

## **TPEG SECURITIES, LLC REGULATION BEST INTEREST DISCLOSURES SUPPLEMENT**

### **About Us**

Trinity Private Equity Group creates alternative investments to traditional stocks and bonds to present compelling risk-adjusted returns by working with partners who share and align with our core values. Trinity Private Equity Group combines this approach with exhaustive due diligence and an active and direct investing style that differs from many pooled investment vehicles and REITs. Serving as the affiliated broker-dealer for investments sponsored by Trinity Private Equity Group, TPEG Securities, LLC ("TPEG Securities," collectively "Trinity"), is registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA).

### **Trinity's Core Values**

- Put our investors' interests first
- Commit to complete transparency
- Build and sustain long-term business partnerships, grounded in trust and respect
- Align our interests alongside investors' by co-investing significant capital in every Trinity deal

### **About this Document**

This document is meant to provide additional information and disclosures regarding TPEG Securities pursuant to Regulation Best Interest. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at <https://www.investor.gov/CRS>, which also provides educational materials about broker-dealers, investment advisors, and investing.

### **Scope of Services**

TPEG Securities offers brokerage services limited to private placement securities. Further, the majority of private placements we present to our customers are managed by our affiliated entities. We believe this benefits our customers by facilitating access to the management teams and investment-related information. With our focus on alternative investing, we do not assess whether there are similar investments being offered in the marketplace or if those investments would be better suited for any particular customer. In compliance with key regulatory requirements, TPEG Securities does not act as custodian and therefore does not hold customer funds or securities. Private placements can be held in a retirement account, in which case investments will be held with the custodian of the retirement account. We do not introduce accounts to a clearing firm and do not offer the option to hold cash in either money markets or an FDIC insured account. We do not monitor your brokerage account. You make the ultimate decision regarding the purchase of investments. However, because the investments are private placements, liquidity is highly restricted by applicable securities laws. These laws and the terms of the corporate operating agreements that pertain to your particular investment(s) are explained to you in the form of a private placement memorandum (PPM). The PPM details minimum investment size and related terms, and is provided each time you invest in a new private placement.

Our registered representatives provide services related to investments in private placements, including taking customer orders and providing general information regarding your investments. Our financial professionals do not make investment decisions for you or manage your investments on a discretionary basis. Because our financial professionals do not have discretionary investment authority, this means we cannot purchase your investments without first obtaining your consent. Our financial professionals may recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments, and we will purchase only when specifically directed by you.

When we act in our capacity as a broker-dealer, we are subject to the Securities Act of 1933, the Securities Exchange Act of 1934, as amended, the rules of self-regulatory organizations, such as the Financial Industry Regulatory Authority, Inc. (FINRA), and applicable state laws.

## Material Limitations

TPEG Securities does not provide tax, legal or accounting advice. Accordingly, we encourage our customers to consult their own personal tax, legal and/or accounting advisers in order to understand the potential consequences associated with a particular investment strategy.

You should understand there are material limitations to the recommendations your financial professional provides. TPEG Securities approves and offers only investments in private placements. There may be additional account types, products, and securities that could benefit you and your portfolio but are not offered by TPEG Securities. In addition, various versions of the products that we offer could be available at a lower cost through another firm but will not include the same unique project assets.

Additionally, all the financial professionals associated with TPEG Securities are licensed to offer you private placement. You can check to see the licenses your financial professional holds, by visiting [www.brokercheck.finra.org](http://www.brokercheck.finra.org).

## Requirements for You to Invest with Us

Our private placement offerings include minimum investment size and related terms detailed in each respective private placement memorandum.

## Trinity's Investment Approach

We cater to high net worth and sophisticated investors with varying investment profiles.

If a TPEG Securities financial professional recommends an investment to you, we require they have a reasonable basis to believe that each recommendation made is in your best interest and does not place the interest of your financial professional or TPEG Securities ahead of your interest. In forming such a reasonable basis, the financial professionals are required to take into account the potential risks, rewards, and costs associated with each recommendation.

