

# MARKET PALACE

Market Palace LLC

## **Form ADV Part 2A**

411 Oak St Unit 91 Frederick, CO 80530

January 1, 2021

This brochure provides information about the qualifications and business practices of Market Palace LLC. If you have any questions about the contents of this brochure, please contact us at 720 722 3616 or [Luke@marketpalacecapital.com](mailto:Luke@marketpalacecapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional Information about Market Palace LLC also available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (IARD# 281641)

## **Material Changes**

No material changes.

## **Contents**

Material Changes	1
Table of Contents.....	2
Advisory Business	3
Fees and Compensation	3
Performance Based Fees and Side by Side Management	4
Types of Clients	4
Methods of Analysis, Investment Strategies and Risk of Loss	4
Disciplinary information	5
Other Financial Industry Activities and Affiliations	5
Code of Ethics, Participation or Interest in Clients Transactions and Personal Trading	5
Brokerage Practices	5
Review of Accounts	5
Client Referrals and Other Compensation	6
Custody	6
Investment Discretion	6
Voting Client Securities	6
Financial Information	6
Requirements for State Registered Advisers	6

## **Advisory Business**

Market Palace LLC is the general partner to the Delaware limited partnership Market Palace Capital L.P. Market Palace LLC was formed June 6, 2015. The principal owner is Luke Rhoads.

Market Palace LLC provides investment research and portfolio management to Market Palace Capital L.P. The company evaluates multiple investment alternatives in a variety of securities including but not limited to equities and fixed income.

The advisory services for the private placement offered are not catered to the needs of individual clients. The advisory services are provided to attain high risk adjusted returns for Market Palace Capital L.P. Investment research and portfolio management strategies are proprietary to Market Palace LLC. Clients may not impose any restrictions investing in any securities permitted by the private placement memorandum.

Market Palace LLC does not participate in wrap fee programs.

Market Palace LLC manages all Market Palace Capital L.P assets on a discretionary basis.

Market Palace LLC also provides investment research and portfolio management services known as separately managed accounts to clients. Investments are catered to the needs of the clients. Managed accounts portfolios are generally constructed to be passively managed, and conservative in terms of risk.

## **Fees and Compensation**

### **Market Palace LLC (Separately Managed Accounts)**

Market Palace LLC accepts a daily fee of .0035616% (1.3% per annum) from managed investment accounts. There is no performance fee for managed accounts.

Trading Commissions and custodian fees charged by the prime broker are the only expenses paid by managed account clients.

### **Market Palace Capital L.P (Partnership)**

Market Palace Capital L.P capital account is based on the various asset contributions from its limited partners.

The partnership will pay a management fee and performance fee. Market Palace LLC is compensated for advisory services with a management fee of .0041% daily (1.5% per annum). In addition the company will receive a quarterly performance profit allocation in an amount of 3.75% of the net capital appreciation; provided however that such a performance allocation shall be subject to a loss carry forward provision, also known as a “high water mark”.

The General Partner may, in its sole discretion, enter into arrangements with limited partners under which any fee or expense is reduced waived or calculated differently with respect to limited partners.

The partnership will pay for ordinary operating expenses. These include trading commissions, audit expenses, form K-1 tax preparation, foreign entity registration, and Delaware registration fees. The funds administration is done by the general partner, and no administration expenses are required. This may be subject to change in the future.

## **Performance Based Fees and Side by Side Management**

Market Palace LLC accepts performance based fees for qualified investors as a quarterly performance profit allocation in the amount of 3.75% of the net capital appreciation; provided however that such a performance allocation shall be subject to a loss carry forward provision, also known as a “high water mark” from Market Palace Capital L.P. The profit allocation will be calculated at the last day of the month of the quarters ending in March, June, September, and December.

Market Palace Capital L.P is a pooled investment vehicle this is separate from the individually managed accounts. There are only partners’ capital accounts consisting of their proportion of the pooled investment vehicles net asset value. Therefore there is no side by side management.

There is a conflict of interest between the general partner and the limited partners; the general partner has incentive to make riskier investments to attain higher performance based fees. Mitigating factors for this conflict of interest are that the investment advisor’s long term success is dependent on the success of the pooled investment vehicle, as well as the Market Palace LLC code of ethics and its role as fiduciary to act in the best interests of Market Palace Capital L.P.

## **Types of Clients**

Market Palace LLC provides investment research, portfolio management, and financial planning services to Market Palace Capital L.P which is comprised of limited partners, as well as individuals and institutions.

There is a maximum of one hundred limited partners, thirty-five of which can be non-accredited investors. The remaining sixty-five must be accredited investors and in order to charge a performance fee must also be qualified under SEC rule 205-3 of the investment advisors act of 1940.

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

Market Palace Capital L.P partnership implements a dynamic and opportunistic approach to investment management. It is primarily determined by the underlying market conditions and opportunities. The methodology is designed to provide the highest returns with the lowest amount of risk. This is achieved through thorough and rigorous analysis.

