

**BECK CAPITAL MANAGEMENT LLC**

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**FORM ADV PART 2  
BROCHURE**

This brochure provides information about the qualifications and business practices of Beck Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 512-345-6789. 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 Beck Capital Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Beck Capital Management LLC is 152705.

Beck Capital Management LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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## Advisory Business

Form ADV Part 2A, Item 4

Beck Capital Management LLC (referred hereinafter to as “Advisor”) offers personalized investment advisory services to clients. Advisor’s investment philosophy centers around a method called Sector Rotation. It begins with a macro-economic view of the world. As economies cycle, different sectors of those economies have distinct advantages, while others move from favor to disadvantage. Fortunately, these usually last for one to five years, so it is not a discipline which requires unusual amounts of trading.

Mr. James “Frank” Beck is Chief Investment Advisor and principal owner of Beck Capital Management LLC established as Capital Financial Group in 1997 and incorporated as Beck Capital Management LLC in 2009. Mr. Beck’s education and business background is provided below:

Bachelor of Science – University of Texas, 1977

Beck Capital Management LLC, Managing Member	12/2009 – Present
Partnervest Advisory Services LLC	
(doing business under the names Capital Financial Group and Pro-Player Investing)	07/2005 – 02/2010
Frishberg, Jordan & Stewart Advisory Services LLC	02/1998 – 07/2005
JP Securities	09/1997 – 08/1998
MONY Securities	05/1987 – 08/1997
Computer Consultants Inc., President	07/1983 – 04/1987

Advisor provides asset management services defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, Advisor offers a highly customized and individualized investment program for clients. A specific asset allocation strategy and investment policy is crafted to focus on the specific client’s goals and objectives. Advisor typically constructs portfolios consisting of securities including; equity securities, corporate debt securities, certificates of deposit, municipal securities, mutual funds, united states government securities, option contracts, real estate, oil and gas interests and some private placements.

As part of its asset management services, Advisor provides clients with financial planning services that may be specific or modular in their preparation (unique to each client in their depth of preparation). Topics included as part of the financial planning services may include the following: organization and assessment, retirement planning, education planning, long-term care, insurance planning, debt management, investments, tax planning, estate planning, and life events.

Advisor does not charge a separate or additional fee for financial planning services provided as part of its asset management services. The scope of services provided and topics covered will be detailed in the client agreement for services.

Advisor offers a customized and individualized investment program for clients. A specific asset allocation strategy and investment policy is crafted to focus on the specific client’s goals and objectives. The client [may or may not] impose restrictions on investing in specific industries and/or securities.

Advisor does not participate in wrap fee programs.

### Advisory Business Continued.

The Advisor does manage client assets. As of the June 04, 2013 the Advisor's assets under management totaled the following:

Assets Under Management - \$160,000,000 under discretionary authority. As of this date, the Advisor has approximately \$6 million in private placement investments held in some of the clients Fidelity accounts. These investments require signed subscription agreements. Frank Beck and Jerry McIlhon have fixed insurance contracts totaling about \$20 million (no variable contracts) with various insurance companies that some clients have purchased. Any transactions with the insurance companies require signatures from the client. When discretionary authority is granted, Advisor will not need to contact the client prior to executing trades in a client brokerage account (with the exception of the Private Placements mentioned above).

## Fees and Compensation

Form ADV Part 2A, Item 5

*Asset Management Fees.* Clients are charged for Advisor's asset management services based on a percentage of assets under management. Fees for services generally do not exceed 1.80% annually on the value of the assets under management. Fees are negotiable based on factors such as, but not necessarily limited to, the number of accounts being managed, the amount of assets under management and the overall complexity of the client's financial situation. The following is a sample fee schedule provided for illustrative purposes.

