolerance. Our dedicated team of professionals provides service to each client in a manner that is uniquely tailored to the needs of the individual.

We provide a variety of advisory services to individual clients and families ("Managed Account Clients") and serve as the investment advisor to certain private funds (each a "Fund" and collectively, the "Funds") which were created as optional pooled investment vehicles for our qualified Managed Account Clients.

WEALTH ADVISORY

RGT provides Managed Account Clients coordination of the complex details of building, managing, and maintaining wealth. We offer integrated financial independence planning and develop customized investment portfolios that evolve with our clients' ever changing lives. We focus on innovative strategy and seamless implementation of each client's individualized plan. Our team of specialists coordinates and works closely with other service providers to provide assistance in the following areas:

- Personal budgeting and cash flow
- Personal financial statements
- Life and disability insurance consulting
- Investment due diligence, management, and portfolio construction
- Financial independence planning
- Estate planning and wealth transfer
- Education and specific goal/need planning
- Foundation management and charitable giving
- Business investment analysis and succession planning

The above services may be undertaken on a comprehensive or modular basis.

INVESTMENT MANAGEMENT

MANAGED ACCOUNT CLIENTS

We tailor our investment advice, for each client, to address his/her financial goals, objectives, and risk tolerance. A Managed Account Client's portfolio may consist of a variety of investments, not necessarily recommended by RGT, including but not limited to multiple brokerage, bank, or other custodial accounts; interests in private funds; ownership interest in private companies, franchises or other entities; real estate property or land rights; and a variety of other outside investments. Whenever appropriate, we recommend direct investments in real estate, oil and gas, private equity, and/or venture capital through private funds, some of which are managed by RGT.

As wealth advisors, we endeavor to consider the client's complete financial outlook when making investment recommendations and planning for his/her future. Therefore, we may structure our investment advice in view of any outside investments held by the client, considering each investment's effect on the client's total portfolio. At the request of a client, we may perform due diligence and provide advice on current or potential outside investments or provide investment management services for certain outside investments, which may include ongoing research and analysis, benchmarking, and rebalancing.

We recommend investment in no-load and low-load mutual funds, hedge funds and other private pooled investment vehicles. The mutual funds which we employ invest in the following: U.S. and foreign equity securities; tax-exempt, foreign, and taxable bonds; commodities; REITs; MLPs; notes and bills; commercial paper; and cash equivalents, such as money market accounts and certificates of deposit. For certain client accounts, we engage sub-advisors that purchase individual equity and/or fixed income securities rather than invest in mutual funds.

PRIVATE FUNDS

This document is not an offer to sell an interest in any partnership. Please refer to the governing documents for details and requirements to invest in a partnership.

We also serve as the investment advisor for certain partnerships which are pooled investment vehicles offered exclusively to our qualified Managed Account Clients. Investment in a partnership is optional and may not be suitable for all clients. An offer to invest in a partnership can only be made at the time that a qualified client is provided an offering memorandum or comparable disclosure document. To purchase a limited partnership interest, a client must submit a signed subscription document containing certain representations regarding his/her qualifications to participate in a private offering.

1. CLOSED PRIVATE FUNDS

The following partnerships (the "Closed Private Funds"), have specifically defined underlying investments, and are closed to new investors and additional contributions:

- RGT - Energy Capital I, LP¹
- RGT - Thackeray Partners Realty Fund II, LP¹
- RGT - RCH Energy Opportunity Fund II, LP¹
- RGT - RCH Energy Opportunity Fund III, LP¹
- RGT - Buchanan Fund IV, L.P.²
- RGT - Buchanan Fund V, L.P.²
- RGT - Champions II, L.P.²
- RGT - Champions III, L.P.²
- RGT - HM Europe II, L.P.²
- RGT-Macfarlan I, L.P.²
- RGT - HM VI, LP¹
- RGT - Lion Capital Fund II, LP¹
- RGT - Reserve Capital V, LP¹
- RGT - Reserve Capital VI, LP¹
- RGT Champions I, L.P.²
- RGT Champions IIQ, L.P.²
- RGT Crow IV, L.P.²
- RGT-Reserve Capital II, L.P.²
- RGT - Thackeray, L.P.²
- RGT - Reserve Capital IV, L.P.²

2. GROWTH CAPITAL FUNDS

RGT currently advises five partnerships that are open to qualified clients for investment and contributions, as appropriate for their financial position and investment objective (the “Growth Capital Funds” and together with the Closed Private Funds, the “Funds”). The Growth Capital Funds include both single strategy and multi strategy Funds that are valued quarterly. Some of the Growth Capital Funds have income and liquidity features following an initial investment period. RGT Holdings III, LLC is the general partner of the Growth Capital Funds.

Single Strategy Funds. Qualified clients may invest directly into any of our single strategy Funds.

The single strategy Funds include the following:

- Growth Capital Energy, L.P.
- Growth Capital Private Equity, L.P.
- Growth Capital Real Estate, L.P.

Multi Strategy Funds. Qualified clients may invest directly into either of our multi strategy Funds. The multi strategy Funds are feeder funds that invest in the single strategy Funds.

The multi strategy Funds include the following:

- Growth Capital Diversified Fund, L.P.
- Growth Capital QP Diversified Fund, L.P.