Further, your financial professional is required to consider your individual investment profile. The information in your investment profile includes, but is not limited to, your age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and other information that you disclose to us or your financial professional in connection with a recommendation. It is your responsibility to notify TPEG Securities promptly when changes to your financial situation, objectives, or other personal information occur.

## Material Fees, Costs, and Associated Conflicts

### *Fees and Costs*

TPEG Securities and its affiliates receive fees and expenses from your investments, including commissions and underwriting fees, as detailed in the private placement memorandum for each investment. Importantly, these fees and expenses do not reduce the value assigned to your principal investment. Thus, if you invest \$100,000, that amount would be used for the purpose of calculating any interest or preferred returns due to you and would be the amount used for the purpose of distributions. However, the fees and expenses paid to TPEG and its affiliates (and any other costs described in the PPMs) will reduce the amount of your invested dollars that go to the subject project(s) associated with your investment. Among the fees that will reduce the amount available to the project entity are the underwriting fees paid to Trinity at closing, which are shared with your financial professional, and the ongoing project management fees paid to a TPEG affiliate. It is common that Trinity receives underwriting fees equal to 7%-8% of the amount you invest, which are then partially shared with your financial professional as detailed below. These underwriting fees are paid from the total amount invested in conjunction with the invested funds provided to the project entity. Further, the TPEG Securities affiliate serving as the manager of the entity in which you invest will receive an ongoing project management fee. Upon liquidation, TPEG Securities' financial professionals can receive additional compensation in the form of carried interest, which does not have value and is not paid until investors have received their preferred return and 100% of their original investment. Thus, these fees and expenses detailed in the subject PPMs represent a conflict of interest for TPEG Securities and its financial professionals.

### *Compensation*

The fees and expenses detailed in the subject PPMs represent a conflict of interest for TPEG Securities and its financial professionals. We pay our financial professionals commissions, which can vary based on the type of investment purchased and the dollar value invested. The commission compensation paid to our financial professionals is between 2%-4% of your investment amount. Upon liquidation, TPEG financial professionals can receive additional compensation in the form of a carried interest that does not have value and is not paid until investors have received their preferred return and 100% of their original investment.

### *Conflicts of Interest*

When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendation we provide you.

Below are several examples to help you understand what this means:

- **Proprietary Products:** TPEG Securities and its financial professionals almost always introduce investments that are sponsored or managed by an affiliate. Thus, TPEG Securities and its affiliates stand to receive compensation and other benefits when you invest in products that a TPEG affiliate is sponsoring or managing. We do not assess whether the compensation and benefits are greater than investments in other products not affiliated with Trinity. However, it is likely that TPEG Securities and its affiliates, including your representative, stand to receive more compensation and benefits if you invest in products sponsored and/or managed by a Trinity affiliate rather than in some third-party products that could otherwise be used to construct your portfolio. Thus, these fees and expenses detailed in the subject PPMs represent a conflict for TPEG Securities and its financial professionals because they create an incentive to encourage you to make additional investments. Given our business model, TPEG Securities and its financial professionals do not assess whether there are similar investments being offered in the marketplace or if those investments would be better suited for any particular customer. To see detailed information regarding the investment, selling compensation, and other fees which will be charged by the issuer, you should review the relevant private placement memorandum.
- **Affiliated Parties:** TPEG principals and affiliates have previously contributed land, pre-development costs, and other forms of consideration to TPEG Securities offerings and have made loans to TPEG Securities projects. Further, TPEG principals, affiliates, or employees have existing ownership interests in properties, property management companies and sponsors. If a TPEG securities offering will involve an acquisition or other agreement involving such entities or assets, the relevant TPEG person(s) would likely receive proceeds directly as a result of a TPEG securities offering closing. These activities represent a conflict for TPEG Securities and its financial professionals. In addition, affiliates of TPEG Securities serve as the managers of the entities in which customers invest. The managers' ability to exercise control over the investment entity represents a conflict with TPEG Securities customers, because, for example, the managers have the ability to grant or withhold consent to a customer's redemption of an investment.
- **Non-Cash Compensation:** TPEG Securities, TPEG Securities employees and financial professionals receive non-cash compensation from TPEG affiliates and project vendors that is not in connection with any particular customer or investment. Compensation includes such items as gifts, an occasional dinner, or ticket to a sporting event.
- **Financial Professional's Outside Business Activities:** Financial professionals are permitted to engage in certain TPEG Securities-approved business activities other than the provision of brokerage through TPEG Securities. If you engage with a financial professional for services separate from TPEG Securities, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement. Additional information about your financial professional's outside business activities is available on FINRA's website at [www.brokercheck.finra.org](http://www.brokercheck.finra.org).
- **Political and Charitable Contributions:** Financial professionals and other associates can make political and charitable contributions creating the perception that the financial advisor, the associate, or the firm is seeking a quid pro quo arrangement.

