

**Palos Management Inc.**  
**Client Relationship Summary (Form CRS)**  
**Revised October 7, 2022**

**Is an Investment Advisory Account Right for You?**

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you.

**Item 1. Introductions**

Palos Management Inc. (“PMI”, “Firm”, “We”, “Us”, “Our”) is an SEC registered investment advisor and provides advisory services for a fee rather than for brokerage commissions. As a retail investor, it is important to understand the differences between services and fees of an investment advisor and a broker-dealer. [Investor.gov/CRS](https://investor.gov/CRS) offers free and simple tools to research firms and financial professionals. Additionally, it also provides educational materials about broker-dealers, investment advisors, and investing.

**Item 2. Relationships and Services**

***What investment services and advice can you provide me?***

We offer the following investment advisory services to U.S. retail investors:

**Asset Management:** We will offer you advice on a regular basis. We will discuss your investment goals, design with you a strategy to achieve your investment goals, and regularly monitor your account. We will monitor your account on a discretionary basis (we can buy and sell investments in your account without asking you in advance) or a non-discretionary basis (you make the ultimate decision regarding the purchase or sale of investments). This service will continue pursuant to the terms of the executed Advisory Agreement.

We generally do not limit advisors to proprietary products or a limited menu of products and types of investments. We do not have a minimum to open an account. When providing you services, we do not recommend or offer advice on any PMI proprietary products to U.S. clients.

***Additional Information***

For more information about our services, we recommended reading our **ADV Part 2A Items 4, 7**.

**Conversation Starters**

“Given my financial situation, should I choose an investment advisory service? Why or why not?”

“How will you choose investments to recommend to me?”

“What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?”

**Item 3. Fees, Costs, Conflicts and Standard of Conduct**

***What fees will I pay?***

We are paid for our services as follows:

**Asset Management:** The amount paid to our firm and your financial professional generally does not vary based on the type of investments selected on your behalf. The asset-based fee reduces the value of your account and will be generally deducted from your account. Fees are billed quarterly calendar basis in advance. Our fees vary and are negotiable. Generally, the more assets you have in the advisory account, the more you will pay in total fees. We therefore have an incentive to increase the assets in your account in order to increase our fees. You may also pay a transaction fee when we buy and sell an investment for you. You will also pay fees to a broker-dealer or bank that will hold your assets (called “custody”). You pay our advisory fee even if there were no transactions within the account.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For more information regarding our fees and costs, review **ADV Part 2A Item 5**.

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**Conversation Starters**

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

***What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?***

When we act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

When we provide asset management services, we will ask that you establish an account with a custodian to maintain custody of your assets and to effect trades for your account. We typically recommend that you use one of the following broker dealer/custodians for your account: National Bank Independent Network, Fidelity Investments or BMO Harris Bank, N.A. (Custodians). The Custodians make available to us other products and services that benefit Palos Management but may not benefit your account. These arrangements create a conflict of interest in that we would have to pay for some or all of the research and/or other services we receive with “hard dollars” if we were unable to obtain them from the recommended Custodians. See **Item 12 of our Form ADV Part 2A** for more information about our arrangements with the Custodians.

We actively manage our own personal accounts while at the same time managing your accounts and other client accounts. This creates different conflicts of interest for which we have developed procedures to mitigate and control for those conflicts. For more information see **Item 11 of Form ADV Part 2A**.

**Conversation Starters**

“How might your conflicts of interest affect me, and how will you address them?”

***Additional Information***

For more information about our conflicts of interest, we recommend reading our **ADV Part 2A, Items 4 and 10**.

***How do your financial professionals make money?***

Our financial services professionals are compensated based on a percentage of what is charged for the management fee.

This is a conflict of interest because our financial professionals have an incentive to encourage you to increase your assets in your accounts. For more information about our conflicts of interest, we recommend reading our **ADV Part 2A, Items 4 and 10**.

**Item 4. Disciplinary History**

***Do you or your financial professionals have legal or disciplinary history?***

No; please visit [Investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research PMI and our financial professionals.

**Conversation Starters**

“As a financial professional, do you have any disciplinary history? For what type of conduct?”

**Item 5. Additional Information**

To find additional information about PMI, such as a full copy of the ADV Part 2A, please go to:

<https://adviserinfo.sec.gov/firm/summary/304309>.

If you would like to request up-to-date information as well as to request a copy of the relationship summary, please contact us via phone at 514-397-0188. You may also find a copy of the most recent Form CRS [here](#).

**Conversation Starters**

“Who is my primary contact person? Is he or she a representative of an investment advisor or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”

## Palos Management Inc. ("PMI")

Summary of Changes from Form CRS effective June 2020 to October 7, 2022

- The document was reformatted throughout by adding Item numbers to the various sections.
- As part of the reformatting of the document, certain introductory references contained in the prior version were deleted from the current version; these deletions are more fully noted below.
- Additional stylistic changes were made to the Conversation Starter boxes which are now in black font color instead of blue font.
- An introductory question and answer was added to the current version as follows: ***Is an Investment Advisory Account Right for You? There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you.***

### Item 1. Introduction

- Palos Management Inc. was re-defined as: "PMI", "Firm", "We", "Us", "Our". The prior version referenced "Palos Management Inc." or "we".

### Item 2. Relationships and Services

- The current version clarifies that PMI's investment advisory services are offered to U.S. retail investors.
- The language describing PMI's investment advisory services was streamlined; the prior version broke the description into three parts with the following introductory references: **Description of Services, Limited Investment Offerings** and **Account Minimums**. The revised version discusses the same information without using the introductory references.

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

- The prior version separated the discussion into two parts: **Description of Principal fees & Costs** and **Additional Information**. The current version combines the discussion in one Asset Management section without using the noted introductory references.
- The prior version stated the annual fee range for asset management services (0.75% and 1.25%). The current version does not specify the fee range. The current fee range is provided via Form ADV Part 2A Item 5.
- The prior version stated: "You will also be charged internal fees and expenses by the funds we invest in within your account." This sentence was deleted from the current version as it is non-applicable.
- The prior version had an introductory reference to **Standard of Conduct** prior to the sentence: *When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours.* The introductory reference was deleted from the current version.
- The prior version named one custodian (National Bank Independent Network). The current version added two additional custodians that are also being recommended: Fidelity Investments and BMO Harris Bank, N.A.
- The following sentence was deleted from the current version as it is non-applicable: *We receive expense reimbursement for advertising and marketing expenses from distributors of investment and/or insurance products which is a conflict of interest because it creates an incentive to recommend products and investments based on the receipt of this compensation instead of what is the in best interest of our clients.*

- The Additional Information as to conflicts of interest was revised to state: For more information about our conflicts of interest, we recommend reading our **ADV Part 2A, Items 4 and 10**. The prior version read: *For more information about our conflicts of interests and the ways we are compensated, please see **Item 5 and Item 10** of our **Form ADV Part 2A**.*
- The introductory reference: **Description of Salary/Payment of IARs** for the response to *How do your financial professionals make money?* was deleted from the current version which also added a recommendation to read ADV Part 2A, Items 4 and 10 in this section.

#### **Item 4. Disciplinary History**

- The prior version read: *No. Neither us, nor our investment adviser representatives have a legal or disciplinary history to report. You can look up more information about us and our investment adviser representatives at <https://www.investor.gov/CRS>.* The current version reads: No; please visit [Investor.gov/CRS](https://www.investor.gov/CRS) for a free and simple search tool to research PMI and our financial professionals.

#### **Item 5. Additional Information**

- A hyperlink to PMI's website for purposes of accessing the current Form CRS was added.