

**Firm Brochure**  
(Part 2A of Form ADV)

**BBK Capital Partners, LLC**

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This brochure provides you with information about the qualifications, business practices, and nature of advisory services of BBK Capital Partners, LLC, all of which should be considered before becoming an advisory client of our Firm. Please contact William B. Brown, Managing Member, if you have any questions about this narrative brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority.

Additional information about our Firm is available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. Our Firm's CRD number is 167555.

April 12, 2013

## **Item 2      Material Changes**

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The SEC adopted “Amendments to Form ADV” in July 2010. This Part 2A of Form ADV (“Firm Brochure”), dated **April 12, 2013**, is our initial disclosure document prepared in accordance to the SEC’s requirements and rules. As you will see, this document is in narrative format. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Firm Brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

### **Material Changes since the Last Update**

This section of our Brochure will reflect the update of any material changes that occur subsequent to the delivery of our Firm Brochure.

We may, at any time, update this Brochure.

### **Full Brochure Available**

Pursuant to new SEC rules, you will receive a summary of any material changes to the Brochure, and any subsequent versions of the Brochure within 120 days of the close of our business fiscal year, which is December 31<sup>st</sup>. We will provide you with a new version of the Brochure as necessary based on changes or new information, at any time, without charge. Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at **513-266-6539** or by email at: [willbrown3949@gmail.com](mailto:willbrown3949@gmail.com).

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## Item 4      Advisory Business

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### A. Firm Description

BBK Capital Partners, LLC, (“BBK Capital Partners” or “the Firm”) is an investment management firm that is registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser. The Firm is organized as an Ohio limited liability company that was founded in 2013. BBK Capital Partners’ current business activities consist primarily of the management of securities portfolios for individuals. The Firm will, on occasion, provide financial planning consulting services.

**Principal Owners:** William B. Brown, Benjamin M. Blemker and John H. Kopeck are the principal owners with Mr. Brown holding 52% ownership interest, Mr. Blemker holding 25% ownership interest, and Mr. Kopek holding 23% ownership interest. Each principal owner also serves as the Firm’s Investment Adviser Representatives and Managing Members.

### B. Types of Advisory Services

#### **PORTFOLIO MANAGEMENT SERVICES**

BBK Capital Partners offers personalized investment advisory services which are focused on capital appreciation.

BBK Capital Partners requires that a written Investment Advisory Agreement (“IA Agreement”) be signed by the client prior to the provision of services. The IA Agreement outlines the services rendered by BBK Capital Partners and the fees that the client will be charged. Clients shall open either a discretionary asset management account or a non-discretionary account with the custodian, through which BBK Capital Partners shall monitor the assets of the account, and purchase and/or sell securities within the account, according to the terms and conditions of the IA Agreement.

**Discretionary Portfolio Management:** As a discretionary adviser, BBK Capital Partners will have the authority to supervise and direct the client’s portfolio without prior consultation with the client. By granting BBK Capital Partners full discretion and authority to manage the account, the client is authorizing the Firm to perform various functions, at the client’s expense, without further approval from the client. Such functions include the determination of securities to be purchased or sold and the amount of securities to be purchased or sold. Notwithstanding the foregoing, clients may impose certain written restrictions on BBK Capital Partners with the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments. Each client should take note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client’s investment portfolio. Once the portfolio is constructed, BBK Capital Partners will provide continuous supervision and re-balancing of the portfolio as changes in market conditions and as client circumstances may require.

**Non-Discretionary Portfolio Management:** Alternatively, BBK Capital Partners provides non-discretionary portfolio management services whereby the Firm will make specific investment recommendations to a client tailored to meet the needs and

investment objectives of that specific client, but shall not initiate any orders to purchase or sell any securities (or specific securities) without the client's approval. This program offers clients the opportunity to maintain full investment authority and direct the individual investments made with their own accounts.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES**

BBK Capital Partners provides financial planning and consulting services for clients seeking financial advice involving the analysis of a particular investment, investment portfolio, or overall financial situation. The consulting services typically take the form of a financial plan. These consulting services may include, but are not necessarily limited to, a review of aspects of an individual's current financial situation, with emphasis on portfolio analysis, estate planning, insurance planning, education planning and/or capital needs planning. BBK Capital Partners may also assist the client in coordinating the implementation of any recommendations made. The decision to implement any recommendation rests exclusively with the client, and the client has no obligation to implement any such recommendations through BBK Capital Partners or its affiliates.

In preparing the financial plan for a client, BBK Capital Partners will gather information deemed relevant to the particular advisory services being provided through fact-finding reviews with the client and through documents provided by the client. The service includes an analysis of the client's financial information, which may include items such as the client's current assets, income, investments liabilities, short and long-term capital and liquidity needs, risk tolerance and short and long-term financial goals and objectives.

