

**Joseph Capital Management, LLC**  
***A Fee-Only Investment Advisory Firm***

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This brochure provides information about the qualifications and business practices of Joseph Capital Management, LLC, a fee-only investment advisory firm ("Joseph").

If you have any questions about the content of this brochure, please contact Ron A. Rhoades, Chief Compliance Officer, who is responsible for Joseph's legal and regulatory requirements, at 1-866-746-4460 or by e-mail at [rrhoades@josephcapital.com](mailto:rrhoades@josephcapital.com).

Additional SEC disclosures can be found in Part 1 of Form ADV, which can be located on the internet through [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Joseph is 116156.

Additional information about Joseph and our advisory team members can be found on the Internet at our web site, [www.JosephCapital.com](http://www.JosephCapital.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

This brochure was updated on February 26, 2010.

Thank you.

Ron A. Rhoades, JD, CFP®

Chief Compliance Officer

Joseph Capital Management, LLC

**Material Changes Since Our Last SEC Disclosure Document Filing**

Since September 4, 2009, the date of the filing of the previous version of this Form ADV, Part II document with the U.S. Securities and Exchange Commission ("SEC"), we have modified this SEC Disclosure Document, also called the Form ADV, Part II narrative (and herein referred to as the "brochure.") Only the material changes since the last update of this brochure are set forth on this page. These material changes include:

- ◆ The address of record for North Carolina has changed.
- ◆ The firm has registered an address in Hauppauge, New York.
- ◆ The firm has entered into sub-advisory agreements with affiliate RIA firms.
- ◆ Our Form ADV, Part II has been divided into three separate Form ADV, Part II, for ease of use by new clients to the firm.
  - Our core program for individual clients is The Joseph Wealth Advisory Program™, which is set forth in a different Form ADV, Part II brochure.
  - Our programs for qualified retirement plan sponsors (employers) and plan participants (employees), including The Joseph Professional Retirement Plan Program™ and the Plan Participant Proper Planning Program, are set forth in a different Form ADV, Part II brochure.
  - Our remaining programs are set forth in this Form ADV, Part II brochure.

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(\*The CPA designation is regulated by the State of Florida. CFP® denotes Certified Financial Planner certification, awarded by the CFP Board of Standards, Inc. The CTFA is a professional certification from the ABA Institute of Certified Bankers. JD denotes Juris Doctor, a law degree.)

## **A. About Joseph Capital Management, LLC, Generally**

**Our Firm's History.** Joseph Capital Management, LLC ("Joseph") was formed in late 2001 by certified public accountants and an estate planning attorney who desired their clients to receive truly objective investment advice. In recent years, the principals of the firm have devoted the vast majority of their business efforts toward the goal of construction of a world-class investment advisory firm, dedicated to the fiduciary principal that the client's best interests should remain paramount at all times.

**Our Principals.** The owners of Joseph Capital Management, LLC are John J. Ceparano, CPA/PFS, CFP®, M.Tax., Ron A. Rhoades, JD, CFP®, and Michael J. Tringali, CPA/PFS, CFP®. Ownership occurs via two intermediate holding companies, Joseph Holdings LLC and Rhoades Holdings LLC, which are in turned owned by the principals.

**Our Executive Committee.** Our Executive Committee undertakes major decisions of a strategic and administrative nature for the firm. The Executive Committee includes our three principals and our Director of Client Services, Mary Ann Ceparano.

**Our Investment Committee.** Our Investment Committee establishes the overall investment strategies employed by the firm and reviews custodial and certain other arrangements as well as particular investments. The Investment Committee members include Ron A. Rhoades (Chair), John J. Ceparano, and Michael J. Tringali.

Descriptions of the educational background and employment history of these individuals, and all of Joseph's advisory personnel, are included in this brochure.

**Amount of Assets upon Which Investment Advice is Provided.** As of January 18, 2010, Joseph Capital Management, LLC, provided advice (either as primary advisor or sub-advisor) on approximately \$101,000,000 of financial assets (value generally determined as of Dec. 31, 2009) for approximately 111 family groups. Family groups may consist of more than one client (*i.e.*, client and spouse, plus one or more adult or minor children, and defined benefit plans for which the client serves as plan sponsor). These statistics include assets upon which advice is given for Joseph's team members, former team members, and their family members (which together account for 20 of the family groups set forth above.)

## **B. Our Investment Philosophies and Strategies.**

**Generally.** Joseph Capital Management, LLC ("Joseph") provides the investment strategy and its implementation for all clients. Clients of Joseph receive the benefit of Joseph's investment philosophies, strategies, due diligence, account monitoring, and personal financial planning recommendations.

Expansive academic research, investment information, and certain proprietary analyses are drawn upon in order to provide innovative and comprehensive wealth management and investment advisory services. A strategic asset allocation is recommended for each client. Specific no-load (no commissions, no 12b-1 fees) investments are then recommended to clients. Clients' portfolios are then periodically monitored, and changes to investment portfolios are suggested when appropriate. A disciplined approach to rebalancing is employed in order to maintain asset class exposures within desired risk tolerances, subject to variances permitted for tax planning or other reasons. Clients may either provide, or withhold, discretion for the investment advisor to undertake trades on clients' accounts.

Clients also receive initial and periodic personal financial planning advice, of a comprehensive nature. Most of this advice is provided through periodic private review conferences, as well as through occasional telephone conferences and e-mails.

**Methods of Analyses.** In designing investment plans for clients, Joseph relies upon the information supplied by the client and the client's other professional advisors. Such information may pertain to the client's financial situation, estate planning, tax planning, risk management planning, short-term and long-term lifetime financial goals and objectives, investment time horizon, and risk tolerance. This information becomes the basis for the strategic asset allocation plan which we believe will best meet the client's long term stated goals. The strategic asset allocation provides for investments in those asset classes which Joseph believes (based on historical data and Joseph's proprietary analysis) will possess attractive combinations of return, risk, and correlation over the long term.

A tremendous amount of academic research reveals that strategic asset allocation is determinative of the majority of the expected long-term gross returns of investor's portfolios. Our selection of asset classes is driven by research into global asset classes by such academics as Professor Eugene Fama, Sr. of the University of Chicago Booth Graduate School of Business and the Center for Research in Security Prices, Professor Kenneth French of Dartmouth College, and many other academics and researchers. In connection therewith, the investment advice we provide is based upon long-term investment strategies which incorporate the principles of Modern Portfolio Theory. The utilization of several different asset classes as part of an investor's portfolio is emphasized, as this has been shown to usually effect a reduction in portfolio volatility (*i.e.*, the standard deviation of returns) over long periods of time. Joseph allocates and diversifies the client's assets among various asset classes and then among individual investments, following the investment policy agreed to by the client. The investment approach is firmly rooted in the belief that markets are fairly efficient (although not always rational) and that investors' returns are determined principally by asset allocation decisions. A focus is provided on

developing and implementing globally diversified portfolios, principally through the use of low-cost and tax-efficient passively managed stock mutual funds that are generally available only to institutional investors and clients of select advisers.

Investment policy and overall portfolio weightings as between equities and fixed income investments are based upon each client's needs and desires, risk tolerance and the need to assume various risks, and investment time horizon. The portfolios of clients may then follow models designed by Joseph to fit the overall weightings of equities (stocks, stock mutual funds, etc.) and fixed income investments (notes, bonds, bond funds, CDs, etc.) in an investor's portfolio. For other clients, the investment portfolio's strategic asset class allocation is customized to meet the specific circumstances of a client, the presence of investments in 401(k) or other accounts, as well as a perception of the client's understanding of the fundamental forces affecting risk and return in the capital markets. In addition, a client's initial or revised strategic asset allocation may be influenced by an review of the relative valuation levels of various asset classes and the investment time horizon of that client. While asset class "bubbles" are attempted to be discerned when they occur, tactical asset allocation strategies are not generally employed in connection with the management of client portfolios.

**Sources of Information.** Our security analysis is based upon a number of factors including those derived from commercially available software technology, securities rating services, general economic and market and financial information, due diligence reviews, and specific investment analyses that clients may request. The main sources of information include commercially available investment information and evaluation services, financial newspapers and journals, academic white papers and periodicals. Prospectuses, statements of additional information, other issuer-prepared information, and data aggregation services (Morningstar Advisor, etc.) are also utilized. Investment Committee members and advisors also attend various investment and financial planning conferences.

Research is also received from consultants, including financial economists affiliated with Dimensional Funds Advisors (DFA) and other firms. DFA provides historical market analysis, risk/return analysis, and continuing education services. Various computer software programs from DFA and from other third parties may also be utilized to better model the historical and/or expected returns of designed portfolios. The historical valuation levels of various asset classes (as measured by p/b, p/e, p/c and/or p/s data) may be utilized to undertake estimates of the probable long-term (15-year) expected returns of various assets classes, as a means of aiding investment and financial planning decision-making.

**Types of Investments.** Each client typically receives an investment portfolio which consists mainly of no-load stock and bond mutual funds. The passively managed stock mutual funds offered by Dimensional Funds Advisors (DFA) are generally recommended. DFA mutual funds offer broad diversification and most are structured for low turnover, so as to substantially lessen the often substantial transaction costs incurred by mutual funds and ETFs as they trade securities within the fund. Consequently, the DFA stock mutual funds' total fees and costs are believed to be generally lower than the total fees and expenses incurred by most other stock mutual funds (including many ETFs and index funds) when comparing funds in the same asset class(es).



Some investment portfolios may also include individual fixed income investments (bonds, C.D.'s, etc.) and/or bond funds (primarily from DFA and Vanguard). For clients with a substantial fixed income allocation, Joseph generally recommends a combination of bond funds and individual fixed income investments, with recommended actual investments dependent upon Joseph's views of the risk/return relationship for various forms of fixed income investments or bond funds. Joseph will typically request discretionary authority from clients to manage individual fixed income assets, as such may be necessary to enable the investment adviser to purchase or sell such assets in a timely manner at quoted prices. For clients with \$1,000,000 or greater in total assets under advisement, Joseph will generally offer customized fixed income portfolios. All individual fixed income securities recommended will be investment-grade at the time of recommendation. For clients with less than \$1,000,000 of assets under advisement, low cost bond mutual funds may be used for allocated amounts.

Client portfolios may also include some individual equity securities, but these are generally part of clients' investment holdings prior to becoming a client of Joseph. However, clients with significant amounts to devote to investing in equities (\$15 million or greater, generally) may also participate in a separate account program, which includes individual stocks using a highly diversified approach. This separate account program utilizes Dimensional Funds Advisors as the separate account manager, and may employ individual stocks as well as the use of Dimensional's mutual funds for some foreign stock or other asset class exposures.

Publicly traded real estate investment trusts (REITS) and commodities index or passive mutual funds or ETFs may be recommended for certain clients who desire to include real estate or commodities in their asset allocation strategy.

