

## **OPTIMAL CAPITAL ADVISORS, LLC**

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A SEC Registered Advisory Firm<sup>1</sup>

### **FIRM BROCHURE, MARCH 2012**

This brochure provides information about the qualifications and business practices of Optimal Capital Advisors, LLC (“Optimal Capital”). If you have any questions about the content of this brochure, please contact us at (231) 933-4677 and/or the website at [www.optimalcapitalfwa.com](http://www.optimalcapitalfwa.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.

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<sup>1</sup> SEC or State registration does not and should not imply any certain level of skill or training.

## **MATERIAL CHANGES**

In March 2012, Optimal Capital added a new co-principal George Wislar. Optimal Capital is equally owned by Jay Batcha and George Wislar. Mr. Wislar has decided to join Optimal Capital and will be merging his existing investment advisory practice. The combination of the practices provides additional resources, expertise and experience to Optimal Capital.

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## **ADVISORY BUSINESS**

### **Investment Management Services:**

Optimal Capital provides investment management services on a discretionary basis according to the investment objectives of the client and in accordance with the terms and conditions of the Investment Advisory Agreement between the Optimal Capital and the client. Based upon the client's stated investment objectives, Optimal Capital's investment management focuses on the use of three (3) Global Multi Asset Portfolios (Conservative, Balanced and Growth) in order to provide investment returns consistent with clients' investment goals and objectives. Based upon a particular Model Portfolio, Optimal Capital will invest client's accounts in certain percentages amongst numerous asset classes (e.g. stocks, corporate and government bonds, commodities, currencies, ETFs, mutual funds and alternative investments) in order to maximize client's investment returns while achieving lower volatility within pre-determined risk parameters.

Optimal Capital may allocate certain of its clients' investments amongst private investment funds, including investment in partnerships that invest in alternative assets and hedging strategies. Private investment funds involve various risk factors and lack of liquidity, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration.

### **Financial Planning Services:**

Optimal Capital provides its clients with financial planning and consultation services (e.g., review of goals and objectives, analysis and recommendations for cash flow planning, asset allocation/investment planning, income tax planning, insurance planning, estate planning, retirement planning, education planning, real estate/mortgage planning, etc.).

### **Other Terms & Conditions:**

Prior to engaging Optimal Capital to provide any investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Optimal Capital setting forth the terms and conditions under which Optimal Capital shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Both Optimal Capital's *Investment Advisory Agreement* and the custodial/clearing agreement authorize the custodian to debit the account for the amount of the Optimal Capital's investment advisory fee and to directly remit that management fee to the Optimal Capital. The Investment Advisory Agreement between the Optimal Capital and the client will continue in effect until terminated by either party. In the event the client terminates Optimal Capital's services, the balance of any unearned fee, if any, shall be refunded to the client.

## **FEES AND COMPENSATION**

### **Financial Planning Engagement:**

Optimal Capital financial planning fees range from \$500 - \$3,000 on a fixed fee basis, and will depend upon the level and scope of the services required. Typically, one-half of Optimal Capital fees are due upon signing of the initial *Financial Planning Engagement* with the balance due upon presentment of Optimal Capital's recommendations. Optimal Capital also provides hourly financial planning at a rate of \$300 per hour.

### **Investment Management Engagement:**

Optimal Capital's investment management fee schedule ("Advisory Fees") for accounts managed by Optimal Capital is based on a percentage of assets (generally net of any debit balances) and is set forth below. The Advisory Fees represent the highest fee that may be charged absent special circumstances:

	<u>Assets under Management</u>	<u>Fees</u>
First	\$1,000,000	1.50%
Next	\$2,000,000	1.25%
Next	\$2,000,000	1.00%
Next	\$5,000,000	0.75%
Over	\$10,000,000	0.50%

Optimal Capital's Advisory Fees shall also be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Optimal Capital's actual fees may be negotiated and a client may pay more or less than similar clients depending on the particular circumstances of the client, which may include considerations related to size of the client's account, additional and/or differing levels of service or as negotiated. Clients that negotiate fees may end up paying a higher fee than that set forth in the fee schedules above as a result of fluctuations in the client's assets under management and/or account performance.