#### **C. Tailored Relationships**

The investment advisory services offered by BBK Capital Partners are based on the individual needs of our clients and the suitability of products and services. We make a thorough assessment of our client's goals, objectives, investment horizon, and risk tolerance. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Firm will address those restrictions with the client to have a clear understanding of the client's requirements. **As the client's financial situation, goals, objectives, or needs change, the client must notify BBK Capital Partners promptly.**

#### **D. Wrap Fee Programs**

Wrap Fee Programs are arrangements between broker-dealers, investment advisers, banks and other financial institutions and affiliated and unaffiliated investment advisers through which the clients of such firms receive discretionary investment advisory, execution, clearing and custodial services in a "bundled" form. In exchange for these "bundled" services, the clients pay an all-inclusive (or "wrap") fee determined as a percentage of the assets held in the wrap account. BBK Capital Partners does not participate in and is not a sponsor of any wrap fee program(s).

## **E. Assets under Management**

When calculating regulatory assets under management, an Investment Adviser must include the value of any client account over which it exercises continuous and regular supervisory or management services. As of the date of this Brochure, BBK Capital Partners does not have assets under management because the Firm currently has no clients and therefore no assets. However, it is expected that BBK Capital Partners will have assets in the future. BBK Capital Partners will amend its Form ADV and Part 2A of the Form ADV as required to disclose its assets under management.

## **Item 5 Fees and Compensation**

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### **A. Advisory Fees and Billing**

#### **PORTFOLIO MANAGEMENT SERVICES**

BBK Capital Partners will assess a management fee (the "Management Fee") to provide discretionary and non-discretionary portfolio management services. The management fee is an annual fee based on a percentage of the client's assets under management.

Clients are assessed an annual asset management fee ranging from 0.50% to 2.00% (per annum). The fee is billed quarterly in advance. The fees are based on the level of complexity involved in managing the client's assets.

The Management Fee will be calculated and charged on a quarterly basis, in advance, based upon the market value of a client's assets on the last day of the previous quarter, depending on the amount of assets under management, related accounts, or any other reason in BBK Capital Partners' sole discretion.

The payment of fees will be debited from the client's account in accordance with the IA Agreement, and are paid by the qualified custodian holding the client's funds and securities. Payment of portfolio management fees will be made directly from the client account by the custodian provided that the following requirements are met:

- The client provides written authorization permitting the fees to be paid directly from the client's account held by the custodian. The Firm does not have access to client funds for payment of fees without client consent in writing. Under certain circumstances and upon request by the client, a direct bill/invoice will be sent to the client.
- The custodian agrees to provide the client a statement, at least quarterly, indicating all amounts dispersed from the account including the amount of the advisory fee paid directly to the Firm.

BBK Capital Partners reserves the right to discount fees based on the needs and circumstances of clients. All of the above-referenced fees are negotiable. Portfolio Management fees and services are separate and distinct from Financial Planning fees and services.

## **FINANCIAL PLANNING AND CONSULTING SERVICES**

Financial planning and consulting fees are negotiable between the client and BBK Capital Partners; however BBK Capital Partners typically charges an hourly fee of \$250. The hourly fee is negotiable depending on the scope and complexity of the plan, the client's situation and objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the time/cost could potentially exceed the initial estimate. In such cases, the Firm will notify the client and may request that the client approve the additional fee. All consulting fees are due upon completion of services.

BBK Capital Partners may waive or lower these fees where the client has engaged BBK Capital Partners for other advisory services. Client are not obligated to implement the plan's recommendation through any of the Firm's other investment advisory services. It is possible that a client of BBK Capital Partners may pay more or less for similar services than may be available through another firm.

### **B. Other Fees & Expenses**

There may be additional fees or charges that result from the maintenance of or trading within your account. These are fees that are imposed by third parties in connection with investments made through the your account, including but not limited to, no-load mutual fund 12(b)-1 distribution fees, certain deferred sales charges on previously purchased mutual funds, and IRA and Qualified Retirement Plan fees.

### **C. Refund Policy**

Clients may request to terminate their advisory contract (whether hourly or percentage of assets under management) with BBK Capital Partners, in whole or in part, by providing advanced written notice. Either party may terminate the investment advisory contract by providing one (1) days written notice to BBK Capital Partners. In the event of termination, fees are prorated from the date of last billing to the date of notice of termination. Upon termination of account, by either party, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees for any unbilled portion of a month will be collected prior to disbursement of funds.

### **D. Other Compensation**

BBK Capital Partners does not receive any compensation other than the management fees or consulting fees for providing investment advisory services to its clients.