FINANCIAL PLANNING AND FAMILY OFFICE SERVICES

RGT’s full-service approach to wealth management includes personal financial planning and family office services uniquely tailored to the needs of the individual client. Such services may include, but are not limited to, planning and implementation of a personal estate plan; design and

¹ RGT Holdings II, LLC is the general partner of these Closed Private Funds.

² RGT Holdings, Inc. is the general partner of these Closed Private Funds.

coordination of a charitable giving plan; selected advisory services involving life, disability, and property and casualty insurance; retirement, budgeting, and cash flow planning; education planning; asset acquisition and refinancing strategies; coordination of tax return preparation and filing; review and/or administration of unmanaged assets; expert assistance through professional consulting; and such other services as may be mutually agreed upon.

As part of RGT's suite of family office services, we offer bill processing assistance to our clients. This service eases administrative burden and simplifies finances. For clients who elect this service, bills are sent directly to our office, where they are logged, processed, and electronically stored by RGT professionals. This service is customized for the needs of each individual but generally includes monthly account reconciliation, tracking of monthly bills and investigation of missing bills, quarterly cash flow reporting and review, budget management, and review of credit/debit card transactions for unusual activity. Clients electing our bill processing service receive a comprehensive reporting package containing supporting documentation and details regarding the work done on their behalf.

DIVORCE CONSULTING

We also assist couples going through the process of divorce with the division of their assets.

TAILORED ADVISORY SERVICES

We manage each client's portfolio in accordance with an investment policy statement customized for the client, at the onset of a client relationship, following a detailed analysis of the client's risk tolerance, goals, and needs. We review the investment policy statement on a periodic basis with each client. We also conduct a liquidity analysis for each client prior to recommending investment in a private fund. Clients may restrict our ability to invest their assets in a particular security or sector.

CLIENT ASSETS UNDER MANAGEMENT

At February 28, 2017, we had \$3,612,228,600 of discretionary assets under management and \$239,009,000 of non-discretionary assets under management.

ITEM 5. FEES AND COMPENSATION

COMPENSATION FOR ADVISORY SERVICES

We charge fees based on each client or family's requirements for our services. Our fees are therefore negotiable and vary from one client to another, so it is possible clients receiving the same service from us may be paying different fees. Each client executes a client service agreement ("client agreement") with us outlining the services we will provide and the fees we will charge for the services.

WEALTH ADVISORY

The client agreement defines the financial planning and family office services available to the client and the client's annual financial planning and family office services fee. The annual fee is allocated proportionately among the remaining calendar quarters and charged mid-quarter by deduction from the client's custodial account. We calculate the fee based on an hourly estimate of the time our professional staff will incur in addressing the client's financial planning and

family office service needs. Work incurred beyond the scope of what is contemplated in the client agreement may result in additional fees and/or amendment of the client agreement. Amendments to a client agreement must be agreed, in writing, by the client and RGT.

MANAGED ACCOUNT CLIENTS

The terms of the client agreement specify our responsibility to manage the client's assets, including his/her custodial accounts. For our services as an investment advisor, we charge each Managed Account Client an investment management fee equal to a certain percentage of the client's assets under management. The percentage fee applied for each client depends on the number of assets the client has under management with RGT and is defined in the client agreement. Our investment management fee is calculated using the account balance in:

- each of the client's custodial accounts;
- any non-RGT private investment which RGT is managing for the client;
- the client's capital account in any Closed Private Fund; and
- the client's capital account in any Growth Capital Fund

as of market close on the last trading day of the preceding quarter.

Portfolios are valued using the gross value of the assets and accounts without any offset for margin or debt balances. Assets are priced using an independent pricing service, based on the value reported by a third-party manager, or in good faith by RGT. Account values are not adjusted for intra-quarter cash flows. Investment management fees are generally calculated quarterly in advance² and charged mid-quarter by deduction from the client's custodial account or with payment by check.

While we generally charge Managed Account Clients an investment management fee quarterly in advance, we have, in some instances, charged fees more than quarterly in advance.

PRIVATE FUNDS

1. CLOSED PRIVATE FUNDS

There is no management fee charged to the partnership for assets held in the Closed Private Funds. However, a client's capital account in each of these Funds is included in the calculation of the client's total assets under management and is charged RGT's investment management fee per the fee schedule outlined in the client agreement.

2. GROWTH CAPITAL FUNDS

RGT receives a 1% investment management fee annually from each of the Growth Capital Funds. The fee is calculated quarterly in advance and charged mid-quarter by deduction from each investor's capital account balance.

² Pricing for certain RGT Funds is delayed by one calendar quarter, thus client reporting of a Fund balance reflects ending balances for the quarter preceding the prior quarter. Fee calculations will be determined using such delayed balances.

RGT does not collect investment management fees from the multi strategy Funds for that portion of assets that is invested in the single strategy Funds. However, clients who have invested in the Growth Capital Funds will pay both the investment management fee to RGT for its services as investment advisor to the Fund(s) and RGT's investment management fee for investment advisory services to the Managed Account Client. This creates a potential conflict of interest, as we recommend our clients invest in these Funds for which we receive additional fees. We may waive or reduce the investment management fee to any or all investor(s) in a Growth Capital Fund.