Insurance products such as annuities and various types of life insurance products may also be evaluated. Recommendations may be undertaken to clients to invest in low-cost, no-load (no commission) variable or fixed annuities when appropriate to the tax situation of the client. More often, this occurs when a client possesses an existing high-cost variable annuity, and a rollover of the annuity is indicated rather than redemption for tax planning purposes, in order to seek to lower the total fees and costs paid by the client and/or provide different investment choices. Some clients may receive a recommendation to invest in no-load immediate lifetime annuities. Clients may be advised to retain an existing annuity, previously purchased by the client, or undertake partial or full surrenders of same (and/or tax-free exchanges), following an evaluation of the annuity contract, riders thereto, investment alternatives within the annuity and their fees and costs, including any surrender fees which may be imposed by the insurance company.

New clients' existing investments are evaluated in light of the desired investment policy objectives. We work with new clients to develop a plan to transition from a client's existing portfolio to the desired portfolio. Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Each client's portfolio holdings and strategic asset allocation are then monitored periodically, taking into account the cash flow needs of the client. Review meetings with clients are held regarding their investment assets under advisement and other personal financial planning issues.



**Client Restrictions on Investments Selected for Portfolios.** Clients may place restrictions upon the investments to be held in an investment portfolio. However, because of adviser's utilization of broadly diversified stock mutual funds, our ability to avoid investments in a specific company or industry in accordance with a client's wishes may be limited. Joseph will utilize "socially responsible" mutual funds and/or exchange-traded funds upon the direction of a client. Joseph will also endeavor to educate the client as to the potential impact of restrictions placed on the client's accounts with respect to the specific securities held (or not purchased) or the allocation among various asset classes.

**Risk of Loss, Generally.** Investing in securities involves a risk of loss that clients should be prepared to bear. The investment recommendations seek to limit risk through broad global diversification in equities (through broadly diversified stock mutual funds and/or separate account management programs) and investment in high quality fixed income securities or diversified bond funds.

However, the investment methodology will still subject the client to declines in the value of their portfolios, which can at times be dramatic. We believe there exists a high probability in most market environments of a long-term (15-year or greater) outperformance of small cap and value stocks, relative to large cap and growth stocks, and hence the stock (equities) portion of an investor's portfolio may be "tilted" toward small cap and value stocks. Accordingly, the normally greater expected returns of the equity portion of the portfolio will in turn often permit the overall allocation to equities (stocks, stock mutual funds) to be reduced, and the allocation to fixed income investments increased. Joseph believes this is the best manner to temper the shorter-term volatility of the stock market, especially for clients who derive cash flow from their portfolios (such as clients who are in retirement years).

Given the long-term nature of the expected equity premium (*i.e.*, the additional expected return for investing in the overall stock market, relative to less "risky" U.S. Treasury bills), and the long-term nature of the expected value and small cap premia, Joseph's investment philosophy is best suited for investors who desire a buy and hold strategy for a substantial portion of their funds with an investment time horizon of a minimum of ten years, and preferably even longer. Even then, investing is inherently uncertain as to future returns. While both macroeconomic and microeconomic risks are evaluated, for purposes of weighing risks and returns and for the computation of the expected returns of various asset classes (for use in financial planning decision-making), Joseph does not generally engage in market-timing activities. Joseph believes the equity, value and small cap premia are highly likely to occur in the future, over long periods of time. However, there can be no assurance that these premia will occur over any given time period. While Joseph seeks to reduce non-compensated risks to which a client may be exposed, other risks (including but not limited to the risk of a general stock market decline) may be assumed in order to seek to attain the client's longer-term financial goals and objectives; however, Joseph cannot provide any guarantee that the client's goals and objectives will be achieved.

**Risk of Loss, Certain Higher-Risk Securities.** Certain securities recommended, such as U.S. small cap value and mid cap value stock mutual funds, U.S. small cap and micro cap mutual funds, and high-yield bond funds, possess higher levels of volatility (as individual asset

classes within a portfolio). Joseph may employ these securities as part of an overall strategic asset allocation for a client, and when such is done Joseph possesses a reasonable belief that the risk-return relationship for these securities will likely be beneficial for the investor over the long term.

Please also note that while all Certificates of Deposit (CDs) purchased for our clients are FDIC-insured, the pricing of certain of these CDs, which trade in the secondary market, can vary; accordingly, due to price declines and/or transaction costs associated with trading, these CDs could lose value if redeemed prior to maturity. When CDs are recommended to clients, it is our intent that clients hold the CDs to maturity.

### **Cash Balances in Client Accounts**

*Generally.* Cash in clients' investment accounts are typically swept into the bank or money market mutual fund accounts of the institutions (TD AMERITRADE INSTITUTIONAL or FIDELITY INVESTMENTS INSTITUTIONAL SERVICES). Joseph discusses with each client, during the time of review conferences and at other times, upcoming cash flow needs and seeks to plan accordingly to meet those needs. While it is not the practice to encourage clients to maintain a large amount of cash in their accounts, such may be undertaken at the request of the client, or for other reasons. Upon request of a client, cash balances will be maintained for temporary or short-term purposes.

*Cash Reserve Accounts.* Should the client desire a "cash reserve account," Joseph will assist the client to establish a separate, non-managed cash reserve account, which is not monitored thereafter by Joseph, typically either with Vanguard (using one of its money market funds) or with an online bank (offering FDIC-insured money market funds, up to certain limits). Joseph then seeks to review with the client, during periodic conferences, whether any funds are needed to restore cash reserves. Joseph excludes separate accounts established for cash reserve purposes in the calculation of Joseph's assets under advisement, and excludes the value of cash reserve accounts from a client's fee calculations.

### **C. Joseph's Advisory Programs for Individuals and Their Families, Generally**

Joseph Capital Management, LLC offers two programs to new individual clients of the firm. *The Joseph Wealth Advisory Program™* is our core service offering, and is generally available for clients with greater than \$300,000 of assets under advisement. The program combines ongoing investment advisory services and additional wealth management services to clients based upon their unique circumstances and needs. Such wealth management services may include risk management counsel, financial planning, tax planning, estate planning, cash flow planning, retirement capital needs analysis, retirement income planning, college planning, and establishment of and counsel with regard to retirement plans. *The Joseph Wealth Advisory Program* is explained in more detail in this brochure.

In addition, Joseph also offers *The Joseph Discrete Advice Program* to select new clients who have limited financial planning and/or investment advisory service needs. Joseph also offers programs to a variety of non-individual clients, including Retirement Plans, Trustees of Irrevocable Trusts, and Institutions. In addition, Joseph has offered a variety of former investment advisory programs to its existing clients. Some of these programs are still in effect for existing clients, but are no longer offered to new clients. These programs are outlined in a separate Form ADV, Part II Brochure.

**The Joseph Wealth Advisory Program™.** The Joseph Wealth Advisory Program™ provides the following services:

- ◆ *Ongoing Scholarly Research and Analysis*, which includes our information gained from our ongoing study of macroeconomic conditions, the historical analysis of capital markets with a view toward estimating long-term returns of certain asset classes, scholarly research with regard to the deployment of capital in ways to reduce various risks relative to historical returns, the taxation of investments, review of specific investment products, and other matters affecting clients' investments and financial planning in general.
- ◆ *Development and Implementation of an Investment Plan*, which includes a review of the client's current investment assets, an educational overview of the academic research applied in the construction and management of the investment portfolio, and a customized strategic asset allocation. This Investment Plan includes an Investment Policy Statement, which may thereafter be amended from time to time if and when the client's circumstances change.
- ◆ *Quarterly Reports* from Joseph Capital Management, LLC of the client's investment portfolio, including a consolidated inventory of the investments upon which advice is provided to the client and a portfolio rebalancing analysis. Such reports may also include a performance report of the client's portfolio. In addition, in January or February of each calendar year, the client may be provided with a realized gains and loss report for any taxable accounts which are under advisement to aid the client's CPA/accountant/tax preparer in income tax preparation.

- ◆ *Online Access to Account Information*, utilizing a combination of secure online account aggregation and online data reporting services to provide updated account values as of the preceding business day for assets held at the custodians (TD Ameritrade Institutional or Fidelity Institutional) utilized by Joseph Capital Management, LLC.
  - We may also offer periodic data for other investment accounts upon which we provide advice, not held at the foregoing custodians, if such information can be obtained from our account aggregation services, and provided the client's consent is obtained to furnish such account aggregation service with any account passwords required to access account information.
  - While we are hopeful that the information supplied by custodians and data aggregation services is reliable, we cannot guarantee its accuracy.
  - Clients may also directly access account information at the custodians with which the accounts are held online (specifically, TD Ameritrade Institutional and Fidelity Institutional), each and every business day, via the secure web sites of these institutions.
- ◆ *Monthly or Quarterly Statements Directly from Account Custodians* are sent to the client directly from the corresponding brokers, banks, mutual funds, partnership sponsors, and/or insurance companies which hold the client's investments. These statements reflect the assets in the custodian's custody, together with confirmations of each transaction executed in the account(s) if desired by the client. For some custodians, the client may elect to receive these statements by e-mail rather than U.S. mail.
  - **Clients are strongly encouraged to review the monthly or quarterly statements they receive from custodians.** Despite the best efforts of any firm to safeguard client's assets, fraud could still occur. While we hope that our clients trust our firm and advisors, we believe it is nevertheless important for clients to verify their investment holdings.
  - **We also encourage clients to timely compare the account statements received from us with those received directly from TD Ameritrade, Fidelity, or other custodians.** Should the client detect any unauthorized trading in an account, or unauthorized transfers of cash or securities, they are asked to contact Ron A. Rhoades, Chief Compliance Officer, toll-free at 1.866.746.4460 or via his cell phone (352.228.1672). Please note that we have never had any unauthorized withdrawals or transfers from our clients' accounts; your assistance in reviewing your monthly and/or quarterly account statements aids us in deterring any such activity in the future.
- ◆ *Newsletters* published by Joseph Capital Management, LLC, are sent to the client either by mail or e-mail, as the client desires, when such is issued. Clients may also receive a copy of books and white papers which are authored by advisors of the firms, as they are issued, from time to time.

- ◆ *Invitation to attend Joseph Capital Management, LLC's Annual Client Educational Luncheon or Dinner* in the communities we serve, where a sufficient number of clients exist to warrant such a gathering. If a client elects not to attend the luncheon or dinner, a summary of the educational information presented at the gathering will be provided to the client via e-mail or U.S. mail.
- ◆ *Portfolio Reviews and Rebalancing* of the client's portfolio, for the assets held under advisement with Joseph Capital Management, LLC, will be undertaken: (1) periodically, (2) upon request, and (3) upon a substantial asset class decline, under the following adopted policies and procedures:

Assets under Advisement	Frequency of "in-house" portfolio reviews for rebalancing purposes	Suggested frequency of scheduled private review conferences	Frequency of portfolio reports (mailed/e-mailed to client)
Up to \$500,000	Annually	Annually	Quarterly
\$500,001 to \$1,000,000	Semi-Annually	Semi-Annually	Quarterly
\$1,000,001 to \$2,000,000	Quarterly	Semi-Annually	Quarterly
\$2,000,000 and above	Monthly	Semi-Annually	Quarterly

- *Periodic Portfolio Reviews* are undertaken by advisors of Joseph Capital Management, LLC to ascertain if the values in any asset class have strayed beyond their target minimums or maximums, and for purposes of meeting a client's cash flow needs. Even if one or more asset classes fall outside their target minimums or maximums, the advisor may determine not to rebalance the asset class for various reasons, such as avoidance of short-term capital gains, deferring long-term capital gains realization, minimization of transaction costs, or our view on whether the asset class is undervalued or overvalued relative to historic norms and our view of the level of the macroeconomic risks to which the asset class may be exposed. Such in-house portfolio reviews are subject to additional restrictions set forth below. Clients are only contacted in the event that rebalancing actions are recommended.
- *Additional Portfolio Reviews* are undertaken upon request by the client, such as when special cash needs arise or when additional cash or securities are added to the investment portfolio. Joseph Capital Management, LLC will respond to such requests within a reasonable period of time.

