

Part 2A of Form ADV: *Firm Brochure*



INCAPITAL ASSET MANAGEMENT LLC

200 South Wacker Drive
Suite 3700
Chicago, IL 60606

Telephone: (312) 379-3786
Facsimile: (312) 379-3701
E-mail: compliance@incapital.com

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This brochure provides information about the qualifications and business practices of Incapital Asset Management LLC. (hereinafter “IAM” or “Firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (312) 379-3700 or at compliance@incapital.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 IAM is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for IAM is 157969. Registration with the Securities and Exchange Commission does not imply any level of skill or training.

Item 2. Summary of Material Changes

On July 21, 2010, the U. S. Securities and Exchange Commission (the "SEC") unanimously adopted a new Form ADV Part 2. The new Part 2, also known as the "Brochure" has 18 separate items that our Firm must address, each of which requires disclosure on a distinct topic, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

Our current Form ADV, Part 2 is available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

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Item 4. Advisory Business

IAM is a fee-based, SEC-registered investment adviser with its principal place of business located in Chicago, Illinois. We have been in business as a limited liability company since 2011, with Incapital Holdings LLC, a Delaware limited liability company, as our sole, direct owner.

As of September 1, 2011, we do not have any discretionary or non-discretionary assets under management or supervision. Our sole line of business is the supervision and valuation services of Unit Investment Trusts (“UITs” or “Unit Trusts”).

I. Unit Investment Trust Investment Supervision and Valuation Services

A. Investment Supervision

Our affiliates are the sponsors of the Incapital Unit Trust series of unit investment trusts (UITs). Our Firm provides professional investment supervision and valuation services to the UITs. A UIT is an SEC-registered investment company that is composed of an unmanaged portfolio in which the investor has an undivided ownership of underlying securities. Once the portfolio is professionally selected by our affiliates, or a third-party portfolio consultant, it remains mostly fixed until the termination of the trust, usually ranging from one to five years. Some UITs comprised of fixed income securities may have longer maturities.

After the UIT portfolio has been established, our Firm continuously monitors each UIT’s portfolio to ensure the portfolio maintains its sound investment character. We also monitor the UIT portfolio for financial viability of the issuer or the underlying securities’ creditworthiness.

B. Portfolio Valuation

The UIT Trustee calculates the UIT’s respective net asset value (“NAV”) on a daily basis. Our Firm verifies the Trustee’s valuation of each security in each UIT portfolio

II. Services in General

Currently, our sole business line is the supervision and valuation services of UITs. Typically, our Firm would make investment recommendations in limited circumstances, which depend upon certain market or other events as defined within the respective Unit Trust prospectus. Our investment recommendations are not limited to any specific product and primarily include advice regarding the following instruments:

- Fixed income securities, including medium term corporate notes, structured notes, corporate bonds and asset backed securities
- Municipal securities
- Governmental securities, including treasury and agency securities
- Futures
- We may also recommend investments in domestic and foreign equity securities.

Currently, our Firm is not engaged in the retail investment advisory business.

Item 5. Fees and Compensation

Our fees are charged as described further below and within the respective UIT prospectus.

I. Incapital-Sponsored UITs - Assets under Supervision/Evaluation Fees

IAM's fees from Incapital-sponsored UITs for supervisory, evaluation and administrative services are assessed as a fixed amount per unit, and are generally paid monthly or quarterly based upon the number of units of the trust outstanding at the beginning of the calendar year. The per unit amount of the fees are specified in the prospectus for each trust and are not negotiable. The trusts (and therefore indirectly, Unit holders) will also incur additional fees such as trustee fees and other operating expenses. Such fees are described in each trust's prospectus. The trusts will also incur brokerage costs as securities are purchased and sold from each trust's portfolio.

II. Fees in General

The exact amount of the fees is specified in the prospectus for each trust and is generally not negotiable.

Fees are invoiced quarterly, semi-annually, or annually, in advance or in arrears, as specifically stated in each UIT prospectus.

Discounts, not generally available to our advisory clients, may be offered to related entities or related trust sponsors.

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

III. Account Termination

Termination provisions are governed by each UIT's indenture and/or advisory agreements executed with our Firm and the advisory agreements typically require a 90-day advance notice by any party seeking termination or withdrawal. Fee refund provisions are outlined in detail in each prospectus.

Although UITs are best suited as buy and hold investments, investors may choose to redeem their units prior to trust termination. The liquidation price will be at net asset value, calculated from the market value of the underlying securities on the day of liquidation. Investors in most instances have multiple options to them upon termination of the trust. These are summarized in each UIT's prospectus and may include direct refund of proceeds, pro-rata shares in-kind, or use of proceeds of terminating/redeeming trust to purchase a new UIT at a reduced sales charge.