OTHER FEES

MANAGED ACCOUNT CLIENTS

Client custodial accounts pay directly for fees assessed by the custodian, such as transaction, wire, exchange, or custodial fees. For further details regarding the custodial relationship, please refer to *Item 12. Brokerage Practices*.

Implementation with Mutual Funds, ETFs, or Money Market Funds. When RGT recommends a mutual fund for a client's account, three separate fees may be charged to the client, either directly or indirectly. The first fee is our investment management fee where the fund is included in the asset base for the quarterly fee calculation. The second is the set of internal fees charged by the investment company for the fund's investment management, marketing, administration, and marketing assistance. These internal expenses are disclosed in each fund's prospectus which is provided to each client by the custodian. (This set of fees also applies to any ETF or money market fund purchased in the client's account.) The third fee may be a transaction fee which is assessed by the custodian for its service of providing access to a universe of mutual fund families through one account. To avoid such fees, a client would be required to open a separate account with each individual investment company instead of using the custodian we recommend, which would negatively affect our ability to deliver our services efficiently. Not all mutual fund trades we enact incur this transaction fee. When recommending mutual funds for client portfolios, RGT only recommends no-load funds.

PRIVATE FUNDS

Each Fund bears all costs of its organization and operation, expenses incurred in the purchase and sale of investments, and accounting and audit fees. For further details, please see the governing documents for the respective Fund.

DIVORCE CONSULTING

Clients of our divorce consulting practice are charged on an hourly basis for work done by our professional staff. Though our Managed Account Clients occasionally utilize our divorce consulting services, most clients to whom we provide divorce consulting services are not advisory clients for whom we provide traditional wealth management services.

Clients pay an advance retainer to engage our divorce consulting services. The retainer is credited to the client's account and applied against billed charges as they are incurred. When the client's account approaches a zero balance, we collect an additional retainer to fund the account. Clients are provided with a periodic statement detailing their payments and charges. Unused funds from a client's retainer will be refunded at the conclusion of the engagement.

FEES PAID IN ADVANCE AND REFUNDS

MANAGED ACCOUNT CLIENTS

RGT's relationship with a Managed Account Client is governed by the terms of the client agreement. Each client agreement includes the provisions for termination of the contract but generally allows both RGT and the client to terminate the agreement by providing written notice to the other party thirty days in advance.

Should a Managed Account Client terminate the relationship during a quarter, RGT will return any prepaid but unearned fees. RGT will prorate the investment management fee to be returned based on the number of days remaining in the quarter following the termination date.

PRIVATE FUNDS

The termination provisions applicable to investors in the Funds are outlined in the governing documents for each Fund. Although investment in a Fund is available exclusively to RGT's Managed Account Clients, certain Funds have a commitment or lockup period that precludes termination by investors. Managed Account Clients invested in these Funds may terminate their client agreement with RGT but cannot redeem their capital from the Fund until the conclusion of the commitment or lockup period. Therefore, some Funds include certain investors who are no longer Managed Account Clients.

1. CLOSED PRIVATE FUNDS

The Closed Private Funds have a defined term which prohibits investors from redeeming their interests before the expiration of such term. The governing document for each Closed Private Fund specifies withdrawal terms and defines the commitment period. To the extent that RGT permits an investor to withdraw from a Closed Private Fund, no portion of the prepaid management fee will be refunded.

2. GROWTH CAPITAL FUNDS

The governing document for the Growth Capital Funds specifies withdrawal terms including a lockup period of five years. The Growth Capital Funds allow semiannual redemptions on June 30 and December 31 (each a "withdrawal date") following a five-year lockup period. Investors may request an initial withdrawal of capital on the first withdrawal date immediately following the fifth anniversary of an associated contribution. Withdrawal limitations are structured in such a manner that the earliest date on which an investor in a Growth Capital Fund may complete the withdrawal of his/her entire capital account balance is the seventh anniversary of the investor's initial contribution to the Fund, although the general partner may waive any of the withdrawal limitations in its sole discretion. To the extent that RGT permits an investor's mid-quarter withdrawal from a Growth Capital Fund, no portion of the prepaid investment management fee will be refunded. For further details regarding withdrawals, please refer to the Funds' governing document.

FINANCIAL PLANNING AND FAMILY OFFICE SERVICES

Financial planning work and family office services performed for our clients often requires significant time to wind down. In the event of termination fees for financial planning and family office services are non-refundable. Depending on the complexity of the work involved for a

client and the management provided by our staff, additional time may be needed to terminate management of a client's accounts. Upon completion of all remaining work, the client will be billed for any additional fees incurred in connection with winding down his/her account(s).

DIVORCE CONSULTING

Clients of our divorce consulting practice pay fees in advance in the form of a retainer. Unused funds from a client's retainer will be refunded at the conclusion of the engagement.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge performance-based fees.

ITEM 7. TYPES OF CLIENTS

We provide investment advisory services to:

- Individuals
- High net worth individuals
- Families
- Pension and profit sharing plans
- Trusts, estates, and charitable organizations
- Private funds

MINIMUM ASSETS UNDER MANAGEMENT

MANAGED ACCOUNT CLIENTS

RGT generally requires Managed Account Clients to initially provide and maintain a minimum of \$3,000,000 in assets under management with us. We may waive this minimum at our discretion.