Market Palace LLC managed accounts in general, as part of the financial planning process are designed and structured to have the lowest amount of risk attainable. Highly diversified, liquid, and uncorrelated positions are recommended.

Investment in securities involves risk of loss that clients should be prepared to bear. These risks include but are not limited to, market risk, price volatility, and systemic risk. Risk management strategies known as hedging are commonly implemented in both managed accounts and within the partnership.

In addition to the risks stated above ownership in Market Palace Capital L.P has liquidity and transparency risk. A withdrawal of a partner's capital account may in some cases take time. Market Palace LLC investment research is proprietary, and therefore investment positions will not be disclosed. Market Palace Capital L.P may also have concentrated investment positions. Withdrawals by limited partners may have adverse effects on the other limited partners.

### **Disciplinary information**

Market Palace LLC or its management has not been involved in any disciplinary civil/criminal/administrative events that are material to a clients evaluation of its advisory business.

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

Market Palace LLC does not have relationships or arrangements in place that create a material conflict of interest for its clients.

### **Code of Ethics, Participation or Interest in Clients Transactions and Personal Trading**

Market Palace LLC and its management adhere to a very high standard of professional ethics and business integrity to minimize conflicts of interest with our clients. Any investment alongside for personal accounts using Market Palace LLC research by any related persons is strictly prohibited.

### **Brokerage Practices**

The factors which contribute that Market Palace LLC considers when selecting a broker-dealer are cost (commissions and fees), and level of service. Broker dealer and custodians may provide soft dollar arrangements to the firm in conjunction with custody and trading services for the pool. These soft dollars create a conflict of interest because they create incentive for the firm to use a custodian or dealer to achieve those benefits. This is a conflict of interest, which is mitigated by using any soft dollar benefits solely to benefit the pool. Any soft dollar arrangement giving incentive to stay with a custodian will always be used solely to benefit the pool. Alternatives will be periodically assessed to maximize potential benefits for Market Palace Capital L.P.

### **Review of Accounts**

Market Palace LLC will do an annual review with all clients for both managed accounts and limited partners. The partnerships capital account will be continuously reviewed by the general partner

Market Palace LLC registered investment advisor representative Luke Rhoads. Reports will be written at the discretion of Mr. Rhoads.

## **Client Referrals and Other Compensation**

Market Palace LLC neither receives nor pays compensation for referrals. There are no arrangements for client referrals with any related persons for direct or indirect compensation.

## **Custody**

Interactive Brokers will have custody of all client funds. Another third party custodian may be required for self-directed qualified plans. Recommendations may be made to clients, but it is ultimately up to the client to decide which custodian to use in this situation.

For managed accounts clients can login and use the Interactive Brokers platform to generate reports.

For the partnership, Interactive Brokers will send reports to the Administrator, Market Palace LLC. Reports will then be prepared and sent to clients quarterly. An independent CPA will act as Gatekeeper for all capital disbursements as is required by Colorado law.

## **Investment Discretion**

Market Palace LLC will have discretionary authority to manage securities on behalf of Market Palace Capital L.P capital account as described in the Market Palace Capital L.P private placement memorandum.

Market Palace LLC will have discretionary authority to manage securities on behalf of all Managed Accounts Clients.

## **Voting Client Securities**

Market Palace LLC has authority to vote Market Palace Capital L.P securities in its sole discretion. Market Palace LLC will vote in a way that is conducive to the strategic benefit of Market Palace Capital Limited Partners. Market Palace Capital Limited Partners may obtain information on how the General Partner voted on their behalf upon request.

## **Financial Information**

Market Palace LLC does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. As investment advisor to the pooled investment vehicle Market Palace LLC has discretionary authority and custody of client funds, but there is no foreseeable condition that is reasonably likely to impair our contractual commitments. Market Palace LLC has not been the subject of a bankruptcy petition at any time during the last ten years.

## **Requirements for State Registered Advisers**

Luke Rhoads is the principal executive of Market Palace LLC. He attended the New Mexico Institute of Mining and Technology where he received a Bachelor of Science degree in Management. During his time at New Mexico Tech he was one of the original members of the New Mexico Tech Student Investment Club, where he served as treasurer, vice president, and ultimately president. Following his time in college he started a business with few resources and was able to grow sales and profitability. Luke Rhoads has extensive knowledge of the financial markets and over 16 years trading experience.

Market Palace LLC will be compensated for advisory services asset performance through a performance based fee from the Market Palace Capital L.P pooled investment vehicle. It will be calculated as 3.75% of the total quarterly profits subject to the high water mark requirement.

The performance based fee structure creates a conflict of interest, as stated in the above section performance based fees and side by side management, between the investment advisor and the pooled investment vehicle. Market Palace LLC and all related persons have not been found liable in arbitration or an award in civil, self-regulatory or administrative proceedings. Market Palace LLC has no relationship with any issuer of securities.