- *Special Procedures upon Major Market Change.* Upon a substantial decline in the valuation of the stock markets, generally, or a specific stock asset class, an opportunity may be presented for rebalancing of your investment portfolio. In such event, our resources may be limited given the number of relationships with our clients, especially if the downward change in valuation of the asset class occurs suddenly. Joseph Capital Management, LLC shall undertake rebalancing actions during this period as follows:
  - If the client has provided Joseph with "limited discretion" or "rebalancing discretion," we shall seek to analyze the client's account during this time. Due to the large number of clients under advisement, priority will be based upon the total amount of assets under advisement, with clients who possess higher assets under advisement given greater priority. There is no assurance that we can undertake rebalancing actions for all of our clients on the day in which rebalancing is indicated; therefore, if we cannot rebalance a client's account on that day, we will seek to rebalance the account by the next business day.
  - If the client has not provided Joseph with discretion, we will not analyze the client's account on these days. Rather, we will analyze the account only after accounts for which we have discretion have been examined.
  - All periodic account reviews, and reviews desired by special request of any client, will be suspended during this process.
  - If a client has provided Joseph with "rebalancing discretion" or "limited discretion" to trade in his/her account(s), we may undertake sales and purchases in the account(s) without advance notification to the client. Following any exercise of discretion, we shall thereafter (when time permits) seek to notify the client of the trades which have been taken.
- Only no-load stock and bond and money market mutual funds and exchange-traded funds may be sold or purchased by us in the event of such a portfolio rebalancing. Only funds in such asset classes (or combinations thereof) as may have been approved (in the client's Investment Policy Statement or any amendments thereto, or which are currently approved by Joseph's Investment Committee) may be purchased by us. Preference is given to purchase additional shares in those stock mutual funds which the client currently owns, unless for such valid reason as we determine (avoiding wash sale rules, fund closing, etc.) a substitute fund is, in our judgment, more appropriate.
- We may also undertake sales and purchases during this time to effect tax loss harvesting, in addition to rebalancing actions.
- In undertaking rebalancing actions, we will seek to rebalance one or more asset classes closer to the targets. We may decline to rebalance a specific asset class, due to tax concerns, high transaction costs relative to the trade amount, or other reasons.



- We may estimate the market close at any point during the day during which trades are being made, and undertake trades on that basis. Since the stock market is very volatile, especially in the last hour of trading, this may cause us to underestimate or overestimate the amount needed to effect a rebalancing action.
- ◆ *Conferences and Financial Life Planning* is provided – either in person, via web conferencing, or via telephone, as Joseph and the client shall mutually agree – on a periodic basis to review various financial, tax, estate, asset protection, and risk management issues.
  - Client review conferences are scheduled annually for clients with less than \$500,000 of assets under advisement, and semi-annually for clients with greater than \$500,000 of assets under advisement.
  - Additional conferences and telephone conferences may be requested by the client from time to time, for no additional charge. Should, however, the advisor believe that the time and expertise required to provide services to the client have become too great, relative to the fees paid by the client, the advisor may suggest (in advance of providing services) either that additional fees be paid or that the agreement for services be amended or terminated.
  - Planning topics which may be discussed during scheduled conferences and telephone conferences are listed below. In the Master Fee Agreement for this program, a suggested schedule of topics for the first 2 ½ years of our engagement is set forth, though this schedule may vary depending upon the priority of the client's individual needs and following discussions between the client and his/her advisory team.
    - Development of a "Joseph Client Profile™" or "Joseph ClientVue™" to identify and document the client's personal lifetime financial goals, value of money, and personal preferences for the receipt of professional services.
    - Development of "Action Steps" for investment strategy implementation, including tax sensitive portfolio design strategies and investment selection, the establishment of accounts with discount broker as appropriate, and the undertaking of account transfers.
    - Obtain cost basis of securities held in taxable accounts from client (or, for an additional fee, the ascertainment of such by advisor) and recording of cost basis with the new custodian.
    - Evaluation and recommendations regarding 401(k), 403(b), and other employer-sponsored retirement and/or benefit plans in which the client participates, as to investment options within same.
    - Evaluation and recommendations regarding securities (i.e. hold, buy, or sell in accordance with client's investment policy).



- Reviews of variable annuity (VA) and equity (fixed) income (EIA) policies and sub-accounts and/or investment options contained therein.
- Discussion of techniques to deal with exposure to concentrated positions in publicly traded stock, and where appropriate, implementation of those techniques.
- Assessment of the need for, and if appropriate, establishment of, a Cash Reserve Account.
- Discussion of cash flow management, debt reduction strategies, and major financial purchases as appropriate to the client's situation.
- Determination of optimum funding of client's qualified retirement plan accounts and traditional and Roth IRA accounts upon which we provide advice. Roth IRA conversions are also taken into consideration.
- Planning for retirement account distributions, i.e. required minimum distributions or other purposes.
- Establishment or review of the client's retirement portfolio withdrawal rate and/or amount of withdrawals from the investment portfolio during retirement.
- Advice upon the exercise or non-exercise of qualified and nonqualified stock options owned by the client.
- Tax loss harvesting, when available and appropriate.
- "PensionMax" analysis as to whether to take a lump-sum at retirement or one of various annuitization options presented to the client.
- Discussions of college expense funding for children or grandchildren's educational needs and, if appropriate, examination and recommendations of appropriate options given geographic location of student and parents and tax benefits associated therewith.
- General discussion of personal property/casualty and liability insurance needs and, if appropriate, suggestion of sources for obtaining competitive quotes.
- Review of existing or proposed life insurance policies and/or long-term care insurance policies. (Note that due to regulatory requirements, Joseph engages – with the client's consent – an attorney to provide reviews of existing life insurance policies or proposals relating thereto.)
- Discussion of client's estate planning needs and, if desired, referral to appropriate legal counsel for the implementation of estate planning documentation which may be required.
- Discussion of asset protection strategies which may be available, given federal and/or state exemptions which may be available, as to potential future claims of general creditors. When appropriate, a

referral will be made to legal counsel for further discussion and/or implementation of such strategies.

- Discussion of client's desire to engage in philanthropic gift strategies and, if client so desires, discussion of the utilization of charitable gift annuities offered by an institution, charitable trusts, endowment funds of an institution, donor-advised funds, private foundations, etc.
- Discussion of charitable gifting strategies which involve outright gifts of cash or appreciated property to qualified charities, if so desired by the client.
- Discussion of advice to be provided regarding a closely held business and professional firm consulting, if appropriate and desired by client.

Joseph's annual fee for the services set forth above is charged as a percentage of assets under advisement, according to the schedule below. Billing generally occurs either semi-annually or quarterly.

Amount of Assets Under Advisement	Annual Fee	Are Model or Customized Portfolios Typically Utilized?	Frequency of Portfolio Reviews for Rebalancing Purposes	Frequency of Client Confer-ences
\$100,000 to \$300,000*	\$4,400 (minimum annual fee)	Model portfolios are generally employed for clients.	Annually	Annually
\$300,000 to \$1,000,000	\$4,400 plus 0.8% of assets exceeding \$300,000			Annually
\$500,000 to \$1,000,000			Semi-annually	Semi-annually
\$1,000,000 to \$3,000,000	\$10,000 plus 0.8% of assets exceeding \$1,000,000	Customized portfolios are generally employed for clients.	Quarterly	Semi-annually
\$3,000,000 to \$5,000,000	\$26,000 plus 0.6% of assets exceeding \$3,000,000		Monthly	
Over \$5,000,000	38,000 plus 0.4% of assets exceeding \$5,000,000		Monthly	

All fees and minimums are subject to negotiation. See "General Information on Joseph's Services and Fees - Applicable to All Programs," later in this brochure, for additional important information.

\*There is a minimum level of advised-upon assets of \$300,000 for the services provided under the Joseph Wealth Advisory Program. There is no maximum amount. Should the combined market value of the account(s) fall below the stated minimum, Joseph shall possess the right to terminate the relationship. All fees and minimums set forth above may be modified or changed by Joseph upon 30 days' advance written notice to the client.

Additional fees may be charged for specific planning-related activities (as set forth herein). Additionally, referrals to other professionals may be undertaken where appropriate to meet the client's needs.

The first period for which fees are to be billed varies from three to six months.

#### **D. Referrals to Other Professionals; or Additional Fees May Be Charged, for Specific Planning Activities.**

Additional fees may be charged for specific planning-related activities not provided within The Joseph Wealth Advisory Program. Additionally, referrals to other professionals may be undertaken where appropriate to meet the client's needs. These situations are discussed below.

- Wealth Management Team Formation for clients possessing more than \$3,000,000 or greater in assets under advisement with Joseph. If the client so desires, Joseph will seek to conduct an annual or bi-annual "Wealth Management Team" conference and/or web conference and/or teleconference with the client's private legal counsel and/or certified public accountant, for purposes of providing holistic, integrated planning needs identification, analysis, prioritization, and coordination. In such instance, the fee of the client's other professional advisors are generally billed directly to the client and paid by the client. Additional fees may be charged by Joseph for certain planning relating to issues identified in such Wealth Management Team conferences or in connection with certain follow-up activities.
- Referrals to a CPA may be undertaken for preparation of the client's tax projections. Joseph may refer the client to his/her Certified Public Accountant (CPA) and/or tax preparer should Joseph ascertain that tax projections would be useful to the client for one or more various purposes (capital gain harvesting, alternative minimum tax avoidance, impact of additional income on taxation or social security benefits, etc.). While Joseph may assist the client's CPA or tax preparer by providing various information for purposes of these tax projections or suggesting alternative inputs, the client's CPA/tax preparer will provide these services directly to the client, and the client is charged directly by the CPA/tax preparer in accordance with the client's agreement with that person or firm.
- Referrals to attorneys for legal advice and document preparation may be undertaken for preparation of any recommended estate planning documents, the implementation of various strategies relating to asset protection planning, legal document preparation relating to transactions involving closely held businesses and/or professional firms, and/or other similar services. Joseph Capital Management, LLC is not a law firm and does not provide legal services. While Joseph Capital Management, LLC employs attorneys as Private Wealth Managers, Private Wealth Advisors, and/or Private Wealth Counselors, these attorneys do not provide legal services in such roles (however, they may possess separate law practices that provide such services).
- Additional fees may be charged by Joseph for certain advisory services provided, on occasion, to the client, should those services require more than two hours of the advisory team's time. The time for team members is billed at Joseph's hourly rates for such team members, which are set forth below, unless the advisor and client agree to a flat fee for such additional services.

