

# Caritas Capital, LLC

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## ADV Part 2A & 2B – Brochure

This brochure was written in accordance to the new Part 2 of Form ADV amendment that became effective October 12, 2010. This brochure provides information about the qualifications and business practices at Caritas Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 704-553-8778. Neither the SEC nor any state securities authority has specifically approved or verified this Brochure. Registration of an investment adviser does not imply that the adviser possesses a certain level of skill or training.

## Caritas Capital, LLC – ADV Part 2A & 2B Brochure

Sec File Number: 801-70811

February 7, 2012

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### **Item 1 – Material Changes**

This brochure by Caritas Capital dated February 7, 2012 serves as a replacement to the Form ADV Part 2A & 2B dated February 28, 2011. There are no material changes to this current edition of the Part II of Form ADV.

### **Item 2 – Advisory Services**

Caritas Capital, LLC (hereafter known as “Caritas”), founded in 2009, is a registered investment adviser that provides portfolio management services to investment companies only. Robert G. Fontana is the majority owner of Caritas.

### **Item 3 – Fees and Compensation**

Caritas does not directly charge any fees to clients. Caritas manages a mutual fund which directly charges the fees. Currently, the total annual expense on the mutual fund is 1.95%. The mutual fund offers “A” shares and does charge a maximum front end load of 5.75%, with breakpoints available after an investment of \$25,000 or more in the fund. The mutual fund also offers a load waive “A” share. The fees charged by Caritas with respect to each investment company client are set forth in the prospectus.

### **Item 4 – Performance-Based Fees and Side-By-Side Management**

This section is not applicable to Caritas as it does not participate in either of the referenced practices.

### **Item 5 – Types of Clients**

Caritas provides portfolio management services to investment companies only. Currently, that investment company is the Caritas All-Cap Growth mutual fund.

### **Item 6 – Methods of Analysis, Investment Strategies, and Risk of Loss**

All securities invested in this strategy have a risk of loss that clients should be prepared to bear.

The strategy implemented tries to strike a balance between strong earnings and good value. Accordingly, the stocks in this portfolio typically take one of two broad forms: (a) stocks of companies that appear to have favorable, yet undervalued, prospects for earnings growth and price appreciation; and (b) stocks of companies that are viewed as being out-of-favor and have some potential catalyst for growth. In addition, we seek to preserve capital in the portfolio by investing in short Exchange Traded Funds (ETF's) that typically increase in value when the underlying index on which the ETF is based declines.

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We typically seek to hold investments for a 1-3 year time horizon; however, the time horizon may be different if there are changes in the investment thesis, the investments reach a price target, or the investment violates a sell discipline. As mentioned previously, any security purchased in this strategy has a potential for loss.

More detailed information about the method of analysis, investment strategies, and risk of loss is set forth in the prospectus of the Caritas All-Cap Growth Fund.

### **Item 7 – Disciplinary Information**

Caritas has not been involved in any type of disciplinary rulings in the history of the firm.

### **Item 8 – Financial Affiliations**

Key personnel of Caritas are affiliated with Portfolio Capital Management, a registered investment advisor that manages separately managed account (SMA) portfolios. Caritas also utilizes office space and other administrative resources of Portfolio Capital Management.

### **Item 9 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Caritas adheres to the Advisers Act Rule 204-1 which requires Registered Investments Advisers to maintain and enforce a written code of ethics that satisfies the requirements of this rule. A copy of the code of ethics is available on request.

Personal investment activities by member of Caritas must be consistent with the general fiduciary principles that apply to Caritas as an investment manager for its clients, including 1) at all times, the duty to place the interests of the firm's client first; 2) the requirement that all personal securities transactions be conducted consistently with the code of ethics and in a manner that avoids actual or potential conflicts of interest or abuses of an individual's trust or responsibility; and 3) the fundamental standard that members of Caritas should not take inappropriate advantage of their positions. In all events, the client's best interest will have priority of any interest of the adviser.

All key personnel of Caritas are required to sign the code of ethics annually. The President and Chief Compliance Officer review the matters continually to make sure no one is in violation of the code of ethics.

### **Item 10 – Brokerage Practices**

Caritas uses brokers that it believes provide execution capabilities that maximize client value. This includes the use of a soft dollar brokerage relationship in which trading

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commissions are used to pay for research services that benefit our clients. This could create a conflict of interest because Caritas may not have to produce or pay directly for those research services. Caritas uses execution and research capabilities as the primary selection criteria for its brokerage arrangements. The company also periodically tests trades from the brokers that it uses to ensure that it is receiving best execution.

The brokerage selection practices for the Caritas All-Cap Growth Fund are set forth in the prospectus and the Statement of Additional Information (SAI) of the fund.

### **Item 11 – Review of Accounts**

Caritas provides portfolio management services to investment companies only. That is done by managing a mutual fund and not individual clients.

### **Item 12 – Client Referrals and Other Compensation**

Caritas does not compensate anyone directly or indirectly for referrals.

### **Item 13 – Custody**

Caritas does not assume custody of any client assets. The clients receive statements directly from the broker in which they purchased the mutual fund.

### **Item 14 – Investment Discretion**

Caritas has full discretion to manage the securities within the mutual fund. There are no client limitations in managing the mutual fund.

### **Item 15 – Voting Client Securities**

Caritas has outsourced the corporate research in regards to proxy voting with Egan-Jones Proxy Services. The Chief Compliance Officer (CCO) and/or the Portfolio Manager (PM) review each research report before voting. If the CCO or PM decides to vote against the recommendation of the research report then an additional report will be written. The report will detail which proposals were voted differently from the research report and state why the decision was made.

### **Item 16 – Financial Information**

As of 12/31/2011, Caritas All-Cap Growth Fund had assets under management of \$7.5 million.

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### **Item 17 – Requirements for State-Registered Advisers**

While Caritas carefully evaluates the education and business experience of every employee on a case-by-case basis, it has no pre-determined education or business standards.

Robert G. Fontana, CFA – born in 1970 – is the President and Chief Investment Officer. Mr. Fontana received his MBA from Duke University's Fuqua School of Business and his BS in Foreign Service from Georgetown University. He has also attained the Chartered Financial Analyst (CFA) designation. Since 2001, Mr. Fontana has provided equity research to institutional clients including hedge funds and registered investment advisors. Since 2004, Mr. Fontana has been the Director of Research for Portfolio Capital Management. Since 2006, he has also been the Portfolio Manager of the PCM All-Cap Growth Equity Portfolio. Since 2007, Mr. Fontana has also served as the Financial and Operations Principal for Triune Capital Advisors, LLC. Clients of registered financial advisors of Triune Capital Advisors, LLC may have investments in the Caritas All-Cap Growth Fund. Mr. Fontana is not a registered financial advisor.

James A. Bailey, CFP® - born in 1968 – is the Chief Compliance Officer and Investment Analyst. Mr. Bailey received his BSBA in Finance from Youngstown State University and has earned the professional designation of Certified Financial Planner TM. Jim joined the registered investment advisory firm Portfolio Capital Management in 1999, where he currently serves as Executive Vice President, Portfolio Manager, and Chief Compliance Officer. Clients of Portfolio Capital Management may invest in the Caritas All-Cap Growth Fund.

Marc J. Durica, CFA – born in 1948 – Mr. Durica received an MBA in Finance and BSBA from Bowling Green State University. He has also attained the Chartered Financial Analyst (CFA) designation. Mr. Durica is the President and Co-Founder of registered investment advisory firm Portfolio Capital Management, where he has served since 1981. Clients of Portfolio Capital Management may invest in the Caritas All-Cap Growth Fund.