

## **Firm Brochure**

(Part 2A of Form ADV)

**Excel Capital Management Corp.**

**14 Irving Court**

**Belle Mead, New Jersey 08502**

**(908) 431-1770**

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This brochure provides information about the qualifications and business practices of Excel Capital Management Corp. If you have any questions about the contents of this brochure, please contact us at: (908) 431-1770, or by email at: [pvn@excelcapitalmgt.com](mailto:pvn@excelcapitalmgt.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Excel Capital Management Corp. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

3/26/2012

# Material Changes

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## Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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## Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative plain English format. The new final rule specifies mandatory sections and organization.

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## Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (908) 431-1770 or by email at: [pvn@excelcapitalmgt.com](mailto:pvn@excelcapitalmgt.com)

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# Advisory Business

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## Firm Description

Excel Capital Management Corp. (ECM), a Registered Investment Adviser with the United States Securities and Exchange Commission, was founded in 2000. ECM provides personalized confidential investment management to individuals, trusts, small businesses and corporations. Advice is provided through initial and periodic consultation with the client and may include: determination of financial objectives, cash flow management, tax planning, investment management, education funding, retirement planning, and estate planning.

ECM provides portfolio management through buying and selling of stocks, bonds, warrants, exchange traded funds (ETFs), mutual funds, options on behalf our clients. ECM does not act as a custodian of client assets. The client always maintains asset control. ECM places trades for clients under a limited power of attorney without discussing the transactions in advance. Client receives a monthly Account statement from the custodian which includes portfolio holdings and a summary of transactions.

Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which investment management may be beneficial to the client.

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## Principal Owners

Pradeep Niphadkar is the principal owner.

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## Types of Advisory Services

ECM provides investment supervisory services, also known as asset management services.

As of March 30, 2012, ECM manages approximately \$75,000,000 in assets for approximately 65 clients. All of these assets are managed on a discretionary basis.

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**Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

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**Types of Agreements**

The following agreements define the typical client relationships.

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**Financial Planning Agreement**

Not Applicable.

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**Advisory Service Agreement**

Most clients choose to have EMC provide discretionary portfolio management on a continuous basis. All aspects of the client's financial affairs are reviewed. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement or also known as Investment Management Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes investment management (including performance reporting).

The Advisory Service Agreement quarterly fee is based on a percentage of the investable assets according to the following schedule:

<u>Assets</u>	<u>Quarterly Fees</u>
\$5 Mil & above	0.20%
\$4 Mil-5 Mil	0.2125%
\$3 Mil-4 Mil	0.225%
\$1 Mil-3 Mil	0.25%
\$500K-999K	0.3125%
\$200K-499K	0.375%
0-199K	0.5%

The minimum annual fee for managing \$500,000 portfolio is \$6,250 and is not negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be

billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination. Any prepaid fees will be prorated and the unused portion will be returned to the client.

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**Retainer Agreement**

*Not Applicable.*

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**Investment Management Agreement**

An *Investment Management Agreement* also known as Advisory Service Agreement is executed as a part of the relationship. By this agreement, client retains ECM as %adviser+to provide investment advisory services. The annual fee for an *Investment Management Agreement* is based on a percentage of the investable assets. The minimum annual fee for managing \$500,000 is \$6,250 and is not negotiable.

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**Tax Preparation Agreement**

Not applicable.

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**Hourly Planning Engagements**

Not Applicable.

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**Asset Management**

Assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. ECM does not receive any compensation, in any form, from fund companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (mutual funds shares), U. S. government securities, options contracts.

Participation in Initial public offerings (IPOs) is available through ECM upon request.

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**Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying ECM in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, ECM will refund any unearned portion of the advance payment.

ECM may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, ECM will refund any unearned portion of the advance payment.

## **Fees and Compensation**

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**Description**

ECM bases its fees on a percentage of assets under management. Fees are not negotiable.

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**Fee Billing**

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

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**Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

ECM, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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**Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to ECM.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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**Past Due Accounts and Termination of Agreement**

ECM reserves the right to stop work on any account that is more than 30 days overdue. Any unused portion of fees collected in advance will be refunded within 60 days.

## **Performance-Based Fees**

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**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

ECM does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Types of Clients**

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**Description**

ECM generally provides investment advice to individuals, investment companies, trusts, small businesses, or corporations.

Client relationships vary in scope and length of service.

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**Account Minimums**

The minimum account size is \$500,000 of assets under management, which equates to an annual fee of \$6,250.

When an account falls below \$500,000 in value, the minimum annual fee of 1.5%-2% is charged, depending upon the account value.

ECM has the discretion to waive the account minimum. Accounts of less than \$500,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$500,000 within a reasonable time. Other exceptions will apply to employees of ECM and their relatives, or relatives of existing clients.