- Cost Basis Determinations. For any new assets brought to Joseph upon which advice is to be provided, the client is responsible for providing his/her advisor with correct cost basis. Should the need exist for cost basis determinations; the client may request that his/her tax advisor obtain such information or may request Joseph to undertake such research.
- Variable Annuity (VA) and Equity/Fixed Index Annuity (EIA/FIA) and Variable Life Insurance (VUL) Reviews. This service includes reviews of these contracts/policies, the investment options within them, cost basis determinations (for nonqualified annuities and VUL policies), and the determination of surrender/redemption fees.
- Personal Income Tax Projections, should such not be undertaken by the client's CPA or tax preparer and the client desire such to be provided by Joseph.
- Estate Plan Design involving business entities and discount valuation techniques. Should the client possess closely held business entities, additional fees may be charged relating to transfer tax planning involving the establishment, recapitalization, ownership structure changes, and/or sale of gifting of such interests. Additional fees may also be charged for planning involving the use of split-interest or discount valuation techniques in connection with estate tax planning, such as CRATs, CRUTs, GRUTs, QPRTs, FLPs, etc.
- Closely Held Business Consulting advice with regard to the structure, operations, financial controls and reporting, marketing, and/or risk management needs of any closely held business interests, wealth transfer and/or business succession planning, and/or the utilization of captive insurance companies for premium reduction and/or estate tax planning.
- The fees for the foregoing professional services are set forth, on an hourly basis, as follows:
  - For Joseph's Directors, \$350 to \$500 per hour;
  - For Sr. Private Wealth Advisors, \$250 per hour;
  - For Private Wealth Advisors, \$175 per hour;
  - For Private Wealth Counselors, \$175 per hour;
  - For Financial Services Coordinators, \$90 per hour.

## **E. General Information on Joseph's Services and Fees (Applicable to All Programs)**

### **Billing Practices; Deduction of Fees from Client Accounts.**

*Aggregation of Client Accounts.* Individual accounts for *immediate* family members (husband, wife and dependent children) are aggregated, and our fees are charged based on the total value of such family members' accounts.

*Billing Occurs in Advance; Valuation of Assets.* Clients will be invoiced in advance at the beginning of each calendar quarter, or semi-annually. Billing amounts are based upon the value (market value or fair market value in the absence of market value) of the client's account(s) (including both securities and cash) at the end of the previous quarter. Valuations are derived from recognized and independent pricing sources, such as TD Ameritrade Institutional, Fidelity Institutional, or other custodians. Joseph will not hold funds greater than \$500 for more than six months in advance of completion of the engagement.

*When Authorized, Deduction of Fees from Client Accounts.* Clients may choose whether to have their fees billed directly or deducted from client accounts. In certain situations, such as for some qualified retirement plan accounts and traditional IRA accounts, it may be advantageous to the client from a tax perspective to have the portion of Joseph's fees attributable to such accounts directly deducted from such account. Where fees are to be deducted from a client's account, Joseph will request authority from clients to receive quarterly payments directly from the client's account(s) held by an independent qualified custodian, such as TD AMERITRADE INSTITUTIONAL or FIDELITY INVESTMENTS INSTITUTIONAL SERVICES. Clients may provide written limited authorization to Joseph to withdraw fees from account(s). Joseph will send to the client an invoice showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. Clients should verify the accuracy of the fee calculations in such invoices. Clients will also receive custodial statements showing the advisory fees debited from their account(s).

*No Sharing of Account Appreciation; No Performance Fees.* All fees are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

*Client Assets under Advisement and Fee Minimums.* Joseph has a minimum level of assets under advisement for the Joseph Wealth Advisory Program™ of \$300,000. Joseph has a minimum fee for the Joseph Wealth Advisory Program™ of \$4,400.

*Negotiated Fees and Client, Fee Minimums.* All of our fees, client minimums, and fee minimums are subject to negotiation; factors involved include whether the client is an employee or independent contractor of Joseph or any affiliate RIA (or a family member related to same), our desire to serve clients in need of the assistance of Joseph's services who otherwise cannot afford our services, the size of the relationship, whether future additions will be undertaken to accounts upon which advice is provided, the level and type of advisory services provided and likely to be provided in the future, and the relationship between the advisor and the client. Generally, our principals and employees are not charged fees on either their accounts or those of immediate family members.

**Fees of Mutual Funds, Other Products, and Custodians.** All fees paid to Joseph for investment advisory and financial planning services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders or the transaction fees charged by the custodian(s). Mutual fund expenses are described in each fund's prospectus. These expenses will generally include a management fee, other fund expenses, and possibly a distribution fee. Joseph believes that the charges and fees offered within its program are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources. A client could invest in mutual funds directly, without the services of Joseph. In that case, the client would not receive the services provided by Joseph which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives and to avoid ad hoc emotional reactions to shorter-term market events. Also, the funds of Dimensional Funds Advisors may not be available to the client directly.

Mutual fund transaction fees charged by our recommended custodians, TD AMERITRADE INSTITUTIONAL and FIDELITY INVESTMENTS INSTITUTIONAL SERVICES, generally vary from \$24 to \$35 for each purchase and sale transaction. Accordingly, the client should review both the fees charged by the funds (including transaction and opportunity costs within funds which are not included in a fund's annual expense ratio), the transaction fees charged by the custodian, as well as the fees charged by Joseph, to fully understand the total amount of fees and costs paid by the client.

Clients may also incur "account termination fees" upon the transfer of an account from one brokerage firm (custodian) to another. The range for these account termination fees is believed to range generally \$0 to \$200, but at times may be much higher. Clients should contact their custodians (brokerage firms, bank or trust company, etc.) to determine the amount of account termination fees which may be charged and deducted from their accounts for any existing accounts which may be transferred.

**Forms of Discretion Accepted.** Joseph accepts limited forms of discretion over clients' accounts, as follows, with the consent of the client. Each client's grant of discretion is evidenced in the client services agreement (or addendums thereto) signed by the client, and is further evidenced to the custodians through a limited power of attorney contained in the account establishment form signed by the client or a separate limited power of attorney document signed by the client. Nearly all clients appoint Joseph as the client's agent and attorney-in-fact with respect to undertaking trades in client accounts; Joseph's ability to enter trades electronically for clients often provides reduced transaction fees and other benefits to the client.

Please note that Joseph prefers to contact clients in advance of trades, but the limited forms of discretion set forth below are believed by us to better enable our firm to serve our clients. Moreover, Joseph seeks to undertake a minimal amount of trading in client accounts, in order to keep transaction fees, other expenses, and tax consequences associated with trading to minimal levels.

*Fixed income trading discretion - for nearly all client accounts.* With client consent, Joseph will accept discretion to purchase and sell individual fixed income securities. Only



investment-grade individual fixed income securities will be purchased using this discretion. The purpose of this discretion is to enable Joseph to undertake purchases and sales in a timely manner when securities are available at quoted prices.

*Rebalancing in the event of a major asset class valuation fall - for most client accounts.*

With client consent, Joseph will accept discretion to undertake sales of fixed income securities (usually bond funds) and purchases of stock mutual funds or stock exchange-traded funds (typically additional shares of funds already owned by the client, or substantially similar securities should the need arise) on the same day, when in the judgment of the investment adviser a significant fall in the value of a stock asset class has occurred which may affect a substantial number of our clients. Trades are generally undertaken by prioritizing clients accounts based upon the amount of assets under advisement (from high to low) at the time of the last quarter; it is possible that not all client accounts in which trades should be undertaken will be attended to on the day of, or day following, a major stock market or asset class decline in value. Not all client accounts will need trading on such a day, however. On such days Joseph's Directors, Sr. Private Wealth Advisors, and Private Wealth Advisors will not typically possess the time to discuss planned trades with each client in advance, due to the large number of trades to be undertaken. Clients who do not provide Joseph with this type of limited discretion will typically not see trading in their accounts on the day of a major rebalancing effort. Please note that we will not typically possess the ability to receive or return calls from clients on the day of a major rebalancing effort, but we will endeavor to communicate with clients outside of trading hours or within a few days thereafter.

While trades are planned based upon an advisor's judgment of the likely value of asset classes at the end of trading on the exchanges (i.e., typically 4:00pm, the time when trades in mutual funds are executed under SEC rules), it is possible that late-session movements in the values of asset classes may occur, which may cause either an under-purchase or over-purchase of stock mutual funds or stock ETFs in a client's account relative to the desired target for a particular asset class.

Within a reasonable period of time following the exercise of discretion by our team to undertake such sales and purchases for rebalancing purposes, a team member will attempt to contact the client to discuss any trades which have taken place.

While it is hoped that the number of occurrences in which this type of limited discretion is exercised is limited, and will occur on average less than once each year, during the Fall of 2008 Joseph experienced five days in which this type of discretion was exercised for some clients, due to high volatility in the stock market during that period of time.

*Limited discretion to rebalance in accordance with investment policy – for some client accounts.* With client consent, Joseph will accept from clients discretion to deploy cash additions (or cash arising from the redemption of maturity of securities) in a client's portfolio in accordance with the client's investment policy statement. In addition, Joseph will accept from such clients the discretion to rebalance the client's portfolio back closer to its desired targets. Clients typically grant such authority to Joseph for rebalancing purposes when the client's business affairs or travels are such that the client is likely to be unavailable to Joseph to confer, prior to entering any recommended trade(s).



**Cancellation and Termination of Advisory Agreements.** Clients may cancel a new advisory agreement without penalty by providing written notice of such cancellation to Joseph within five (5) business days of the date of signing the agreement. Following the 5-day cancellation period, the first periods' fee is not refundable due to the large volume of initial work to be undertaken by Joseph. Thereafter, either party may terminate the agreement without penalty upon notice in writing to the other party. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, with the refund calculations based *pro rata* to the date of termination. Termination of an agreement will not affect: (a) the validity of any action previously taken by Joseph under the agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of the agreement; or (c) a client's obligation to pay advisor fees (prorated through the date of termination). Upon the termination of the agreement, Joseph will not possess any obligation to recommend or take any action with regard to the securities, cash, or other investments in a client's account.

**Our Policy on Class Actions, Bankruptcies and Other Legal Proceedings.** Clients should note that Joseph will not advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct Joseph to transmit copies of class action notices to the client or a third party. Upon such direction, Joseph will make commercially reasonable efforts to forward such notices in a timely manner.