IV. UIT Expenses

UITs charge fees for organizational costs and operating expenses, including portfolio supervision, bookkeeping, administrative and evaluation fees, trustee fees, and creation and development fee to compensate the sponsor. UITs also have initial or deferred sales charges. All of these fees are listed in each trust's prospectus and should be carefully reviewed prior to purchase.

If the affiliate broker-dealers, as defined herein, act as UIT sponsors, they will earn and receive associated sponsor fees, including creation and development fees. If the affiliate broker-dealers provide marketing and distribution services to the UITs, they will receive sales charges.

V. Brokerage and Custodial Fees

All fees paid to our Firm are outlined in the prospectus of each Unit Trust. Please see Item 12 of this Brochure for important disclosures regarding our practices. Currently, our Firm is not engaged in the retail investment advisory business.

VI. Additional Compensation Received by Us

Certain of our principals and employees are registered securities representatives agents with Incapital LLC and Incapital Insurance Services LLC, both FINRA member broker-dealers, Incapital Europe Limited, a United Kingdom broker-dealer registered with the Financial Services Authority (“FSA”), and Incapital Canada ULC, registered with Investment Industry Regulatory Organization of Canada (IIROC) (hereinafter collectively, “Affiliate broker-dealers”). These broker-dealers are related to our Firm by virtue of common ownership and control. In their capacities as registered representatives associated with these respective affiliates, these individuals may solicit securities or other financial products from financial institutions, and receive compensation if these transactions are conducted through an affiliate broker-dealer. Thus, a conflict of interest exists. Please refer to Item 10 of this Brochure for a more detailed explanation of how our Firm handles and mitigates these conflicts of interest.

Certain of our principals and employees are also registered as insurance brokers/agents with various insurance companies, including Incapital Insurance Services LLC, (hereinafter, “Affiliate Insurance Company”), also related to our Firm by virtue of common ownership and control. It is not anticipated that any insurance products sold by the Affiliate Insurance Company will be recommended as investment selections for our UIT clients.

Item 6. Performance-Based Fees and Side-By-Side Management

We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

As previously stated, currently our Firm only provides advisory services to UITs. We do not currently impose any account minimums, as we do not engage in a retail investment advisory business.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

The Adviser does not select the UIT portfolio. The Adviser does not select the UIT portfolio and, therefore, does not use a method of analysis or investment strategy for providing investment advice or managing assets. However, as the supervisor of the UITs, it does provide some monitoring services. In particular, the Adviser may determine that a condition may exist in which it is necessary for the UIT to sell some of its holdings in order to maintain the sound investment character of the UIT, even though UITs are not managed and generally do not change their

portfolios. Such limited conditions to protect the UIT are specified in the UIT's indenture and include, but are not limited to, situations when: there has been a default in the payment of dividends, the price of the security has declined to such an extent or other such credit factors exist so that the retention of such securities would be detrimental to the trust and to the interest of the unit holders, a sale is required to fund redemptions, a sale would maintain the UIT's tax status, and the UIT must comply with federal and/or state securities laws, regulations and/or regulatory actions and interpretations.

Item 9. Disciplinary Information

Neither our Firm nor its management persons have any reportable disciplinary events to disclose. Disciplinary events of our related persons and affiliates are disclosed in Item 11 of our Form ADV Part 1.

Item 10. Other Financial Industry Activities and Affiliations

As is disclosed in Item 5 of this Brochure, certain principals and employees of our Firm are registered securities representatives with affiliate broker-dealers and are appointed insurance brokers/agents with various insurance companies, including affiliate insurance company. Please refer to Items 5 and 12 of this Brochure for a detailed explanation of these relationships, our brokerage practices, and important conflict of interest disclosures.

Clients should be aware that the recommendation of affiliate broker-dealers for trade execution, as well as receipt of additional compensation by our Firm and its management persons or employees creates a conflict of interest that may impair the objectivity of our Firm and these individuals when making advisory and/or brokerage recommendations. Potential conflicts of interest also arise to the extent that these non-advisory activities may require a significant time commitment from some of our staff, thus limiting the amount of time they can dedicate to providing advisory services to our clients. Since we endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser, we take the following steps to address this conflict:

1. We disclose to clients the existence of all known, or perceived, material conflicts of interest, including the potential for our Firm and its employees to earn compensation from advisory clients in addition to our advisory fees;
2. We collect, maintain and document accurate, complete and relevant client information, including investment goals and strategies disclosed in the respective UIT prospectus;
3. We periodically review the execution capabilities and overall market competitiveness of Affiliate broker-dealers using quantitative and qualitative criteria;
4. Our management conducts reviews of UIT client accounts to verify that all recommendations made to a client are suitable to the client's needs and circumstances disclosed in the respective UIT prospectus;
5. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;

6. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our Firm; and
7. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Disclosure

Our Firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon written request to Compliance Department, at the Firm's principal office address.

