

## Brochure for ADV Part 2

Rooney Capital Management, Inc.

CRD # 141874

Charles F. Rooney, President

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Eagan, MN 55122

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This brochure provides information about the qualifications and business practices of Rooney Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 651-797-2973 or [crooneyrcm@aol.com](mailto:crooneyrcm@aol.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 Rooney Capital Management, Inc. also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## Table of Contents

Item	Page
Advisory Business.....	page 3
Fees and Compensation .....	page 4
Performance-Based Fees .....	page 4
Types of Clients .....	page 4
Methods of Analysis, Investment Strategies and Risk of Loss.....	page 4
Disciplinary Information.....	page 5
Code of Ethics.....	page 6
Brokerage Practices.....	page 6
Review of Accounts.....	page 7
Client Referrals and Other Compensation .....	page 7
Custody.....	page 7
Investment Discretion.....	page 7
Voting Clients Securities.....	page 7
Financial Information.....	page 7
Requirements for State-Registered Advisors.....	page 8

## Advisory Business

- A. Rooney Capital Management, Inc. has been in business as an Investment Advisor since August 2006. The principal officer is Charles F. Rooney and I am the only employee. Prior to Rooney Capital Management, Inc., I was an officer and part owner of BPS Capital Management, Inc. and BPS Associates, Inc., both Investment Advisory firms located in Bloomington, MN, since October 1985.
- B. Rooney Capital Management, Inc. acts as a non discretionary money manager for institutional and high net worth clients for fixed income investments only. Services include the following:
- Liaison between my clients and the dealer community.
  - Acting as a buying agent/selling agent for clients, primarily financial institutions and banks.
  - Assistance with the formulation of comprehensive investment strategies tailored to each client's current and projected circumstances.
  - Assistance with formulation of comprehensive policies and structures to facilitate implementation.
  - The fixed income investments that I manage are U.S. Treasuries, Government Agencies, Municipal bonds, Mortgage backed securities, bank CD's, CMO's, commercial paper and corporate bonds.
- C. I work with every client on an individual basis to determine what securities best achieve their investment goals. For bank clients I will focus on the asset and liability concerns of the banks. Market timing may be made to take advantage of oversold or overbought conditions in the interest rate market.
- The high net worth individual's portfolio is primarily invested in municipal bonds. U.S. Treasuries, U.S. Agencies or commercial paper will be purchased for liquidity or to temporarily invest money until a suitable municipal bond can be found for investment.
- All clients can exclude an investment whenever they wish. They can also direct me to use specific security dealers to transact the purchases and sales.
- D. I do not participate in any wrap fee programs.
- E. All my clients' assets are managed on a non discretionary basis. As of 2/29/2012 I manage on a non discretionary basis \$158,807,000. All of the securities and funds are held in safekeeping at the client's custodian account. In all but one account, I have authority to purchase and sell securities on a Deliver Versus Payment (DVP) or Receive Versus Payment (RVP) for the client's account. I am not allowed to wire funds or deliver securities free for any trade. The custodian accounts I work with are US Bank, Wells Fargo, and United Bankers Bank (UBB).

## Fees and Compensation

- A. Fees are negotiable and reviewed as need be and are paid in the month they are due. Contract termination is immediate upon phone call or letter. Refunds are not applicable because I do not require prepayment for services rendered. My sole source of revenue is from the fees I charge. I do not share in any commissions the dealer generates, nor do I have any soft dollar arrangements with any dealer.

## Performance-Based Fees

- A. I do not accept any compensation in the form of performance fees.

## Types of Clients

- A. My primary clients are community banks and I have no requirements for opening or closing an account based on the size of the managed assets. The high net worth clients I work with invest primarily in tax exempt municipal bonds and I have no requirements for opening or closing an account based on the size of the managed assets.

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

- A. Since my customers will be relatively small financial intermediaries, the security portfolios will be managed as a residual asset. Within this framework, securities will be bought and sold in accordance with the following priorities: 1) liquidity adequacy, 2) overall assessed quality, 3) after tax income maximization. Assets will be almost solely composed of fixed income securities chosen to reflect the above prioritized goals. Maturity lengths will normally be short to intermediate (i.e. 15 years or less). Security types will be primarily U.S. Treasuries, Government Agency, General Obligations and Revenue Obligations of Municipalities, and money market instruments. Securities will be sold before maturity as opportunities in the market arise, to maximize the clients after tax income within liquidity and quality parameters set forth by the client.
- B. Implicit in recommended strategies will be the notion that investment strategy must be integrated to a very high degree into the strategy and constraints of the client's institution. As with all investments, fixed income investments can decline in value with a rise in interest rates before their maturity date, and there are no guarantees the investments will not suffer a principal loss due to default.

- C. The high net worth individuals will receive a monthly report in an Excel spreadsheet from Rooney Capital Management, Inc. It will include a Maturity Distribution report. The market values in their portfolios will be provided by the client's safekeeping agent. The securities purchased are primarily a buy and hold position. However, if the client needs liquidity or if a tax swap proves advantageous or credit quality is a concern, I may sell the security after consulting with the client.
- D. Either BMO Capital Markets GKST, Inc., a brokerage firm in Chicago, IL, or the client's safekeeping agent will provide the financial institutions/thrift clients monthly portfolio reports. BMO will also provide accounting reports for those institutions requesting it. BMO provides these reports free for the first year after implementation. Their fees are \$100 per month thereafter (includes first 50 items, and \$1.00 for the next 50 items, \$ .75 for the next 50 items and a sliding scale thereafter. This fee will be paid by Rooney Capital Management, Inc. or directly by the client.