**Our Proxy Voting Policies.** As a matter of firm policy and practice, Joseph does not accept authority to vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Generally, clients will receive their proxies or other solicitations directly from the custodian or transfer agent. However, clients may call or e-mail their advisor with questions regarding a particular proxy or other solicitation, and Joseph may provide advice to clients regarding clients' voting of proxies or such solicitations, upon request of a client or clients or in unusual circumstances.

**No Custody of Securities.** It is our policy to not accept custody of a client's securities. However, with a client's consent, Joseph may be provided with the authority to seek deduction of Joseph's fees from a client's accounts; this process generally is more efficient for both the client and the investment adviser, and there may be tax benefits for the client to this method when fees can be paid from certain tax-deferred accounts.

**No Block Trading ("Bunching" of Client Orders).** Joseph does not undertake block trades of clients with those of other clients, as it believes that each transaction should be planned out to take into account the tax consequences of the transaction, and this often involves the sale of specific tax lots. This limits the ability of Joseph to undertake block transactions for its clients with any frequency. As a result, Joseph may not achieve better pricing as to the transaction costs associated with either fixed income or mutual fund or equity trades. Since Joseph endeavors to keep the frequency of mutual fund trades in client accounts at low levels, and since Joseph has negotiated with its primary custodians transaction fees which Joseph believes to be fairly low, the cost detriment to clients from not bunching trades is believed to be insubstantial.

**Our Trade Error Policy.** In all circumstances involving trade errors caused by Joseph, where clients incur losses as a result, clients are "made whole." Joseph does not maintain an account to offset trade error gains against losses, and any trade error gains accordingly benefit the client only.

## **F. Sub-Advisory Program Provided for Affiliate RIA Firms**

Joseph has established affiliate registered investment adviser (RIA) firms and is likely to establish more. Joseph possesses a majority interest in such affiliate RIA firms. The minority interest is owned by a professional services firm (i.e., law firm, CPA firm, entertainment management company, etc.) or by individuals. The goals of each affiliate RIA firm include the expansion of the fiduciary investment advisory services of the type which Joseph provides into target markets (either geographically or as to particular niches), in order to bring Joseph's value-added services from trusted, professional advisors to a broader segment of the investment public.

In connection with this program, Joseph provides, under a sub-advisory contract with each affiliate RIA firm, a turnkey asset management program to the affiliate RIA. This includes the provision of investment advisory services and financial planning (and other services as set forth in the various programs outlined in our Form ADV, Part II) to the clients of the affiliate RIA firm. Generally, all of the investment advisory services are provided by Joseph's advisors and other team members. The affiliate RIA firm will pay to Joseph a portion of the fees received from the client, generally determined as a flat fee; this flat fee may be recomputed annually or at other appropriate times. The amount of the flat fee is dependent upon the expenses Joseph incurs in connection with the delivery of investment advisory and financial planning services, generally determined by the amount of assets under advisement with respect to each client, as well as any the resulting efficiencies of scale achieved).

Joseph is the majority shareholder and possess all operational and management control of each affiliate RIA. The minority interest owner(s) of the affiliate RIA firm will be required to make an initial capital contribution thereto. Fees received from clients of the affiliate RIA firm are utilized to pay Joseph for its subadvisory services, and pay for other legal, filing, accounting, marketing and other expenses the affiliate RIA firm may incur, or to provide working capital. Thereafter, the remaining net profit is distributed to the majority interest owner (Joseph) and the minority interest owner(s) in accordance with their percentage ownership of each affiliate RIA firm.

The services offered, fee schedules, and client and fee minimums are set forth in each affiliate RIA firm's Form ADV, Part II are identical to the service offerings provided by Joseph as set forth in this and other brochures. Clients of an affiliate RIA firm will receive substantially the same services and pay the same fees which they would have paid had they become a client of Joseph directly. Additionally, disclosure of this arrangement between the affiliate RIA firm and Joseph, in which Joseph acts as sub-advisor to the affiliate firm will be made in the Form ADV, Part II brochure of the affiliate RIA firm, as well as in any client services agreement between the affiliate RIA firm and its clients.

## G. Our Code of Ethics.

Joseph Capital Management, LLC has adopted a Code of Ethics, to which all investment advisor representatives and employees are bound to adhere. The key component of our Code of Ethics states:

*Joseph Capital Management, LLC and its investment advisor representatives and employees shall always:*

- *Act in the best interests of each and every client;*
- *Act with integrity and dignity when dealing with clients, prospects, team members, and others;*
- *Strive to maintain and continually enhance our high degree of professional education regarding Modern Portfolio Theory, strategic asset allocation, and financial, tax, estate, and risk management planning; and*
- *Seek at all times to preserve our firm's independence and to maintain our complete objectivity with respect to our advisory services and each recommendation made to our clients.*

Joseph Capital Management, LLC further adopted a detailed Code of Ethics expressing the firm's commitment to ethical conduct, which is adopted by reference by Joseph, and which is utilized to guide the personal conduct of our various team members. This detailed Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth our practices of supervising the personal securities transactions of employees with prior or concurrent access to client trade information.

The Code of Ethics provides that individuals associated with our firms may buy or sell securities for their personal accounts identical or different than those recommended to clients. However, it is the expressed policy of our firms that no person employed by the firms shall prefer his or her own interest to that of an advisory client nor make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with the Code of Ethics, our firms require that anyone associated with this advisory practice and who possesses access to advisory recommendations (before or at the time they are entered into) ("access persons") to provide annual securities holding reports and quarterly transaction reports to Joseph's Chief Compliance Officer or his or her designee. We also require access persons to receive approval from Joseph's Chief Compliance Officer or his designee prior to investing in any initial public offerings or private placements.

The Code of Ethics further includes our firms' policy prohibiting the use of material non-public information and protecting the confidentiality of client information. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

Joseph will provide a complete copy of the Code of Ethics to any client upon request.

## H. About Conflicts of Interest, Generally.

*A Candid Discussion of Conflicts of Interest (and Disclosure of Additional Compensation Received by us.)* We take our fiduciary duties seriously. However, there are certain conflicts of interest which nearly all investment advisers face. In this and in following sections, we discuss these conflicts.

*Proper Management of Conflicts of Interest Relating to the Fees We Receive from You.* The vast majority of our clients pay Joseph fees based upon a percentage of the assets we advise upon. This is a very common form of compensation for registered investment advisory firms and avoids the multiple inherent conflicts of interest associated with commission-based compensation (Joseph does not accept commission-based compensation of any nature, nor does Joseph accept 12b-1 fees). Asset-advised-upon percentage method of compensation can still at times lead to conflicts of interest between our firm and our client as to the advice we provide. For example, conflicts of interest may arise relating to the following financial decisions in life: incur or pay down debt; gift funds to charities or to individuals; purchases of a (larger) home or cars or other non-investment assets; the purchase of a lifetime immediate annuity; expenditures of funds for travel or other activities; investment in private equity investments (private real estate ventures, closely held businesses, etc.), and the amount of funds to place in non-managed cash reserve accounts. We have adopted internal policies to properly manage these and other potential conflicts of interest. Our goal is that our advice to you remains at all times in your best interests, disregarding any impact of the decision upon our firm.

*Proper Management of Conflicts of Interest between Clients.* Joseph seeks to avoid situations in which one client's interest may conflict with the interest of another of its clients. One circumstance which could arise, however, is a sudden sharp downturn in the values of one or more stock asset classes, thereby triggering (under adopted investment policies with the vast majority of Joseph's clients) the need to rebalance the investment portfolios following the close of any business (trading) day. In this instance, Joseph seeks to rebalance each client's investment portfolio on a timely basis, keeping in mind that most mutual fund trades occur at the end of a trading day. In ascertaining which client portfolios to attend to first, Joseph ranks clients by the amount of assets under advisement as of the last quarterly period, from highest to lowest.

*We Seek to Avoid Material Conflicts of Interest.* To seek to avoid material conflicts of interest, generally neither Joseph Capital Management, LLC nor its investment adviser representatives nor its team members receive any third party direct monetary compensation (i.e., commissions, 12b-1 fees, or other fees) from brokerage firms (custodians) or mutual fund companies. However, some additional services and non-direct monetary or other forms of compensation are offered and provided to Joseph as a result of its relationships with custodian(s) and/or providers of mutual fund products. For example, Joseph's investment advisors and employees may be invited to attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies. Other services may be provided as outlined below. Joseph believes that the services and benefits actually provided to it by brokerage firms (custodians) and mutual

fund providers do not materially affect the investment management recommendations made to clients of Joseph. However, in the interest of full disclosure of any potential conflicts of interest, we discuss the possible conflicts herein.

Although Joseph Capital Management, LLC believes that its business methodologies, ethics rules, and adopted policies are appropriate to eliminate, or at least minimize, potential material conflicts of interest, and to manage appropriate any material conflicts of interest that may remain, clients should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest.

## **I. About Our Relationships with Custodians.**

*Non-Participation in Client Referral Programs of Custodians.* Joseph Capital Management, LLC will continue to avoid certain relationships with custodians (brokerage firms, etc.) and investment product providers which it believes might materially hamper its independence in its providing advice to its clients or result in clients paying higher mutual fund management, administrative, or other product-related fees and costs. For this and other reasons, Joseph does not participate in the client referral programs which may be sponsored by such custodians. Nor does Joseph currently recommend to their clients any mutual funds or ETFs manufactured by affiliates of such custodians (although we may in the future recommend such funds if, after a process of due diligence, Joseph's Investment Committee concludes that such mutual funds are the best funds in that particular asset class or would otherwise best meet a client's objectives).

*Use of Custodians, Generally.* Joseph utilizes the services of TD AMERITRADE INSTITUTIONAL and FIDELITY INVESTMENTS INSTITUTIONAL SERVICES. Each custodian respectively provides our team members with access to institutional trading and custody services, which services are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis and at no charge to them. However, not all independent investment advisors recommend their clients to utilize particular custodians.

Clients are permitted to direct Joseph to utilize particular brokers. However, if such brokers are utilized, Joseph and Joseph may not possess access to certain mutual funds and other investments that are generally available only to institutional investors or which would require a significantly higher minimum initial investment.

**TD AMERITRADE INSTITUTIONAL.** Joseph participates in the advisory services program (ASP) of TD AMERITRADE INSTITUTIONAL. While there is no direct linkage between the investment advice given and participation in the ASP program, economic benefits are received which would not be received if Joseph did not give investment advice to clients.

**FIDELITY INVESTMENTS INSTITUTIONAL SERVICES.** Joseph participates in the FIDELITY INVESTMENTS INSTITUTIONAL SERVICES – Fidelity Registered Investment Advisor Group (FIAG) program. While there is no direct linkage between the investment advice given and participation in the FIAG program, economic benefits are received which would not be received if Joseph and Joseph did not give investment advice to clients.