Our Firm or individuals associated with our Firm may buy or sell securities identical to those recommended to or purchased for clients. In addition, any related person(s) may have an interest or position in a certain security(ies), which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. No principal or employee of our Firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our Firm may prefer his or her own interest to that of the advisory client;
2. It is the expressed policy of our Firm that no person employed by us is allowed to purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. Any exceptions to this policy must be approved by the Firm and be well documented;
3. We do not aggregate employee trades with client trades;
4. We maintain a list of all securities holdings for our Firm and anyone associated with this advisory practice with access to advisory recommendations;
5. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where our Firm is granted discretionary authority;

6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices; and
7. Any individual not in observance of the above may be subject to disciplinary action or termination.

Item 12. Brokerage Practices

We do not have any formal or informal soft-dollar arrangements and do not contract with any broker-dealer to receive soft-dollar benefits.

Our Firm does not currently have a retail investment advisory business, and therefore, we typically do not recommend broker-dealers for securities transactions. Our affiliated UIT sponsor has trade rotation policies and procedures that are available to our clients upon request.

If our business model should change to include a retail investment advisory business, our retail clients would be required to direct us as to the broker-dealer to be used for all client securities transactions. In directing the use of a particular broker or dealer, it should be understood that we will not have authority to negotiate commissions among various brokers, and best execution may not be achieved, resulting in higher transaction costs for clients.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we will generally refer them to the brokerage services of Incapital LLC, which is a UIT Sponsor and clears securities transactions through RBC Capital Markets, LLC, an entity unaffiliated with our Firm. Our recommendation of Incapital LLC, a related entity, creates a significant conflict of interest because the receipt or the possibility of receiving additional compensation creates a strong incentive for our Firm to continue providing this recommendation. Please refer to Items 5 and 10 of this Brochure for a more detailed description the policies implemented by our Firm to monitor and mitigate the existing conflict of interest.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account.

Trade Aggregation

As a matter of policy and practice, our Firm does not block client trades and, therefore, implements/monitors client transactions separately for each UIT account. Due to this practice, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers to block client trades.

Item 13. Review of Accounts

Although UIT portfolios are intended to be fixed and not actively managed or traded, our Firm continuously monitors all underlying portfolio investments and periodically reviews portfolios as required by the related prospectus and indenture of each UIT for matters that may be cause for concern, such as a ratings downgrade, an issue being placed on credit watch by a rating agency, significant negative financial news, etc. Any issues identified are brought to the attention of the Investment Committee, which is comprised of Thomas O'Hallaron, Fred Lucier, and John Browning.

Each UIT trustee or sponsor will receive monthly/quarterly statements from the respective custodian(s). Investors in Incapital-sponsored UITs receive the Trustee's Annual Report which includes a listing of holdings in each trust and a summary of transaction activity in the trust during the year.

Our Firm may provide additional reports as specifically required in each UIT prospectus.

Item 14. Client Referrals and Other Compensation

Our Firm does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

Item 15. Custody

We do not have custody of client funds or securities. The assets of each UIT that we supervise are held by a qualified custodian. However, we urge all of our clients to carefully review their quarterly reviews of account holdings and/or performance results received from their custodian(s). Should you notice any discrepancies or inconsistencies, please notify us and/or your custodian as soon as possible.

Item 16. Investment Discretion

We have limited authority to authorize the sale of securities held by a UIT pursuant to the terms of such UITs indenture.

Item 17. Voting Client Securities

We do not currently have discretion to vote proxies for our clients. In the event we are provided with discretion to vote proxies for our clients, we will vote those proxies in the best interests of its clients and in accordance established policies and procedures. Our Firm would retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our Firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

In the event we are provided with discretion to vote proxies for our clients, clients may obtain a copy of our complete proxy voting policies and procedures by contacting the Firm's Compliance Department directly. Clients would be able to request, in writing, information on how proxies for his/her shares were voted. If any client were to request a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

Item 18. Financial Information

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

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