Assets Under Management		
Household Accounts Total	(Annual Fee)	Quarterly fee
\$0 to \$250,000	1.80%	0.45%
\$250,001 to \$500,000	1.50%	0.375%
\$500,001 to \$1,000,000	1.20%	0.30%
\$1,000,001 to \$5,000,000	1.00%	0.25%
\$5,000,000 to \$10,000,000	0.85%	0.225%
Above \$10,000,000	0.75%	0.1875%

The exact services and fees will be agreed upon and disclosed in the agreement for services prior to services being provided. The annual fee is divided and billed quarterly in advance at the beginning of each calendar quarter and will be based on the amount of assets under management at the end of the previous calendar quarter. Fees will be prorated based on the number of days that services are provided when the account is funded at anytime other than the beginning of a calendar quarter. Advisor prefers to have its advisory fees deducted directly from the client's account. In these cases, clients must provide the custodian (i.e. Fidelity) with written authorization (Included in the account application) to have fees deducted from the account and paid to Advisor. Upon discretion of Advisor, clients may pay fees directly to Advisor. For clients that pay directly, payment is due upon receipt of a billing statement from Advisor. Fidelity delivers monthly account statements to clients. Among other details, account statements list disbursements for the account including the amount of the advisory fee when deducted directly from the account.

Advisor prefers to have its advisory fees deducted directly from the client's account. In these cases, clients must provide the custodian (i.e. Fidelity) with written authorization (Included in the account application) to have fees deducted from the account and paid to Advisor. Upon discretion of Advisor, clients may pay fees directly to Advisor. For clients that pay directly, payment is due upon receipt of a billing statement from Advisor.

## **Fees and Compensation Continued.**

*Other Fees.* Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. Advisor will not receive any portion of such commissions or fees from the custodian or client. Though Advisor seldom recommends the following, it is important to note that in addition, clients may incur certain charges imposed by third parties other than the advisor in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Fees charged by Advisor are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

The annual fee is divided and billed quarterly, in advance, at the beginning of each calendar quarter and will be based on the amount of assets under management at the end of the previous calendar quarter. Fees will be pro-rated based on the number of days that services are provided when the account is established at anytime other than the beginning of a calendar quarter.

*Termination.* Either party may terminate the agreement for services at any time. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty and a full refund of all fees paid in advance will be provided. If services are terminated by the Advisor after the initial five day period, Advisor shall provide the client with a pro-rated refund of any fees paid in advance. In the event a client terminates services, termination shall be effective from the time Advisor receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress, however the quarterly fee is deemed earned as the Advisor has done substantial work to construct a portfolio. There will be no penalty charge by Advisor upon termination. In the event Advisor terminates the relationship, the agreement will be terminated on the thirtieth (30) day after written notification is delivered to the client or such time as may be mutually agreed upon, also subject to the settlement of transactions in progress and a final refund of prorated advisory fees. The refund will be based on the number of days service was actually provided during the final billing period.

Neither Advisor nor any supervised persons accepts compensation for the sale of securities or other investment products, which may include asset-based sales charges or service fees from the sale of mutual funds.

Clients have or do not have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with Advisor.

Advisor does not receive 50% or more of its revenue from commissions or other compensation for the sale of investment products Advisor recommends to its clients, including asset-based distribution fees from the sale of mutual funds.

Commissions or markups are not charged in addition to advisory fees. In the instance where a commission is involved the advisory fee is reduced to offset the commission or markups.

## **Performance-Based Fees and Side-By-Side Management**

Form ADV Part 2A, Item 6

Neither Advisor nor any of its supervised persons accepts performance based fees. Performance based fees are fees that are based on a share of the capital gains on or a capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle).

## **Types of Clients**

Form ADV Part 2A, Item 7

The types of clients the Advisor generally provides investment advice to includes, but is not limited to, individuals, high net worth individuals, trusts, estates, charitable organizations, corporations or businesses.

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

Form ADV Part 2A, Item 8

The Advisor may use some or all of the following methods of analysis: Fundamental, Technical, or Cyclical in formulating its investment strategies for giving investment advice or managing client assets. Each client should be aware that securities investing involves risk of loss and should be prepared to bear any such loss of that investment.