*Discussion of Benefits to Joseph and Joseph, as to Both Custodians.* The benefits provided by TD Ameritrade and Fidelity include assistance with practice management and assistance with the management of client accounts, including but not limited to: (a) receipt of duplicate client confirmations; (b) receipt of electronic duplicate statements; (c) access to a trading desk serving investment adviser firm participants exclusively, and providing research, pricing information, and other market data; (d) access to the investment advisor portion of their web sites which includes practice management articles, compliance updates, and other financial planning related information and research materials (including, for example, rating reports on individual companies from Standard and Poors' or other sources); (e) access to other vendors (such as insurance or compliance providers, or providers of research or other materials) on a discounted fee basis through discounts arranged by the custodians; (f) permitting Joseph to access an electronic communication network for client order entry and to access clients' account information and which may otherwise assist Joseph with its back-office functions, including recordkeeping and client reporting; and (g) conferences at which advisors and employees of our firms may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance, and information technology.

Participation in the custodians programs also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors, such as the mutual funds of Dimensional Funds Advisors.

The benefits received through participation in the custodians programs may depend upon the amount of transactions directed to, or amount of assets placed in custody with, TD AMERITRADE INSTITUTIONAL or FIDELITY INVESTMENTS INSTITUTIONAL SERVICES.

Generally, many of these services may be utilized to service all or a substantial number of our clients' accounts. Educational, research, or other services provided by custodians (*i.e.*, TD AMERITRADE INSTITUTIONAL, FIDELITY INVESTMENTS INSTITUTIONAL SERVICES, etc.) or mutual fund companies may benefit all of Joseph's or Joseph's clients, or may benefit only some clients.

While as a fiduciary, Joseph endeavors to act in its clients' best interests, our requirement that clients maintain much of their assets in accounts at TD AMERITRADE INSTITUTIONAL or FIDELITY INVESTMENTS INSTITUTIONAL SERVICES may be based in part on the benefit to our firms of the availability of some of the foregoing products and services at no cost to us, and not solely on the nature, cost, or quality of custody and brokerage services provided by the brokers, and this may create a potential conflict of interest. Joseph's clients may, therefore, pay higher transaction fees, commissions (for individual stock and ETF trades), and principal mark-ups and mark-downs (relating to purchases and sales on a principal, as opposed to an agency, basis), than those charged by other discount brokers. However, we have negotiated fees with the custodians we recommend, and we have selected these custodians for their generally low fees relative to another large custodian. Also, please note that we prefer to recommend custodians whom possess significant size and financial resources, for purposes of enhanced safety of clients' funds. For all of these reasons, the lowest cost custodian for clients may not be recommended to clients by Joseph and by Joseph.

## **J. About Our Relationships with Investment Product Providers.**

*Dimensional Funds Advisors.* Following a stringent interview process, Joseph was granted access by Dimensional Funds Advisors (DFA) to its mutual funds at the time of Joseph's inception of operations. Dimensional Funds Advisors is a Santa Monica, California-based mutual fund company with over 40 funds and over \$164 billion of assets under management (as of December 31, 2009).

While there is no direct linkage between the investment advice given and the approval of Joseph to access the mutual funds of Dimensional Funds Advisors, economic benefits are received which would not be received if Joseph did not give investment advice to clients. These benefits, which are also received by other Registered Investment Adviser firms granted access to the DFA funds, include: (a) attendance at seminars hosted by Dimensional Funds Advisors at which the investment products of Dimensional Funds Advisors are explained, academic instruction is given on asset allocation strategies, and financial planning and practice management instruction is given. Joseph pays all of the travel and hotel costs for members and staff attending these seminars. Dimensional Funds Advisors provides, at no charge to Joseph and the other attendees at such seminar, the speakers and facilities for the seminar, occasional luncheons or dinners, and the materials handed out at the seminar; (b) access to the "financial advisor" portion of the Dimensional Funds Advisors web site ([www.dfaus.com](http://www.dfaus.com)), which contains additional academic research, practice management articles, newsletters, educational video presentations, software, and investment returns data; (c) use of the DFA Returns and DFA Allocation Evaluator software programs and accompanying data, which can be utilized to ascertain how different asset classes (as represented by various indices) and different mutual funds of Dimensional Funds Advisors have performed over time and which provide a method for calculation based upon historical results of rate of return and standard deviation for those asset classes and mutual funds; (d) various print materials (including article reprints and DFA brochures); (e) occasional practice management conferences and telephone conferences with Dimensional Funds Advisors' team members, including Regional Directors, research staff, and tax staff, to discuss specific issues relating to academic research relating to investment theory and/or relating to practice development (marketing) and management issues; (f) participation in a regional study group sponsored and hosted by Dimensional Funds Advisors; and (g) other services and benefits.

Joseph Capital Management, LLC is under no obligation to recommend the mutual funds of Dimensional Funds Advisors to Joseph's clients. Joseph recommends funds of Dimensional Funds Advisors or other mutual fund companies or other investment products only when Joseph believes they best suit the client's objectives. Joseph does not provide any payment to Dimensional Funds Advisors for the access provided to Joseph's clients. Dimensional Funds Advisors does not pay to Joseph any direct monetary compensation in order to recommend the funds of Dimensional Funds Advisors.



**K. Book Purchases.** Joseph Capital Management, LLC offers for sale one or more books, including its book, *The Science of Investing*. Each investment advisory client may receive one copy of the book(s) for free.

**L. Other Business Activities; Speaking Engagements; Honorariums.**

*Michael J. Tringali*, in his individual capacity, is also an officer and Certified Public Accountant of Michael J. Tringali, PA (hereinafter "MJTPA"), an accounting firm. MJTPA is currently inactive as an accounting firm but holds a commercial office which is held for lease. Mr. Tringali, in his individual capacity, is also President, Secretary and Director of the Tringali Company, Inc. (hereinafter "TTC"), a company that engages in the nutritional field. TTC is not an advisory client of JCM. JCM advisory clients will not be solicited to invest in, or otherwise be involved with, TTC. Mr. Tringali, in his individual capacity, is also President, Secretary and Director of Crystal River Realty, Inc., a company involved in real estate brokerage activities (hereinafter referred to as "Realty Companies"). Realty Companies will never be an advisory client of JCM. No JCM advisory client is obligated to use any service of Realty Companies, and no Realty Companies client is obligated to use any advisory services of JCM. JCM advisory clients will not be solicited to invest in Realty Companies. Mr. Tringali, in his individual capacity, is an owner of Tringali Family Investment Properties, LLC (hereinafter "TFIP"), a real estate holding company. TFIP is not an advisory client of JCM. No advisory clients of JCM will be solicited to invest in TFIP. Mr. Tringali is also an officer and Certified Public Accountant of Joseph & Company Certified Public Accountants, Inc. (hereinafter "Joseph CPAs"). Joseph CPAs is not an advisory client of JCM. JCM advisory clients will not be solicited to invest in, or otherwise be involved with, Joseph CPAs.

*John J. Ceparano*, in his individual capacity, is also an officer of Business Blocks, Inc. (hereinafter "BBI"), a real estate holding company. BBI is currently inactive as an accounting firm. No JCM advisory clients will be solicited to invest or participate in BBI in its capacity as a real estate holding company. Mr. Ceparano is also an officer and Certified Public Accountant of Joseph & Company Certified Public Accountants, Inc. (Joseph CPAs). Joseph CPAs is not an advisory client of JCM. JCM advisory clients will not be solicited to invest in, or otherwise be involved with, Joseph CPAs.

*Ron A. Rhoades*, in his individual capacity, is also a principal and attorney for Ron A. Rhoades, P.A., a Florida law firm. JCM advisory clients may also be Ron A. Rhoades, P.A. legal clients. No JCM advisory client is obligated to use any Ron A. Rhoades, P.A. legal service, and no Ron A. Rhoades, P.A. legal client is obligated to use any JCM advisory service. JCM is not utilized to solicit clients for Ron A. Rhoades, P.A.. No referral fees are paid to either of these entities from the other respective entity. All legal fees charges by Ron A. Rhoades, P.A. are separate and distinct from all advisory fees charged by JCM.

*Disclosures Applicable to All Principals.* Mr. Tringali, Mr. Ceparano and Mr. Rhoades are the co-member/managers of Joseph Ventures, LLC, which holds real estate in Citrus County, Florida. No JCM advisory clients will be solicited to invest or participate in Joseph Ventures, LLC in its capacity as a real estate holding company.

Principals of JCM may also serve as trustees and/or executors (i.e., Personal Representatives) for one or more trusts or estates arising from their law or CPA practices, respectively. These trusts or estates are not advisory clients of JCM.

Principals of JCM serve on the boards of various non-profit associations and/or charitable organizations. These associations or charitable organizations are not advisory clients of JCM. No advisory client will be solicited to invest, or otherwise be involved in any of these non-profit associations.

Principals and/or employees of JCM, in their individual capacities, are owners and/or principals of various real estate holding companies. No advisory client will be solicited to invest, or otherwise be involved in any of these real estate holding companies.

Joseph's Directors and/or advisors may be invited to speak at investment or financial planning industry, compliance, or securities law conferences on occasion. Speakers from Joseph may be offered an honorarium for speaking engagements, and/or may be reimbursed for certain travel expenses, and/or may have registration fees for attendance at the conference reduced or waived. Joseph does not believe the receipt of such honorariums, reimbursements, or other compensation directly influences the advice Joseph provides to its clients.

Ron A. Rhoades also undertakes activities relating to several writing projects, some of which may result in publication of materials which are not directly related to Joseph Capital Management, LLC's services. No advisory client will be solicited to invest, or otherwise be involved in, these writing projects.

Mr. Ceparano may spend as much as 10% of his time with all of these related activities.

Mr. Rhoades may spend as much as 20% of his time with all of these related activities.

Mr. Tringali may spend as much as 15% of his time with all of these related activities.

### **M. Our Investment Advisory Team Members.**

The educational backgrounds and employment histories of Joseph's Executive Committee and advisory personnel are described in the following pages.

Joseph requires each person with professional designations to complete annual continuing education requirements, if they are required to do so by reason of the professional designation or certification program.

All advisors must also possess a commitment to passive investing, incorporating the principles of Modern Portfolio Theory.

**John J. Ceparano, CPA/PFS\*, CFP™, M.Tax.,**

Co-Director of Tax and Financial Planning, Director of Business Development, Private Wealth Manager.

(\*The CPA designation is regulated by the State of Florida; Mr. Ceparano is also licensed as a CPA in the State of New York.)

*Educational Background.* John Joseph Ceparano graduated with a BS in Accounting from St. John's University in 1985. John received his Master of Taxation degree from Florida Atlantic University in August 2005.

*Employment History.* John is Co-Director of Tax and Financial Planning for Joseph Capital Management, LLC. He is a member of the firm's Investment Committee. As our Director of Business Development, John has actively been involved in developing wealth management teams in

New York City, Philadelphia, Washington DC, Raleigh, Atlanta, and Tampa to work with us to provide comprehensive planning. This is an interview process to insure the team members, typically consisting of esteemed estate tax planning attorneys, CPAs, Certified Valuation Analysts, and other specialists, are well-versed in holistic planning and subscribe to a fiduciary standard. John is a CPA and Personal Financial Specialist (PFS) (Florida, New York). He served as President of Joseph & Company Certified Public Accountants, Inc. from 2000 through 2007, and prior to that as President of Business Blocks, Inc., an accounting and tax firm and now a real estate holding company, from 1993 to 2000. He was a Manager and CPA (New York) with Blau, Soloway & Goldstein from 1992 to 1993, and before that he was predominantly with Price Waterhouse from 1985 to 1992.