GROWTH CAPITAL FUNDS

1. SINGLE STRATEGY FUNDS

Investors in the single strategy Funds must be "qualified purchasers" who own at least \$5 million in investments. Generally, the minimum initial investment in a single strategy Fund is \$250,000 but the general partner may waive this minimum at its discretion.

2. THE MULTI STRATEGY FUNDS

Growth Capital Diversified Fund, L.P. generally requires a minimum initial investment of \$150,000 but the general partner may waive this minimum at its discretion. Investors in Growth Capital Diversified Fund, L.P. must be "accredited investors." Accredited investors are generally persons with income exceeding \$200,000 a year, or joint income with a spouse exceeding \$300,000, or persons (or couples) with net worth exceeding \$1 million, excluding the value of the primary residence.

Investors in *Growth Capital QP Diversified Fund, L.P.* must be “qualified purchasers” who own at least \$5 million in investments. The minimum required initial investment in this Fund is \$250,000 but the general partner may waive this minimum at its discretion.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

METHODS OF ANALYSIS

INVESTMENT APPROACH AND PHILOSOPHY

We implement investment management for all Managed Account Clients on a discretionary basis. Our process in designing portfolios consists of:

- Determining a client’s income/growth objectives and assessing the risk tolerance;
- Drafting an investment policy statement, reviewing it with the client;
- Finalizing the asset allocation and completing the manager search/selection process;
 - A quantitative review is taken of managers and styles.
 - A qualitative review is taken of strategies, people, research and business practices, firm ownership, and risk controls.
 - We conduct due diligence by interviews, site visits, conference calls, and reports, or engage an outside party to do so.
 - Our investment policy committee discusses and approves the use of individual managers.
- Implementing the portfolio strategy; and
- Monitoring the portfolio and reporting its results versus the client’s objectives, initially and as they change.

We perform market analysis through a thorough review of research sources and personal contacts, as well as the use of techniques such as:

- **Charting** - analysis of charts of past stock performance;
- **Fundamental** - analysis of financial attributes of a company, such as revenue growth, debt-to-equity ratio, inventory turnover, etc.;
- **Technical** - analysis which assumes past performance is a predictor of future performance; and
- **Cyclical** - analysis based on business, industry, calendar, or historical cycles.

Our professional staff attends numerous conferences throughout the year and participates in conference calls to supplement the research effort.

INVESTMENT STRATEGIES

We believe in a long-term strategy with a balanced, well-diversified portfolio, which may include securities and investments in private funds.

SECURITIES

Our investment strategy may use one or more of the following:

- Long-term purchases (securities held at least a year);
- Short-term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions; and
- Option writing, including covered options, uncovered options, or spreading strategies.

GROWTH CAPITAL FUNDS

Each of the single strategy Funds may leverage its portfolio but expects to maintain a level of leverage below 75% of capital. Please refer to the governing document of the Growth Capital Funds for more details on the strategy and risks associated with each Fund.

1. SINGLE STRATEGY FUNDS

Growth Capital Energy, L.P. The investment objective is long-term growth by investing in private funds not managed by us, as well as public securities that seek to achieve investment returns from strategies primarily involving oil, gas, or other energy-related sectors. This may include traditional energy industries (U.S. or international) as well as more recent environmentally conscious alternatives and could represent investments in energy-related companies which are newly created or designed.

Growth Capital Private Equity, L.P. The investment objective is long-term growth through allocation and investment in private funds not managed by us, as well as in public securities that seek to achieve investment returns from strategies such as buyouts, venture capital, distressed equity/debt, capital appreciation, opportunistic long/short, and other similar strategies.

Growth Capital Real Estate, L.P. The investment objective is long-term growth, with less emphasis on current income, by investing in private funds not managed by us, as well as in public securities that seek to achieve investment returns from strategies primarily involving real estate (domestic, international, and commercial or residential) through investment in equity or debt securities, using both long and short strategies.

2. MULTI STRATEGY FUNDS

The investment objective of Growth Capital Diversified Fund, L.P. and Growth Capital QP Diversified Fund, L.P. is long-term growth, with less emphasis on current income, through investment in institutional-quality private funds and growth-oriented public securities. These Funds will invest in our single strategy Funds and in private funds managed by entities other than RGT.

RISK OF LOSS

Clients are reminded that investing in any security entails risk of loss which they should be willing to bear. We do not guarantee the future performance of a client's portfolio or any specific

return, the success of any investment decision or strategy that we may use, or the success of our overall management of any client's account or participation in a private fund.

MANAGED ACCOUNT CLIENTS

The investment decisions we make for our client's accounts are subject to various market, economic, political, and business risks, and those investment decisions will not always be profitable.

Risks to our Managed Account Clients may include, but are not necessarily limited to, the following:

Concentration. Some client accounts may hold a relatively small number of securities. Losses incurred in such securities could have a disproportionate effect on the account's overall financial condition.

Leverage. Interest costs on borrowings may fluctuate with changing market rates of interest and may partially offset or exceed the return earned on borrowed funds. To the extent a client account is leveraged, the value of its assets will tend to increase more when its portfolio securities increase in value, and decrease more when its portfolio securities decrease in value, than if its assets were not leveraged.

Short Selling. Short sales that are not part of a hedging strategy are speculative and involve special risk considerations. Short sales theoretically involve unlimited loss potential as the market price of securities sold short may continuously increase.