#### Disciplinary Information

Rooney Capital Management, Inc. has never had a legal or disciplinary event occur. There was never a legal or disciplinary event when I worked for BPS Capital Management, Inc.

- A. I have never been charged or involved with a criminal or civil action in a domestic or foreign court.
- B. I have never been had a proceeding before the SEC or any other regulatory agency.
- C. I have never had a proceeding with a self regulatory organization (SRO).

#### Other Financial Industry Activities and Affiliations

- A. I am not a registered representative with any broker-dealer, nor do I have an application pending.
- B. I do not have any relationship or arrangement with anyone that would have a material effect on Rooney Capital Management, Inc.
- C. I do not recommend or select other investment advisors for my clients, nor do I receive compensation directly or indirectly from any advisor that would create a material conflict of interest.

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

- A. I will provide a copy of my Code of Ethics to any client or prospective client upon request. Rooney Capital Management, Inc. shall at all times represent RCM policies, services and capacities to perspective and active clients, regulators and the general public, in a candid and forthright and honest manner.
- B. Due to the type of fixed income securities that I purchase and sell on behalf of my clients, it would be difficult to see a situation where a material conflict of interest would arise between me and a client. Investing in the same kind of securities as my clients does not occur.

#### Brokerage Practices

- A. The broker-dealers I have chosen to work with are the broker-dealers who my banks have a safekeeping relationship for their securities. I have also chosen dealers based on their expertise in buying and selling fixed income product. I put a special emphasis on broker-dealers who are members of FNMA, FHLMC and FHLB underwriting syndicate. I also have a few broker-dealers who specialize in Minnesota tax exempt municipal bonds.
  - 1. None of the broker dealers I work with charge a commission for the fixed income securities I purchase and sell. They work as principal agent. I have no soft dollar arrangements with any of the broker dealers I work with on behalf of my clients. The research I receive is available to the general public or to anyone receiving their monthly reports. Any analysis I receive for a trade is provided at no cost with any strings attached. I have no incentive to select or recommend a broker-dealer based on my interest in receiving their research or other products and services. My intent is to provide my client with the most favorable execution. If a client insists on doing a trade with a specific broker-dealer I will adhere to their wishes.
  - 2. Brokerage for Client Referrals
    - a. I do not solicit referrals from broker dealers for clients. I have not received any referrals from a broker-dealer. I would not compensate a broker-dealer for a referral.
  - 3. Directed Brokerage
    - a. I do permit my clients to direct purchases and sales to specific broker-dealers. This only occurs with two clients. I will point out that this may not bring the optimum price or yield.
    - b. The majority of these securities are newly issued municipal bonds or new Agency offerings where the issuing entity is paying a fee to place the debt and the bond issue is in syndicate and the broker-dealers are not allowed to change prices from the original offering.

- B. The block size I purchase when buying bonds is typically 1,000,000 or higher and provides my financial/thrift clients with the best prices. There is no advantage to aggregate orders as a rule.

#### Review of Accounts

- A. I review client's accounts when reports are run at the end of the month. I will be looking for bonds that may be called, maturing or may have a change of credit quality. The review will also take place whenever a client calls and wants to go over their portfolio.
- B. Reports will be reviewed and strategies adjusted any time additional funds are invested.
- C. Reports are generated every month end. These reports will indicate the market value of all securities, the yield for all individual securities, both the taxable yield as well as the tax equivalent yields, as well as the aggregate yield for the entire portfolio.

#### Client Referrals and Other Compensation

- A. I do not compensate non client referrals.
- B. If a client refers a new client, I will deduct their first month's fee from the referring clients invoice.

#### Custody

Rooney Capital Management, Inc. does not have custody of funds or securities for any of its clients.

#### Investment Discretion

Rooney Capital Management, Inc. is a non discretionary money manager.

#### Voting Clients Securities

Rooney Capital Management, Inc. does not have the power to vote on your behalf. All proxies and solicitations will go to the clients directly from their custodial agents. If you have any questions regarding a solicitation you may call 651-797-2973 or e-mail me at [crooneyrcm@aol.com](mailto:crooneyrcm@aol.com).

#### Financial Information

- A. Rooney Capital Management, Inc. does not require or solicit prepayments of more than \$1,200 per client, six months in advance and is therefore exempt from providing a financial balance sheet.
- B. Rooney Capital Management, Inc. has no discretionary accounts or the custody of client's funds or securities, therefore is exempt from providing a financial balance sheet.
- C. Rooney Capital Management, Inc. has not been the subject of a bankruptcy petition any time during the past 10 years.

## Requirements for State-Registered Advisors

### A. Charles Frederic Rooney, 08/11/47

#### Education:

Wayne State University, Detroit, Michigan

Graduated 1970, BA – History

#### Business:

Rooney Capital Management, Inc. Eagan, MN 08/06 - present

BPS Capital Management, Inc., Bloomington, MN 03/02 – 8/06

BPS Associates, Inc., Bloomington, MN 10/85 – 03/02

Investment Management – Fixed income securities management

Dougherty, Dawkins, Strand & Yost, Minneapolis, MN 08/83 – 09/85

Investment Banks – Sale of fixed income securities to institutions

First Bank Minneapolis - Bond Department, Minneapolis, MN 01/82 – 07/83

Banking – Sale of fixed income securities to institutions

Piper, Jaffray & Hopwood, Minneapolis, MN 01/79 – 01/82

Investment Banker – Sale of fixed income securities to institutions

### B. I am not actively engaged in any other type of business.

### C. I am not compensated for advisory services with performance-based fees.