Clients receiving annual ongoing asset management services will be assessed a \$6,250 minimum annual fee. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

# Methods of Analysis, Investment Strategies and Risk of Loss

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## Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that ECM may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Value Line Investment survey, Fidelity Investments Research, Advisor Intelligence, and the World Wide Web.

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## Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use index and exchange-traded funds as the core investments, and then add actively-managed stocks, ETS and funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and covered option writing.

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## Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular

underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business's operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Disciplinary Information

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### Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

None.

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**Affiliations**

ECM has no arrangements that are material to its advisory or its clients.

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

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**Code of Ethics**

The employees of ECM have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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**Participation or Interest in Client Transactions**

ECM and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the ECM *Compliance Manual*.

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**Personal Trading**

The Chief Compliance Officer of ECM is Pradeep Niphadkar. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## **Brokerage Practices**

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**Selecting Brokerage Firms**

ECM does not have any affiliation with product sales firms. Specific custodian recommendation is made to Clients based on the proven integrity and financial responsibility of the firm, relatively low transaction fees, and the best execution of orders. ECM never charges a premium or commission on transactions, beyond the actual cost imposed by Custodian.

ECM recommends discount brokerage firm and trust company (qualified custodian), such as Fidelity Investments. ECM is an advisor with Fidelity Investments.

ECM does not receive fees or commissions from any of these arrangements.

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**Best Execution**

ECM reviews the execution of trades by the custodian each quarter. Trading fees charged by the custodian is also reviewed on a quarterly basis. ECM does not receive any portion of the trading fees.

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**Soft Dollars**

None

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**Order Aggregation**

Most trades are mutual funds where trade aggregation does not garner any client benefit. In other instances, ECM may aggregate orders to obtain more favorable net price or more efficient execution than if each client's order was placed separately.

## **Review of Accounts**

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**Periodic Reviews**

ECM provides discretionary portfolio management of client accounts on continuous basis with formal review conducted by the firm's Investment Committee either monthly or quarterly. Account reviews are performed more frequently when market conditions dictate. Additional reviews may be provided at the client's request, based on deposits and/or withdrawals in the account, material changes in the client's financial condition or at the discretion of the President. ECM will review the underlying portfolio assets, current market conditions, investment results, asset allocation, etc., to ensure investment strategy and expectations remain aligned with client's stated goals and objectives.

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**Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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**Regular Reports**

Clients receive from their custodian, Fidelity Investments, a monthly statement that includes portfolio holdings, their valuation and a summary of transactions. ECM may issue quarterly and /or annual performance reports.

## **Client Referrals and Other Compensation**

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**Incoming Referrals**

ECM has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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**Referrals Out**

ECM does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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**Other Compensation**

None.

## **Custody**

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**Account Statements**

All assets are held at the qualified custodian. Clients receive account performance statement by mail or electronically by email directly from the custodian to their address of record monthly. Additionally, if authorized, a client's account information is made available electronically 24/7.

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**Performance Reports**

Clients are urged to compare the account statements received directly from their custodian to the performance report statements provided by ECM.

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**Net Worth Statements**

Not Applicable

## **Investment Discretion**

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**Discretionary Authority for Trading**

ECM accepts discretionary authority to manage securities accounts on behalf of clients. ECM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the commission rates paid to the custodian. ECM does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades on your behalf.

## Voting Client Securities

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### Proxy Votes

ECM does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, ECM will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## Financial Information

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### Financial Condition

ECM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because ECM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of six months or more in advance.

## Business Continuity Plan

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### General

ECM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

### Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

### Loss of Key Personnel

ECM has a Business Continuation Agreement with another financial advisory firm to support ECM in the event of Pradeep Niphadkar's serious disability or death.

# Information Security Program

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## Information Security

ECM maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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## Privacy Notice

ECM is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

Excel Capital Management Corp. requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of Portfolio Management. Additionally, advisors must have work experience that demonstrates their aptitude for financial advice and investment management.

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### EMPLOYEE NAME

Pradeep Niphadkar, PhD                      Born 1956

#### Educational Background:

- Bachelor of Pharmacy (B.Pharm.), University of Mumbai-1978
- Master of Science (MS), University of Kansas-1980
- Doctorate Degree (PhD) in Pharmaceutical Chemistry- University of Kansas- 1982

#### Business Experience:

- 2000- Present              President      Excel Capital Management Corp.
- 1993-1999                  Registered Rep    Northeast Securities
- 1984-1993                  Senior Research Pharmacist,    American  
Cyanamid Company

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

#### Supervision:

Pradeep Niphadkar supervises junior staff members