Equity Securities. By investing in stocks, we may expose a client account to a sudden decline in the share price or to an overall decline in the stock market. The value of investments held in a client account will fluctuate daily and cyclically based on changes in the issuer's financial condition and prospects and on overall market and economic conditions.

Fixed Income Securities. The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions of an issuer's creditworthiness. The duration of these securities affects risk as well, with longer term securities generally more volatile than shorter term securities.

Foreign Securities. Foreign investments may be adversely affected by changes in currency rates and exchange control regulations, unfavorable political, social, and economic developments and the possibility of seizure or nationalization of companies or imposition of withholding taxes on income. Moreover, less information may be publicly available concerning certain foreign issuers than is available concerning U.S. companies. Foreign markets tend to be more volatile than the U.S. market due to economic and political instability, social unrest, and regulatory conditions in some countries.

High Yield Bonds. Fixed income securities that are below investment grade or unrated involve greater risks of default and are more volatile than investment grade securities. High yield bonds involve a greater risk of price declines than investment grade securities due to actual or perceived changes in an issuer's creditworthiness. In addition, issuers of high yield bonds may be more susceptible than other issuers to economic downturns, which may result in a weakened capacity of the issuer to make principal or interest payments.

Commodities. The value of commodity-related instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or risks affecting a particular industry or commodity, such as drought, flood, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Energy Price Volatility. The performance of energy-focused investments may be substantially dependent upon prevailing prices of oil and natural gas. Historically, the markets for oil and natural gas have been volatile, and such markets are likely to continue to be volatile in the future. Prices for oil and natural gas are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty, speculation, and a variety of additional factors that are beyond the control of RGT.

Real Estate-Related Investments. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural, or technological developments. Real estate companies are subject to legislative or regulatory changes, adverse market conditions, and increased competition. The general performance of the real estate industry has historically been cyclical and particularly sensitive to economic downturns. Changes in prevailing real estate values, interest rates, and changing demographics may affect the value of securities of issuers in the real estate industry.

PRIVATE FUNDS

Investing in private funds entails the risks listed above and additional risks as outlined below. Please review each fund's offering documents for risks specific to that fund.

1. OUTSIDE PRIVATE FUNDS

Outside private funds, which are not managed by RGT, may provide very limited information with respect to their operations and performance, thereby severely limiting our ability to (i) verify any representation made by such fund, (ii) monitor any investment strategy being employed by such fund, or (iii) detect any misconduct or fraud engaged in by such fund. To the extent that we recommend investing in a private fund that restricts the ability of investors to effect withdrawals, we may not be able to withdraw client assets promptly. To the extent a private fund is permitted to distribute securities in kind to investors making withdrawals, a client account may receive securities that are illiquid or difficult to value.

2. GROWTH CAPITAL FUNDS

To the extent that any Growth Capital Fund invests in outside private funds not managed by RGT, the investor will be paying fees to the underlying investment manager of the private fund in addition to the investment management fee payable to RGT.

Growth Capital Energy, L.P. The revenues and profitability of private funds in the energy sector depend to a large degree on prevailing oil and gas prices. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply and demand for oil and natural gas and uncertainties within the market. Additional factors include weather conditions and events such as hurricanes in the U.S.; the condition of the U.S. economy; the activities of the Organization of Petroleum Exporting Countries; governmental regulation; political stability in the Middle East and elsewhere; the foreign supply of oil and natural gas; the price of foreign imports; and the availability of alternative fuel sources. The operating results of

companies in the broader natural resource sector are cyclical, with fluctuations in commodity prices and demand for commodities driven by a variety of factors. The profitability of companies, particularly those involved in processing, gathering, and pipeline transportation, may be materially impacted by the volume of natural gas or other energy commodities available for transportation, processing, storage, or distribution. A sustained decline in demand for coal, natural gas, natural gas liquids, crude oil, and refined petroleum products could adversely affect the revenues and cash flows of an investment in this sector.

Growth Capital Private Equity, L.P. Investments in private equity funds and the underlying private equity securities in which they invest are highly speculative. A successful program of investing is subject to risks related to (i) the quality of the management of the private funds; (ii) general economic conditions; and (iii) the ability of the private funds to liquidate their investments.

Growth Capital Real Estate, L.P. Real estate historically has experienced significant fluctuations and cycles in value that may result in reductions in the value of real estate-related investments. The ultimate performance of a private fund's investments will be subject to the varying degrees of risk generally incident to the operation of the underlying real property. Revenues may be adversely affected by changes in national or international economic conditions; changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics; the financial condition of tenants, buyers, and sellers of properties; competition from other properties offering the same or similar services; changes in interest rates and in the availability, cost, and terms of mortgage funds; the impact of present or future environmental legislation and compliance with environmental laws; the ongoing need for capital improvements (particularly in older structures); changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; civil unrest; acts of God, including earthquakes, hurricanes, and other natural disasters; acts of war; acts of terrorism (any of which may result in uninsured losses); adverse changes in zoning laws; and other factors that are beyond the control of the real property owners and the private funds.