Advisor's investment philosophy centers around a method called Sector Rotation. The Advisor believes that as economies cycle, different sectors of those economies have distinct advantages, while others move from favor to disadvantage. Fortunately, these cycles usually last for one to five years, so it is not a discipline which requires unusual amounts of trading. Accounts are actively managed and taxation is heavily considered.

The Advisor does not recommend any one particular type of security in its underlying investment portfolio. Sector Rotation, instead, allows for a diversified portfolio which simply eliminates the sectors and economies which are currently at the highest perceived and/or statistical risk of decline, while focusing on those sectors with the highest probability of gain in the opinion of Advisor.

Of course, there are no guarantees that Sector Rotation will outperform other methods of investing. It is simply a strategy that Advisor believes is superior to other investment strategies

## **Disciplinary Information**

Form ADV Part 2A, Item 9

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management to disclose.

## Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

Neither Advisor nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker –dealer.

Neither Advisor nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Advisor has no related person relationship or arrangement that is material to its advisory business.

Advisor does not recommend or select other investment advisers for its clients.

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

Form ADV Part 2A, Item 11

Advisor is a SEC-registered adviser and is subject to a code of ethics pursuant to SEC Rule 204A-1.

Code of Ethics. Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. Advisor has established a Code of Ethics that will apply to all of its associated persons. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Advisor has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for the advisor's Code of Ethics which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. Advisor requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with the advisor's Code of Ethics. Advisor has the responsibility to make sure that the interests of all clients are placed ahead of Advisor's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. Advisor and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of advisor's Code of Ethics.

However, if a client or a potential client wishes to review advisor's Code of Ethics in its entirety, a copy will be provided promptly upon request.

Advisor does not recommend to clients, nor buys or sells to client accounts, securities in which it or a related person may have a material financial interest.

Advisor and its associated persons may buy or sell securities that are also recommended to clients. In order to minimize this conflict of interest, securities recommended by Advisor are widely held and publicly traded. In addition, in accordance with its fiduciary duty to clients, Advisor and its associated persons will place client interests ahead of their own interests.

In accordance with its fiduciary duty to clients, Advisor and its associated persons will place client interests ahead of their own interests.

## Brokerage Practices

Form ADV Part 2A, Item 12

Advisor selects Fidelity Investments to custody its client assets. Advisor does not recommend other broker-dealers for client transactions.

Advisor does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions. These practices are known as “soft dollar benefits”.

Advisor does not select or recommend broker-dealers in exchange for brokerage client referrals.

Advisor does not accept directed brokerage instructions for any of its client accounts.

Advisor may aggregate the purchase or sale of securities for various client accounts when the number of accounts involved is large. The Advisor will create an allocation spreadsheet that will determine the total number of shares needed based on client needs, shares owned, cash available or other conditions. The orders are placed throughout the day usually. Occasionally if volumes are very high and the market can absorb the order the Advisor will place a single or very few block orders. After all of the shares are purchased or sold the allocation is submitted to Fidelity and the shares are divided between the accounts accordingly. All client accounts will get the average price of the order.

When a small number of accounts are involved in a purchase or sale the advisor will usually place the trades one at a time, usually using limit orders. If market volume is very high market orders are used more frequently. If one or more of the trades are relatively larger than the rest they will usually be placed last. Usually new clients and clients with cash needs are more often traded this way. There is no extra cost to the client if the trades are aggregated or traded individually.

BCM may engage in cross trades when it is deemed to be in the best interest of the client. A cross trade occurs when a transaction is implemented between two different clients, both of which are managed by BCM. These types of cross transactions will only be used when it can be determined that doing so would achieve “best execution” and benefit the clients involved by saving commissions, market impact costs, and other transaction charges.