- **Supervision Conflicts:** When a manager is also a financial professional serving customers, he/she can be incentivized to spend more time on revenue generating activities than supervision activities.

## Understanding Risk

Investing in private placements involves risk of loss that customers should be prepared to bear. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or investment strategy will be profitable for a customer's investment portfolio. Past performance is not indicative of future results. A customer should not assume that the future performance of any specific investment, investment strategy, or product will be profitable or equal to past or current performance levels. We cannot assure that the investment objectives of any customer will be realized. The following is a non-exhaustive list of risks associated with investing in private placements. For additional product-specific risks, customers should review the relevant private placement memorandum.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while private placements are not. Private placements offered through TPEG Securities have not been registered under any federal or state securities laws and are being sold in reliance on exemptions from registration under the Securities Act of 1933 and the provisions of applicable state securities laws. As a result, the operating documents of the entities in which you invest typically restrict the transfer of the interests. Among other things, these operating agreements provide that, except for certain permitted estate planning transfers, investors cannot transfer or encumber their interests without the prior written consent of the issuer's manager. Thus, holders of the membership interests may not be able to liquidate their investment in such securities in the event of an emergency or for any other reason.
- **Possible Future Dilution Risk:** Projects may need to raise additional funds from time to time through equity or convertible debt financings in order to meet operating and capital needs that would not be met by traditional borrowing through lending institutions. In such instances, existing investors will have preemptive rights to purchase such securities. If existing investors do not participate in these issuances of equity and convertible debt securities, pursuant to their preemptive rights or otherwise, such investors could suffer significant dilution in their percentage ownership of the holding company. Further, the companies in which you invest through TPEG Securities can generally issue new equity or debt with rights, preferences, and privileges senior to persons who invest pursuant to this offering. Investors should carefully review the company agreement of your investment closely to understand the details of such additional fund-raising avenues and the rights thereunder.
- **Leverage Risk:** Excessive borrowing to finance a business' operations or investments increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations can result in bankruptcy and/or a declining market value of securities. The projects associated with investments available through TPEG Securities typically utilize leverage to fund their operations.
- **Debt Refinancing Risk:** Projects associated with investments made through TPEG Securities may need additional capital and may not be able to refinance or sell a project. It is possible that a project will need to raise additional capital to refinance or otherwise carry out its business plans. It is possible that the company might be unable to sell or refinance the project for a profit or even upon commercially reasonable terms at the maturity of the senior debt financing. In such an event, the project would be forced to seek replacement financing, additional capital, or a combination of both to maintain the project's goal. The project may not be able to obtain such additional financing.
- **Interest-rate Risk:** Fluctuations in interest rates will cause investment prices to fluctuate. For example, when interest rates rise, yields on existing fixed-income oriented investments become less attractive, causing their market values to decline. In addition, an increase in interest rates can increase borrowing costs for a project.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.
- **Business Risk:** These risks are associated with an industry, geographic location, asset class, or a particular project.
- **Other Risks:** Other risks should be reviewed in each private placement memorandum for your investment. It is important to note that any of the factors disclosed above can change over time. In order to receive specific and the most up-to-date information, customers should review each respective private placement memorandum. Customers should discuss any questions or issues with their financial professional.