ITEM 9. DISCIPLINARY INFORMATION

As has been widely reported in the press, in February 2016, an internal investigation by RGT revealed that two partners and employees in RGT's California office, Ash Narayan ("Narayan") and Stanley Bae ("Bae") recommended to a finite group of clients a small number of private equity investments despite the fact that over time they had deteriorated financially (the "Subject Investments"); withheld material information from RGT and its clients regarding the Subject Investments; for a small number of clients, made certain investments without client approval; and, as to Narayan, accepted undisclosed "finders fees" in exchange for orchestrating some of the Subject Investments.

RGT terminated the partners, as well as various other staff in the California office. On February 17, 2016, RGT voluntarily disclosed its investigation to the United States Securities and Exchange Commission ("SEC"), which subsequently launched its own investigation. The SEC filed a lawsuit in the Northern District of Texas (*SEC v. Narayan, et al.*, 3:16-cv-1417-M) against The Ticket Reserve, Inc., one of the Subject Investments. The suit also named Narayan, who served on Ticket Reserve's board, and two other Ticket Reserve board members as defendants. The court appointed a receiver to take over operation of Ticket Reserve.

On November 21, 2016, upon motion by the SEC seeking approval of a settlement between it and Narayan, the court entered a final judgment by consent against Narayan, resolving the SEC's claims against him. Narayan was ordered to pay disgorgement in the amount of \$1,498,000 and a \$350,000 civil penalty. Under an additional agreement with the SEC, Narayan is barred from associating with any registered investment-related business and has been suspended from appearing or practicing before the SEC.

The SEC has not filed any claims against RGT or any of its current employees.

In October, 2016, RGT closed its California office. All clients are now being served from the firm's Texas office. Since discovering Narayan's actions and the Subject Investments, RGT has worked tirelessly to assist affected clients. First, RGT voluntarily disclosed to all clients about Narayan's actions and the Subject Investments. Next, the firm has reached mutual settlements and releases with clients representing more than 95% of the money invested in the Subject Investments. Finally, RGT continues to assist affected clients to maximize value and mitigate any losses associated with the Subject Investments. Only two clients have brought formal proceedings.

On June 30, 2016, RGT former clients, David Rosenblatt and Shari Gersten, initiated an arbitration proceeding against RGT and certain of its partners and officers with the Financial Industry Regulatory Agency related to Narayan's and Bae's actions in connection with the Subject Investments (FINRA# 16-01915). On March 29, 2017, RGT reached a full settlement with Mr. Rosenblatt and Ms. Gersten for the dismissal with prejudice of all claims asserted in this arbitration.

On July 1, 2016, former RGT clients, Eric and Shanda Munson, filed a lawsuit in California Superior Court against RGT and its partners related to Narayan's actions in connection with the Subject Investments (LASC No. BC625770). This matter is ongoing and no final outcome has yet been reached.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We have three affiliated entities: RGT Holdings, Inc. (the general partner for some of the Closed Private Funds), RGT Holdings II, LLC (the general partner for the remaining Closed Private Funds), and RGT Holdings III, LLC (the general partner for the Growth Capital Funds). Please refer to *Item 4. Advisory Business* for further information. Either RGT or its majority owners and partners own each general partner, creating a potential conflict with our clients because of the general partner's control of each Fund. This conflict is mitigated by (i) the use of an outside fund administrator for the Growth Capital Funds; (ii) having each Fund audited; (iii) our written policies and procedures which require fair and equitable treatment of all of our clients, including the Funds and our Managed Account Clients; (iv) use of qualified custodians; and (v) the fact that neither RGT nor any of the general partners charge performance fees.

RGT has an arrangement with Titan Diversified Fund, L.P. and Titan Fund Advisors, LLC ("Titan") in which Titan has created a private fund exclusively for RGT clients. Neither RGT nor any of our affiliates receive compensation from Titan for recommending this fund to our clients.

RGT Holdings, Inc. has a minority interest in Five States Energy Capital, LLC (“FSEC”). Charles Thoele also serves on the Board of FSEC, for which RGT Holdings III, LLC was given an option to purchase a diminutive share (less than 1%) of FSEC’s general partner, which was exercised. This creates a potential conflict of interest with some of RGT’s clients, as certain Funds that we manage invest in some of the funds managed by FSEC.

RGT has established a relationship with National Advisors Trust Company, FSB (“NAT”) to provide trust services to RGT’s clients. Though our clients are under no obligation to utilize the services of NAT, we recommend their services to clients in need of trust services. RGT purchased less than one percent (1%) ownership interest in National Advisors Holdings, Inc. (“NAH”), the parent of NAT. As a shareholder of NAH, RGT may benefit by realizing a profit in the form of dividends or other corporate distributions from NAH, in addition to any investment advisory fees paid to RGT. Such affiliation and potential conflict of interest is disclosed to clients in any trust agreement between a client account and NAT.