Cross trades will not be performed if an account is subject to ERISA since it is virtually prohibited. In addition, if a client account managed by BCM is deemed to hold “plan assets” cross trades will be prohibited regardless of whether the other side to the transaction is subject to ERISA.

## Review of Accounts

Form ADV Part 2A, Item 13

Account reviews are provided in connection with asset management accounts. For clients participating in this program, one of the Advisor’s representatives will contact clients at least annually for the purpose of reviewing their account and to determine if there have been changes in their financial situation or investment objectives. The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in the client’s circumstances, client request, or changes within the market. The underlying investments held in client accounts are reviewed on a more frequent basis. Portfolios are usually reviewed as frequently as weekly, and not less than monthly. Triggering factors for changes to underlying portfolios include the relative valuation changes between asset classes, valuation of the individual security, or economic or political changes that change the perceived risk/reward ratio of a sector or sub-sector of the global or national economy.



### **Review of Accounts Continued.**

Stand-alone financial planning services terminate upon completion of such services and full payment of all fees due. Therefore, no reviews are conducted for these clients. If clients elect to have a review and update to an original consultation, additional fees may be charged and clients may be required to sign a new client agreement.

Client investment portfolios are reviewed on an on-going basis. For financial plans, client request is the main triggering factor, although more frequent reviews may also be triggered by changes in the client's circumstances, the calendar, or changes within the market.

Clients receive account statements directly from the custodian (usually Fidelity Investments). Statements will be delivered monthly. In addition, Advisor may provide newsletters covering general financial planning and investment topics, explaining current views of the global economies and factors driving investment decisions.

## **Clients Referrals and Other Compensation**

Form ADV Part 2A, Item 14

Advisor does not have someone who is not a client that provides an economic benefit to Advisor for providing investment advice or other advisory services to its clients.

Lew Spellman is on the Beck Capital Management, LLC Investment Advisory Board. This board meets usually once a week to discuss economic and market conditions as well as particular investments and their current and potential strengths and or weaknesses.

Beck Capital Management, LLC compensates Lew Spellman for solicited referrals. Lew will occasionally attend financial seminars with Frank Beck to discuss current market conditions and domestic and world economics. Lew has his own newsletter called the "Spellman Report" and also has speeches through the University of Texas that he discusses economic and financial conditions. Lew may refer people he knows or meets to Beck Capital Management, LLC. If a person Lew refers becomes a client Lew will receive a portion of that client's quarterly billed fee. There is no extra cost to the client whether they are referred by Lew or not.

## **Custody**

Form ADV Part 2A, Item 15

Advisor does not have custody of client funds or securities. Rather, client funds or securities are held by Fidelity Investments, a qualified custodian, who send quarterly, or more frequent, account statements directly to advisory clients.

Advisor does not send statements to its clients.

## **Investment Discretion**

Form ADV Part 2A, Item 16

Upon receiving written authorization from the client, Advisor provides discretionary investment advisory services for client accounts. Advisor's discretionary authority will be granted by the client in the client agreement. When discretionary authority is granted, it is limited in that Advisor will only be given discretionary trading authority. This authority will allow Advisor to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

## **Voting Client Securities**

Form ADV Part 2A, Item 17

Advisor does not perform proxy-voting services on a client's behalf. Clients are instructed to read through the information provided with the proxy-voting documents and to make a determination based on the information provided. Upon request from the client, Advisor may provide limited clarifications of the issues presented in the proxy voting materials based on Advisor's understanding of issues presented in the proxy-voting materials. However, the client will have the ultimate responsibility for making all proxy-voting decisions.

Clients will receive their proxies or other solicitations directly from their custodian or transfer agent.

## **Financial Information**

Form ADV Part 2A, Item 18

Advisor does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Advisor does have discretionary authority but does not custody client funds or securities. There are no conditions that are reasonably likely to impair Advisor's ability to meet its contractual commitments to its clients.

Advisor has not been the subject of a bankruptcy petition at any time during the past ten years.