Optimal Capital will generally recommend a broker-dealer/custodian for client's investment management assets. In addition to the investment management fee, the client may incur brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transactions fees are charged for certain no-load mutual funds, commissions are charged for individual securities transactions). In addition, the client will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Client may also incur additional investment management fees assessed by independent investment managers.

Certain private investment funds invest in other funds and/or underlying investment managers. In these situations, there is a resulting layering of fees (i.e., fees paid to and by the private investment fund). The fees charged by the fund(s) and/or the underlying investment managers are in addition to the investment management fees charged by Optimal Capital.

## **PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT**

Optimal Capital does not charge performance based fees.

## **TYPES OF CLIENTS**

Optimal Capital provides investment advisory services to the following clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates, Charitable Organizations;
- Corporations
- Pension Plans & 401(k)

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

As stated previously, Optimal Capital will invest client's accounts in certain percentages amongst numerous asset classes see above in order to maximize client's investment returns while achieving lower volatility within pre-determined risk parameters.

Optimal Capital does not guarantee the future performance of any account or any specific level of performance, the success of any investment decision or strategy that Optimal Capital may use, or the success of Optimal Capital's overall investment management. All investment decisions are subject to various markets, currency, economic, political, and business risks, and that those investment decisions will not always be profitable. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Optimal Capital. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Optimal Capital if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Optimal Capital's previous recommendations and/or services.

## **DISCIPLINARY INFORMATION**

Optimal Capital and its personnel ***have not been*** convicted, pled guilty or nolo contendere ("no contest"), been named, charged or been the subject of any order or judgment by any court of competent jurisdictions, SEC or any Self Regulatory Organization (e.g., FINRA) for the any of the following offenses:

- investments or investment related business;
- fraud, false statements or omissions;
- violation of any investment related statute or regulation or SRO rules;
- wrongful taking of property, bribery, perjury, forgery, counterfeiting;
- extortion or conspiracy to commit any of these offenses.

In addition, Optimal Capital and its personnel ***are not*** the subject of any pending matters in connection with any of the above-identified offenses.

## **OTHER FINANCIAL INDUSTRY AFFILIATIONS**

Optimal Capital is not affiliated with any other financial institution.

### **Licensed Insurance Representatives:**

Optimal Capital's Advisory Affiliates, in their individual capacities, are licensed insurance producers and may recommend the purchase of certain insurance products to its clients. Although Optimal Capital does not sell insurance products, it permits its Advisory Affiliates as licensed insurance producers, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Optimal Capital's Advisory Affiliates recommend the purchase of insurance products and receive insurance commissions or additional compensation as a result. Such conflict is disclosed at time of sale and in this Brochure delivered to the client.

## **CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Optimal Capital or related persons may own an interest in, or buy and sell for their own account, the same securities that may also be held, purchased or sold in client accounts. In all cases, clients' orders are given priority. In no case shall the adviser or associate receive a better price or more favorable circumstance than a client. All associate trades of this type are made for long-term investment objectives and are not intended to benefit from short-term market effects. In some cases the adviser may buy or sell a specific security for their own account, which the adviser does not consider appropriate for client accounts.

Optimal Capital has implemented an investment policy relative to personal securities transactions. This investment policy is part of Optimal Capital's overall Code of Ethics which serves to establish a standard of business conduct for all of Optimal Capital's Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Optimal Capital also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Optimal Capital or any person associated with Optimal Capital.

Optimal Capital has adopted procedures to implement the firm's policy on personal securities transactions and reviews to monitor and ensure the firm's policy is observed, implemented properly and amended or updated, as appropriate.