Mark Grieger serves on the Board of Directors and the Compensation Committee for Veritex Holdings, Inc., the parent company of Veritex Community Bank (collectively referred to as “Veritex”). Mr. Grieger receives nominal compensation for his board participation. Shares of Veritex Holdings, Inc. are publicly traded under the ticker VBTX. Mr. Grieger’s board position may expose him to material non-public information concerning Veritex, therefore he is deemed to be a VBTX insider. This creates a conflict of interest with RGT clients that own or wish to trade VBTX. We mitigate this risk by restricting VBTX so that neither RGT nor our employees can trade VBTX, in their personal accounts, except during certain periods in which the company approves trading by Veritex insiders. We do not recommend investment in VBTX to our clients, nor is any RGT employee permitted to advise clients regarding the purchase or sale of VBTX. On occasion, RGT may recommend Veritex Community Bank to clients seeking banking services that Veritex provides. This creates a potential conflict of interest with RGT clients who bank with Veritex because Mr. Grieger has an indirect financial interest in the success of Veritex.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

CODE OF ETHICS AND PERSONAL TRADING

RGT has adopted a “Code of Ethics” which describes the general standards of conduct that we expect of all personnel (collectively referred to as “employees”) and focuses on three specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination of employment with RGT. Any client or prospective client may request a copy of our Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of our business and represent the minimum requirements to which we expect employees to adhere:

- Clients' interests must be placed above the interests of our firm and employees, unless otherwise stipulated in the applicable advisory agreement.
- Our firm and our employees must comply with all applicable federal and state laws and regulations.
- Employees must comply with all policies and procedures established by RGT to ensure compliance with applicable federal and state laws and regulations.
- We must disclose all material facts, of which we are aware, about conflicts of interest between us or our employees and our clients.
- Employees must disclose any activities that may create an actual or potential conflict of interest between our employees, our firm, and/or any client.
- Employees must not take inappropriate advantage of their positions of trust and responsibility with clients or RGT.
- Employees must maintain the confidentiality of all information obtained in the course of employment with RGT.

MISUSE OF NONPUBLIC INFORMATION

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for RGT. Employees may not convey nonpublic information nor depend upon it in placing personal trades or recommending investments for clients.

PERSONAL SECURITIES TRADING

RGT or individuals associated with us may buy, sell, or hold, in their personal accounts, the same securities in which we recommend our clients invest. This creates a potential conflict of interest with the possibility of RGT personnel obtaining a better price than clients. To mitigate this conflict, and to eliminate the potential for trading in advance of clients (front-running), personal trades in certain securities must be pre-cleared with the compliance department. Employee participation in IPOs or private placements also requires pre-clearance from our compliance department. Employees are required to submit reports of personal securities trades for themselves and others in their household on a quarterly basis, and securities holdings annually. These are reviewed by the compliance department to ensure compliance with our policies.

OUTSIDE BUSINESS ACTIVITIES

Employees are required to obtain the approval of the compliance department prior to engaging in any outside business activity. Outside business activities may include, but not be limited to, employment or contract work, teaching assignments, speaking engagements, publication of articles or books, radio or television appearances, and any other activity that involves a substantial time commitment on the part of the employee. The compliance department may prohibit activities that we believe may pose a significant conflict of interest with RGT or our clients.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

As further detailed in our Code of Ethics, RGT employees may not engage in principal transactions between a personal account (including the account of a family member) and an

account maintained by or for the benefit of any RGT client or Fund. Employees may not arrange a cross transaction between one client account and another account if RGT, any employee, or affiliate will receive any compensation for acting as the broker (agency cross transaction).

ITEM 12. BROKERAGE PRACTICES

SELECTING CUSTODIANS AND BROKER-DEALERS

We use multiple custodians and broker-dealers to hold client assets and execute trades. Generally, we have discretion in deciding which counterparty to use for client transactions. For the most part, we will seek to obtain the best combination of brokerage expenses and execution quality of transactions, but we are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. In evaluating execution quality, historical net prices (after markups, markdowns, or other transaction-related compensation) on other transactions will usually be a principal factor, but other factors will also be relevant, including the execution, clearance, and settlement and error correction capabilities of the broker-dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker-dealer's ability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.); the breadth of investment products made available by the broker-dealer; the availability of investment research and tools that assist us in making investment decisions; quality of service; competitiveness of the price of requested services and the broker-dealer's willingness to negotiate them; reputation, financial strength, and stability of the broker-dealer; and the quality of their prior service to RGT and our clients.

The factors above are monitored informally on an on-going basis by our investment and operations personnel and by performing an assessment of these and other factors on a periodic basis and adjusting counterparty allocations as needed. Based upon the factors listed above, we are responsible for making a good faith determination that the allocation of business and fees paid is reasonable in relation to the value of the transactions and services provided by counterparties that are used in connection with our client's investments.

RESEARCH AND OTHER SOFT-DOLLAR BENEFITS

Broker-dealers make available other products and services that benefit us but may not directly benefit our clients' brokerage accounts. Many of these products and services may be used to service all or some substantial number of our clients' accounts.

These include:

- Providing access to client account data (such as trade confirmations and account statements)
- Facilitating trade execution and allocating aggregated trade orders for multiple client accounts
- Providing research, pricing, and other market data
- Facilitating payment of our fees from our clients' accounts
- Assisting with back-office functions, recordkeeping, and client reporting

We also receive access to:

- Compliance, legal, and business consulting
- Publications and conferences on practice management and business operations
- Employee benefit providers, human capital consultants, and insurance providers
- Industry related continuing education and management training
- Industry experts to provide training or speak at events hosted by RGT

Soft dollars generated by transaction fees we incur in placing trades at certain brokers are used to pay for our portfolio reporting system (Tamarac), a research subscription (Morningstar Direct) and Bloomberg. Client accounts that did not generate soft dollars may benefit from these products as well. All of our soft dollar use falls within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 (the “Exchange Act”). Using soft dollars incurred by trades we placed for clients means we do not have to pay hard dollars for these services.