*Personal Summary.* John has over 20 years of experience in taxation, business consulting, financial counseling for successful closely-held business owners, and high net-worth individuals. After graduating with honors from St. John's University with a BS in accounting, John practiced with Price Waterhouse for a total of 6 years, rising to the position of Senior Tax Consultant. While at Price Waterhouse, he advised ultra-affluent clients on such matters as tax efficient investing and stock option exercise planning. John is also the co-author of *The Science of Investing: How to Apply Academic Research to Reduce Risks and Increase Investment Returns*. John also served as an adjunct faculty member with St. John's University and the University of Florida, where he taught classes in business management and finance. John also served as a member on the Parent Council for North Carolina State University. John is currently an active member of the Tampa Bay Estate Planning Council.

John is an active member of the community. He served as Treasurer of the East Citrus Soccer League, and he is an active member of the Rotary Club of Central Citrus County. John is a member of the Blessed Trinity Church (Ocala, Florida) Endowment Fund Committee, which oversees strategic investment allocations and recipient awards. He is also the Chairman of the Trinity Catholic High School Finance Committee and one of four Executive members of Trinity Catholic Executive School Board of Trustees.



**Mary Ann Ceparano,**

Director of Client Services; Director of Human Resources.

*Educational Background.* Mary Ann graduated from the College of Business Administration, St. John's University, with a Bachelor of Science in Accounting, in 1985.

*Employment History.* Mary Ann served as a Staff Accountant and then Senior Auditor with Price Waterhouse, New York, New York, from 1985 to 1989. She served as an Accounting Manager with Business Blocks, Inc. from 1993 to 2000, and then served as Director of Human Resources for Joseph & Company Certified Public Accountants, Inc. from 2000 through 2007. Since 2001 Mary Ann Ceparano has served as

Director of Human Resources and Director of Client Services for Joseph Capital Management, LLC. She serves on Joseph's Executive Committee.

*Personal Summary.* While Mary Ann Ceparano is not a investment advisor with the firm, and does not provide investment advice, Mary Ann coordinates the delivery of back-office services in order to better aid the service to our clients. Mary Ann is an active member of her church and volunteers on a regular basis.

**Ron A. Rhoades, JD, CFP®**

Director of Research, Chief Compliance Officer,  
Private Wealth Manager.

*Educational Background.* Ron A. Rhoades was born in 1958. He graduated with a Bachelor of Science degree in Business Administration from Florida Southern College in 1983. He graduated with a Juris Doctor degree, with honors, from the University of Florida College of Law in 1985. Ron attained the Certified Financial Planner™ (CFP™) designation in 2005. He has attended numerous continuing educational forums, symposia and conferences over the years.

*Employment History.* Mr. Rhoades is the Director of Research and Chief Compliance Officer for Joseph Capital Management, LLC serving in such capacity from 2001 to present. He also serves as Chairman of the firm's Investment Committee. Ron A. Rhoades has over 23 years experience as an attorney, with most of those years substantially devoted to estate planning (with an emphasis on transfer tax planning and retirement plan distribution planning).

*Personal Summary.* Mr. Rhoades has been referred to by national press as the "thought leader" in the registered investment adviser profession. He has been quoted in numerous publications, including *Fortune* and *Newsweek* magazines, *Washington Post*, *Barron's*, *Financial Planning*, *Financial Advisor*, *Investment Advisor*, *Wealth Manager*, *On Wall Street*, *Investment News*, and *Compliance Reporter*. In recent years, Ron's articles relating to the fiduciary duties of financial planners, investment advisers, and/or attorneys were published in *RIABiz*, *The Florida Bar Journal*, *Senior Consultant*, and *Advisor Perspectives*. In 2005 and 2007, Ron was an invited panelist at national conferences of the North American Securities Administrators Association (NASAA), where he addressed regulators on issues relating to the fiduciary duties of investment advisers. Ron was also the keynote speaker at the August 2008 NASAA Investment Adviser Examiner Training Conference in Kansas City, and he served as an instructor for the state securities administrator investment adviser examiner training programs in 2008 and 2009. Ron also organized and hosted NAPFA's 2009 Compliance and Fiduciary Duties Conference in Washington, DC.

In addition, Ron A. Rhoades has spoken at various meetings of accountants and attorneys regarding retirement account distribution planning and Roth IRA conversion planning. Mr. Rhoades is the author of *Estate Planning for the Florida Resident: Questions and Answers* (a 250-page book), the co-author of *The Science of Investing: How To Apply Academic Research to Reduce Risks and Increase Investment Returns* (a 330-page book), and the author of *The Seven Secrets of Investing*. He is the author of numerous white papers and articles relating to investment management and portfolio construction. Ron is currently working on a treatise, *Financial Planners and RIAs: Understanding Your Fiduciary Duties*, with anticipated publication later in 2010, as well as several other book and white paper projects.

Ron has also written extensively for his web sites, designed for public advocacy on fiduciary issues ([www.FiduciaryNow.com](http://www.FiduciaryNow.com)) and relating to compliance with investment adviser regulation ([www.fpcompliance.com](http://www.fpcompliance.com)). He is a supporter of the Financial Planning Coalition and a member of the Committee for the Fiduciary Standard.

Mr. Rhoades serves on the Board of Directors (2009-2011 term) of the National Association of Personal Financial Advisors (NAPFA), currently chairs its Ethics Committee, serves on its Industry Issues Committee, and previously served on its Educational Advisory Task Force. Ron is also a member of the Financial Planning Association (FPA), where he served as Reporter for its Fiduciary Task Force (2007-8), as Reporter for its Professional Standards Task Force (2008), and as a member of its Government Relations Committee (2007-8).

During 2000, Mr. Rhoades spent several months as a Consultant to Prudential Financial, traveling extensively to its offices in New York and Newark, where he assisted in the design of new service offerings to retirees and assisted in the design and writing of training materials for use by financial advisors.





**Michael J. Tringali, CPA/PFS\*, CFP®**

Co-Director of Tax and Financial Planning, Private Wealth Manager.

(\*The CPA designation is regulated by the State of Florida.)

*Educational Background.* Michael J. Tringali, CPA/PFS, CFP® was born in 1960. He graduated with a Bachelor's degree from the Whittemore School of Business and Economics at the University of New Hampshire in 1982. He attended Graduate Accounting classes at Nova University from 1989 through 1990.

*Employment History.* Mr. Tringali is Managing Director, Chairman of the Board, and Co-Director of Tax and Financial Planning for Joseph Capital Management, LLC from 2001 to Present. He is a member of the firm's

Investment Committee. Mr. Tringali is also the co-author of *The Science of Investing: How To Apply Academic Research to Reduce Risks and Increase Investment Returns*.

Mr. Tringali was Vice President of Joseph & Company Certified Public Accountants, Inc. from 2000 through 2007. He was President of Michael J. Tringali, P.A., a certified public accounting firm, from 1992 through 2000.

*Personal Summary.* Michael J. Tringali has over 27 years of experience in the financial and accounting fields. His finance career began in 1982 with the international accounting firm Arthur Andersen & Co. in their tax department. Following his tenure with Arthur Andersen Mr. Tringali worked five years as the personal financial advisor to the co-founder of a Fortune 100 Company.

In addition to being a CPA, Mr. Tringali is also a Certified Financial Planner™ (CFP®), and a Personal Financial Specialist (PFS) (awarded by the American Institute of Certified Public Accountants). He is a Level 2 Candidate in the Chartered Financial Analyst (CFA) Program. He is also licensed in Florida as a Real Estate Broker and a Community Association Manager.

Mr. Tringali is an active member of the local community. He is one of the founding directors and an honorable board member of the Boys & Girls Club of Citrus County, Inc. and is presently a member of the YMCA of the Suncoast Citrus County Steering Committee. Mr. Tringali serves as the trustee of both a local charitable remainder trust and a scholarship trust.





**Joseph D. Coffey, Ph.D.,**

Private Wealth Counselor.

*Educational Background.* Dr. Joe Coffey is a graduate of Purdue University with a B.S., and North Carolina State University with a M.S. and Ph.D. in Economics.

*Employment History.* Dr. Coffey served as V.P. of Economics and Planning at Southern States Cooperative, Inc. in Richmond, Va. Previously, he also served on the faculty of the University of California at Berkeley, and was head of the Department of Agricultural Economics at Virginia Polytechnic Institute. Dr. Coffey also served as a special assistant in the Office of the U.S. Secretary of Agriculture.

In 1963, Dr. Coffey served as an agricultural advisor with North Carolina State University Agricultural Mission in Lima, Peru. While in Peru, he also was assigned the position of visiting professor of social sciences at the Agrarian University. Dr. Coffey has traveled to Canada, Switzerland, Zimbabwe, Cameroon, Kenya, and Albania to serve as a guest lecturer or advisor. In 1981, he took part in a scientific mission to the People's Republic of China and he led a tour back to China in 2007.

*Personal Summary.* As a trusted resource, Dr. Coffey has served on dozens of professional committees and has spoken to more than 500 national, international, state, and local groups. As an avid researcher, Dr. Coffey has written numerous published articles. In 1997, Purdue University presented Dr. Coffey with its Distinguished Alumnus Award. North Carolina State University, Virginia Tech, and the U.S. Department of Agriculture have also presented Dr. Coffey with awards.

Since moving to Citrus County, he has conducted classes in economics and investments at the Seniors' Institute of Central Florida Community College in Ocala and Lecanto, Top of the World Communities in Ocala, Prestige 55 at Ocala, Citrus Hills Community and an Investments workshop at Crystal River Library. Dr. Coffey currently serves as an instructor for Central Florida Community College's Senior Institute. He also lectures on cruise ships. Dr. Coffey is an avid runner and competed in the Boston Marathon in 2008.



**Linda Horne,**

Private Wealth Advisor.

*Educational Background.* Linda attended college in Gainesville, FL and received an A.S. in Accounting. She is currently working toward a Bachelor of Science in Business with a concentration in Finance through Kaplan University.

*Employment History.* Linda has always worked in the banking and financial industries. Linda joined Joseph Capital Management, LLC in 2005, and advanced quickly from a Financial Services Coordinator to her Private Wealth Advisor role with the firm. Linda is currently developing the firm's practice in the Cumming / Alpharetta / Atlanta, Georgia market. In addition, Linda is instrumental in testing

and recommending new software applications for the firm.

*Personal Summary.* Linda Horne grew up in a small Florida town. After residing in Florida for most of her life, she relocated to Cumming, Georgia, with her husband, Howard, and their son, Seth, in 2007. Linda enjoys being outdoors, learning and experiencing new things, being with family and friends, swimming, camping, and hiking.

**Sara ("Sally") Long, CTFA,**

Sr. Private Wealth Advisor.