## **BROKERAGE PRACTICES**

### **1. Research and Other Soft Dollar Benefits:**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Optimal Capital may receive from a broker-dealer/custodian (or a mutual fund company), without cost (and/or at a discount) support services and/or products, certain of which assist Optimal Capital to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Optimal Capital may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Optimal Capital in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received assist Optimal Capital in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Optimal Capital to manage and further develop its business enterprise.

Optimal Capital' clients do not pay more for investment transactions effected and/or assets maintained at a particular broker-dealer/custodian as a result of this arrangement. There is no corresponding commitment made by Optimal Capital to any particular broker-dealer/custodian or to any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

### **2. Brokerage for Client Referrals:**

Optimal Capital does not receive client referrals from any broker-dealer custodian.

### **3. Directed Brokerage:**

The client may direct Optimal Capital to use a particular broker-dealer (subject to Optimal Capital' right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and Optimal Capital will be unable to seek better execution services or prices from other broker-dealers or be able to "bunch" the client's transactions with orders for other client's accounts managed by Optimal Capital. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Optimal Capital seeks to execute orders for its clients fairly and equitably. Optimal Capital follows written procedures pursuant to which it may, for client who permit it , and to the extent consistent with Best Execution, combine purchase or sale orders for the same security for multiple clients (sometimes called "***bunching***") so that they can be executed at the same time. The procedures for bunching trades may differ depending on the particular strategy or type of



investment. Optimal Capital is not required to bunch or aggregate orders if it determines that bunching or aggregating is not practical.

When client orders are bunched by Optimal Capital, the order will be placed with the broker-dealer custodian for execution. When a bunched order is completely filled, Optimal Capital generally will allocate the securities purchased or proceeds of sale among participating accounts based on the purchase or sale order. Adjustments or changes may be made by Optimal Capital under certain circumstances, such as to avoid odd lots or excessively small allocations. If the bunched order is filled at different prices, through multiple trades, generally all such participating accounts will receive the average price. When a bunched order is partially filled, Optimal Capital's procedures provide that the securities are to be allocated in a manner deemed fair and equitable to clients. Securities must be allocated proportionately based upon the relative size of the particular client's pre-trade designation.

### **REVIEW OF ACCOUNTS**

Account reviews are conducted on an ongoing basis by Optimal Capital's principals, Jay Batcha and George Wislar. All investment management clients are required to discuss with him their investment objectives, needs and goals and to keep him informed of any changes. All clients are encouraged to meet at least annually with the adviser to comprehensively review financial planning issues, including investment objectives and performance

### **CLIENT REFERRALS AND OTHER COMPENSATION**

Optimal Capital does not have any contractual engagement with any unaffiliated solicitors or pay any compensation for the receipt of client referrals.

### **CUSTODY**

Optimal Capital does not maintain custody of client assets. All client assets are custodied with nationally recognized, SEC registered and FINRA member broker-dealer/custodians. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian of the client accounts. Optimal Capital provides a quarterly report summarizing account activity, positions and performance.

### **INVESTMENT DISCRETION**

Optimal Capital primarily provides advisory services on a discretionary basis. As such, prior to engaging Optimal Capital to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Optimal Capital setting forth the terms and conditions which under which Optimal Capital shall manage client's assets on a discretionary basis.

## **VOTING CLIENT SECURITIES**

Optimal Capital does not vote client proxies. Optimal Capital's clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Optimal Capital and the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

With respect to shareholder class action litigation and similar matters, Optimal Capital generally will not make any filings in connection with any shareholder class action lawsuits involving securities currently or previously held in clients' accounts. Optimal Capital recommends that its clients promptly review these materials, as they identify important deadlines and may require action on the client's part. Optimal Capital will not be required to notify third party custodians or clients who utilize third party custodians of shareholder class action lawsuits and similar matters.

## **FINANCIAL INFORMATION**

Based upon Optimal Capital's business practices, use of a qualified custodian and advisory fee procedures, the SEC does not require the disclosure of financial information. Please be advised that there are no known financial conditions that would impair Optimal Capital's ability to meet contractual commitments to clients.