CLIENT REFERRALS

We do not receive referrals from a broker-dealer or third party providing service to us.

DIRECTED BROKERAGE

Clients may request specific broker-dealers to act as custodian for their brokerage accounts. We usually enact trades with the custodian holding the client’s account(s). Trading through broker-dealers requested by a client limits our ability to attain best execution for those trades.

ORDER AGGREGATION

We may aggregate brokerage orders for our clients and allocate the securities purchased or sold among the participating accounts at the same custodian, with each account receiving the same terms. There is no transaction fee advantage to each client participating in an aggregated order. The proportion in which participating accounts will share transactions will be determined based on investment objectives, cash availability, expected cash and liquidity needs, and other relevant factors. The overarching principle for that allocation is that no client is intentionally favored over another client that is similarly situated.

ITEM 13. REVIEW OF ACCOUNTS

Our quarterly portfolio summary details the client’s current holdings, market value, and historical cost. We review holdings and cash flows, for each Managed Account Client, in light of the client’s investment objectives.

MANAGED ACCOUNT CLIENTS

We provide clients with a quarterly report detailing their holdings and the performance of the various assets and accounts in their Portfolio (as defined in the client agreement). We also provide an informational invoice detailing fees charged for the respective quarter.

PRIVATE FUNDS

1. RGT PRIVATE FUNDS

We review each Fund on at least a quarterly basis, providing each Fund's investors with quarterly unaudited account balances. Additionally, we send each Fund investor that Fund's audited financial statement on an annual basis.

2. OUTSIDE PRIVATE INVESTMENTS

At the request of our clients, we will provide investment management services with respect to outside private investments which we do not advise. On behalf of our clients, we receive capital account statements, tax documents, balance sheets, audited financial statements, newsletters from third-party investment managers, and other reporting statements pertaining to an outside fund or other private investment. We review managed accounts and assets on at least a quarterly basis, analyzing fluctuations and trends within the investment. We may make recommendations to our client regarding continued investment or liquidation. Our quarterly portfolio summary includes details regarding the outside private investments we manage on behalf of our clients. At the request of our clients, we may also include certain unmanaged assets and accounts on the client's quarterly portfolio report. However, we do not accept responsibility for the management of such assets and our ability to report current balances is dependent on information received from third parties.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

We do not pay outside individuals or entities for referring clients. Employees may be compensated for bringing new business to RGT.

ITEM 15. CUSTODY

MANAGED ACCOUNT CLIENTS

Custody is defined as having possession of or access to client funds or securities. Because we generally have the authority to instruct the account custodian to deduct the investment management fee directly from the client's account, we are considered to have custody of client assets. This limited access is monitored by the client through receipt of account statements directly from the custodian. These statements all show the deduction of the investment management fee from the account. When clients receive their statements from the account custodian, they should carefully review those statements and take the time to compare them with those they receive from us.

To the extent that we have passwords, credit card numbers, or PINs which give us the authority to move funds from any client account to an outside party, we have custody of those client accounts. Therefore, in keeping with Rule 206(4)-2, we engage an independent public accounting firm to conduct a surprise examination of these accounts on an annual basis.

PRIVATE FUNDS

Since entities that are affiliated with RGT are named as general partners of the Funds, we have custody of the assets within the Funds. This risk is mitigated by the fact that we engage a

PCAOB inspected accounting firm to audit each Fund, and we send the audited financial statements to investors in each Fund in compliance with SEC rules and regulations. Each Fund investor also receives a Schedule K-1, on an annual basis, for each Fund investment.

ITEM 16. INVESTMENT DISCRETION

For discretionary accounts, we have full trading authority under a limited power of attorney assigned to us in the client agreement and the custodian's account paperwork. Thus, we will determine both the investments, and how much of each, that should be purchased or sold on each client's behalf. In making investment decisions, we seek to adhere to the investment strategy outlined in each Managed Account Client's investment policy statement and the governing documents for each Fund.

Nondiscretionary accounts are managed for clients who are unwilling or unable to provide limited power of attorney to us. Clients are required to execute subscription documents to participate in any Fund.

ITEM 17. VOTING CLIENT SECURITIES

We do not vote proxies for public securities held in clients' accounts or in the Funds. Clients receive proxy material directly from their account custodian(s) electronically or via U.S. mail. Clients may address questions concerning a proxy matter to our personnel via email or phone.

ITEM 18. FINANCIAL INFORMATION

Clients of our divorce consulting practice pay a retainer which, at times, constitutes prepaid fees of more than \$1,200 which is applied to hourly charges as work is conducted on behalf of the client. There have been occasions when the \$1,200 is not fully depleted within six months due to legal proceedings and availability of data from both divorcing parties. However, these fees are not related to investment advisory services and typically pertain to clients for whom we do not provide traditional investment management services. Most clients to whom we provide divorce consulting services are not RGT investment advisory clients, therefore do not have custodial accounts under RGT management.

We generally charge Managed Account Clients and Funds an investment management fee quarterly in advance, although we have, in some instances, charged fees more than quarterly in advance.

There is no financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.