*Educational Background.* Sally Long graduated with a B.S. in Finance and a B.S. in Management from the University of South Florida in 1985. She attended the Cannon Financial Institute Trust Schools at UNC Charlotte and Myrtle Beach, S.C., and earned the Certified Trust & Financial Advisor designation from the Institute of Certified Bankers in 2001.

*Employment History.* Ms. Long is a Sr. Private Wealth Advisor for Joseph Capital Management, LLC. She previously served as Vice President for SunTrust Bank from 1996 – 2008, most recently as Trust Advisor in the Private Wealth Management Group. While at SunTrust, Sally was also a Commercial Loan Officer and Retail

Branch Manager. Sally worked for Barnett Bank from 1985-1996 in various roles including Human Resources Officer, Training Director, and upon completing the Management Associate program, Mortgage Loan Officer and Middle Market Corporate Relationship Manager.

*Personal Summary.* Sally Long has over 24 years of experience in financial services in the Florida Nature Coast area. She has participated in multiple banking business lines, including retail, mortgage, commercial, and wealth management. Sally specializes in advising wealthy client families in the area of estate planning, investment services, and personal finances. She has an in-depth working knowledge of trust and fiduciary administration. She has routinely attended Continuing Education programs, including *The Estate Planning Teleconference Series* featuring Roy M. Adams and the Florida Trust School.

Ms. Long is an active member of the community. She serves as Vice Chairman for Hospice of Citrus County and is part of its Vestry and Finance Committee. Sally is a member of the Rotary Club of Inverness. She is also a member of the St. Margaret's Episcopal Church (Inverness, Florida) Finance Committee. Sally is a graduate of Leadership Citrus Class 1996, and she is a past participant in the Citrus 20/20 and Jr. Achievement programs.



**Eric Sobocinski, J.D.,**

Sr. Private Wealth Advisor

A native of Smithtown, New York, Eric relocated to Chapel Hill, North Carolina, in 1995. That same year, Eric received his J.D. from Villanova University School of Law. He also received his B.A. in Psychology from Villanova University in 1991.

Eric has been in private law practice in North Carolina since 1996. He represents clients in the areas of estate planning, trust and estate administration, business succession planning, business transactions, and family charitable and philanthropic counseling. Eric also provides representation to professional athletes.

Eric is currently "Of Counsel" to the Durham, North Carolina, law firm of Walker, Lambe, Rhudy, & Costley, PLLC. He is also Vice President and Counsel to Turner-

Gary Sports, Inc. of Chapel Hill, N.C.

From 2002 to 2006, Eric served as the Director of Advanced Planning for Northwestern Mutual Life in Raleigh. He has also served as Vice President of Sales for Investors Trust Company in Chapel Hill. In both positions, Eric applied his legal background in providing wealth planning services to clients.

Eric frequently provides public presentations on the subjects of estate planning, financial planning, asset protection, retirement planning, sports law, and related topics. He is an active member of St. Thomas More Church in Chapel Hill, N.C., an avid sports fan, and enjoys coaching youth sports and traveling. He resides in Pittsboro, N.C. with his wife Kristen and their two children, Jackson and Georgia.

**Index (Cross-Reference to SEC Proposed Rule Sections)**

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"Items" Found in Instructions for Form ADV, Part II to the Content of this Brochure*

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**As of Feb. 26, 2010****JOSEPH CAPITAL MANAGEMENT, LLC****SEC FILE NUMBER: 801-60647****FORM ADV, PART II DISCLOSURE DOCUMENT ("BROCHURE")**

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## FORM ADV

Uniform Application for Investment Adviser Registration  
Part II- Page 1

## OMB APPROVAL

OMB Number: 3235-0049  
 Expires: February 28, 2011  
 Estimated Average burden  
 Hours per response.....4.07

Name of Investment Adviser: Joseph Capital Management, LLC				
Address: (Number and Street) 2450 North Citrus Hills Boulevard	(City) Hernando	(State) FL	(Zip Code) 34442	Area Code: Telephone Number: (352) 746-4460

This part of FORM ADV gives information about the investment adviser and its business for the use of clients.  
 The information has not been approved or verified by any government authority.

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1.

**A. Advisory Services and Fees (check the applicable boxes)**

*For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)*

**Applicant:**

<input checked="" type="checkbox"/> (1)	Provides investment supervisory services	87%
<input checked="" type="checkbox"/> (2)	Manages investment advisory accounts not involving investment supervisory services	8%
<input checked="" type="checkbox"/> (3)	Furnishes investment advice through consultations not included in either service described above	2%
<input type="checkbox"/> (4)	Issues periodicals about securities by subscription	%
<input type="checkbox"/> (5)	Issues special reports about securities not included in any service described above	%
<input type="checkbox"/> (6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities	%
<input checked="" type="checkbox"/> (7)	On more than an occasional basis, furnishes advice to clients on matter not involving securities	3%
<input type="checkbox"/> (8)	Provides a timing service	%
<input type="checkbox"/> (9)	Furnishes advice about securities in any manner not described above	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? ☒

C. Applicant offers investment advisory services for: (check all that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees   |
| <input checked="" type="checkbox"/> (2) Hourly charges                               | <input type="checkbox"/> (5) Commissions   |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input checked="" type="checkbox"/> (6) Other: <u>ICM on occasion sells books and/or white papers to the public.</u> |

D. For each checked box in A above, describe on Schedule F:

- The services provided, including the name of any publication or report issued by the advisor on a subscription basis or for a fee
- Applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- When compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** – Applicant generally provides investment advice to: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or other charitable organization               |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)   |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities                                       | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                             |  |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                     |  |
| <input checked="" type="checkbox"/> (3) Foreign issuers  |  |
| <input checked="" type="checkbox"/> B. Warrants  | I. Options contracts on:   |
|  | <input checked="" type="checkbox"/> (1) securities                         |
|  | <input type="checkbox"/> (2) commodities                                   |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | J. Futures contracts on:   |
|  | <input type="checkbox"/> (1) tangibles                                     |
|  | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> D. Commercial paper  | K. Interests in partnerships investing in:                                 |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                 | <input checked="" type="checkbox"/> (1) real estate                        |
| <input checked="" type="checkbox"/> F. Municipal securities                                    | <input checked="" type="checkbox"/> (2) oil and gas interests              |
|  | <input checked="" type="checkbox"/> (3) other (explain on Schedule F)      |
| G. Investment company securities:  | <input checked="" type="checkbox"/> L. Other (explain on Schedule F)       |
| <input checked="" type="checkbox"/> (1) variable life insurance                                |  |
| <input checked="" type="checkbox"/> (2) variable annuities                                     |  |
| <input checked="" type="checkbox"/> (3) mutual fund shares                                     |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies**

- A. Applicant's security analysis methods include: (check those that apply)
- |   |   |
|---|---|
| <input type="checkbox"/> (1) Charting               | <input type="checkbox"/> (4) Cyclical                                 |
| <input checked="" type="checkbox"/> (2) Fundamental | <input checked="" type="checkbox"/> (5) Other (explain on Schedule F) |
| <input type="checkbox"/> (3) Technical              |   |
- B. The main sources of information applicant uses include: (check those that apply)
- |   |   |
|---|---|
| <input checked="" type="checkbox"/> (1) Financial newspapers and magazines    | <input type="checkbox"/> (5) Timing services  |
| <input type="checkbox"/> (2) Inspections of corporate activities              | <input checked="" type="checkbox"/> (6) Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| <input checked="" type="checkbox"/> (3) Research materials prepared by others | <input checked="" type="checkbox"/> (7) Company press releases  |
| <input checked="" type="checkbox"/> (4) Corporate rating services             | <input checked="" type="checkbox"/> (8) Other (explain on Schedule F)   |
- C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)
- |   |   |
|---|---|
| <input checked="" type="checkbox"/> (1) Long term purchases (securities held at least a year) | <input checked="" type="checkbox"/> (5) Margin transactions   |
| <input checked="" type="checkbox"/> (2) Short term purchases (securities sold within a year)  | <input checked="" type="checkbox"/> (6) Option writing, including covered options, uncovered options, or spreading strategies |
| <input checked="" type="checkbox"/> (3) Trading (securities sold within 30 days)              | <input checked="" type="checkbox"/> (7) Other (explain on Schedule F)   |
| <input checked="" type="checkbox"/> (4) Short sales   |   |

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ☒ Yes ☐ No

**6. Education and Business Background**

For:

- Each member of the investment committee or group that determines general investment advice to be given to clients, or
- If the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- Each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- Name
- Year of birth
- Formal education after high school
- Business background for the preceding five years

**7. Other Business Activities (check those that apply)**

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations. (check those that apply)**

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☒ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is an:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input checked="" type="checkbox"/> (7) accounting firm                            |
| <input type="checkbox"/> (2) investment company  | <input checked="" type="checkbox"/> (8) law firm                                   |
| <input checked="" type="checkbox"/> (3) other investment adviser   | <input type="checkbox"/> (9) insurance company or agency                           |
| <input checked="" type="checkbox"/> (4) financial planning firm  | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input checked="" type="checkbox"/> (11) real estate broker or dealer              |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? (If yes, describe on Schedule F the partnerships and what they invest in.) ☐ Yes ☒ No

**9. Participation or Interest in Client Transactions**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

**10. Conditions for Managing Accounts.** Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other condition for starting or maintaining an account? ☒ Yes ☐ No

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Reviews of client portfolios are undertaken at the time of review conferences with clients, typically held semi-annually or annually. Reviews may also be provided on a periodic basis - annually, semi-annually, quarterly, or monthly. Reviews may also be undertaken should a substantial stock market decline occur. See Schedule F (narrative) for additional information. Reviewers include the advisors of the firm.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

Clients receive quarterly reports from Joseph Capital Management, LLC, which typically include a consolidated summary of the portfolio (as to assets advised upon), rebalancing report, and a performance report. In addition, clients receive a realized gains and loss report following the end of each tax year. Clients also may access, on a daily basis, consolidated account information online through PortfolioServices. Clients also receive monthly or quarterly statements from their qualified custodians. CLIENTS ARE STRONGLY ENCOURAGED TO REVIEW CUSTODIAN STATEMENTS UPON RECEIPT

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- (1) securities to be bought or sold? ☒ Yes  
☐ No
- (2) amount of securities to be bought or sold? ☒ Yes  
☐ No
- (3) broker or dealer to be used? ☐ Yes  
☒ No
- (4) commission rates paid? ☐ Yes  
☒ No

B. Does applicant or a related person suggest brokers to clients? ☒ Yes  
☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research, and services given to the applicant or a related person is a factor, describe:

- The products, research, and services
- Whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- Whether research is used to service all of applicant's accounts or just those paying for it; and
- Any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ☒ Yes  
☐ No
- B. directly or indirectly compensates any person for client referrals? ☐ Yes  
☒ No

(For each yes, describe the arrangements of Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- Has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
  - Requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ☐ Yes  
☒ No

**END OF FORM ADV, PART II.**