The principal owners and Investment Adviser Representatives ("IARs") of BBK Capital Partners are also insurance agents licensed with the Ohio Department of Insurance. As licensed insurance agents, our IARs offer life, accident, health, variable and long term care insurance-related products to clients. BBK Capital Partners' IARs may recommend the purchase of certain insurance-related products on a commission basis. Clients can engage the Firm's IARs to effect insurance transactions on a commission basis. The recommendations by the IARs that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products

through BBK Capital Partners' IARs. Clients are reminded that they may purchase insurance products recommended by the Firm's IARs through other, non-affiliated insurance agents.

Each of BBK Capital Partners' principal owners and IARs is also a Registered Representative of Raymond James & Associates, Inc. ("RJA") a registered FINRA Broker-Dealer (CRD No. 705). Accordingly in that capacity, each IAR also earns compensation for the sale of securities or other investment products, which includes asset-based sales charges or service fees from the sale of mutual funds. Compensation from the foregoing arrangement may create a conflict of interest given that each IAR may have an incentive to sell products that earn advisory fees or commission trails over other products without such compensation.

Further, each of BBK Capital Partners' IARs is dually registered as an IAR with RJA, which is also an investment adviser registered with the United States Securities and Exchange Commission (the "SEC"). BBK Capital Partners and RJA are not affiliated companies as they are not related through common ownership; however, RJA serves as the broker dealer for BBK Capital Partners' client accounts. Each BBK Capital Partners IAR may provide asset management and similar services through RJA. Any fees paid to each BBK Capital Partners IAR by RJA in each one's capacity as an investment adviser representative of RJA are separate and distinct from fees paid to BBK Capital Partners.

The Firm acknowledges its fiduciary obligation to place its client's' interests first. However, clients should be aware that the receipt of additional compensation itself can create a conflict of interest, and may affect the judgment of the IAR while making investment recommendations. In order to handle properly such potential conflicts of interest, the Firm has adopted a Code of Ethics. (See *Item 11*).

## **Item 6      Performance-Based Fees and Side-by-Side      Management**

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Performance-Based Fees ("Performance Fees") are based on a share of the capital gains or capital appreciation of the assets of a client. Fees based on performance means BBK Capital Partners participates directly in the account's results. The Performance Fee may, indirectly, create an incentive for the Firm to make investments on behalf of the client that are riskier or more speculative than would be the case in the absence of such a fee.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

BBK Capital Partners does not assess Performance-Based Fees and does not conduct side-by-side management of dissimilar advisory accounts.



## **Item 7      Types of Clients**

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BBK Capital Partners provides discretionary and non-discretionary asset management services to different types of clients. We generally provide advice to individuals seeking diversification of assets through specialized allocation strategies.

BBK Capital Partners does not require the client to have a minimum investment amount to open and/or to maintain an account with it.

## **Item 8      Methods of Analysis, Investment Strategies and Risk of Loss**

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### **A. Methods of Analysis**

BBK Capital Partners employs fundamental analysis as our primary method for analyzing securities to achieve the investment objectives and goals of the Fund. Fundamental analysis consists of analyzing financial statements of companies, calculating financial ratios, and reviewing cyclical trends of industries in conjunction with other monetary policy indicators to assess the overall performance and profitability of companies. We may at times also employ technical analysis and charting to analyze securities.

**Fundamental analysis** involves analyzing its financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives: to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions; and to calculate its credit risk. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating stock.

**Technical analysis** is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall. The technical indicators that the fund may consider include, but are not limited to, price, volume, momentum, relative strength, sector/group strength and moving averages. Technical analysis does not consider the underlying financial condition of a company. This presents a risk that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Charting analysis** involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

***Cyclical analysis*** of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class or an individual company's profits. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business or other economic cycle, investments may fall in value to reflect the uncertainty surrounding future returns as compared with the recent past.

## **B. Investment Strategies**

BBK Capital Partners may utilize the following investment strategies when implementing investment advice given to clients:

***Long Term Purchases*** - securities purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Long-term purchases may be affected by unforeseen long-term changes in the company in which you are invested or in the overall market.

***Short Term Purchases*** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. We may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

***Trading*** - securities purchased with the expectation that they will be sold within a very short period of time, generally within 30 days. Trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. Frequent trading strategies may be used occasionally in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

***Balance Strategy*** - A portfolio allocation and management method aimed at balancing risk and return. Such portfolios are generally divided equally between equities and fixed-income securities. Although the balanced investment strategy aims to balance risk and return, it does carry more risk than those strategies aiming at capital preservation or current income. In other words, the balanced investment strategy is a somewhat aggressive strategy, and is suitable for those investors who have some tolerance for risk with a longer time horizon (generally over five years).

***Long Term Buy and Hold*** - Buy and hold is a long term investment strategy based on the view that in the long run financial markets give a good rate of return despite periods of volatility or decline. This viewpoint also holds that short term market timing (the concept that one can enter the market on the lows and sell on the highs) does not work for small accounts or inexperienced investors, so it is better to simply buy and hold. The risk involved with this type of strategy is that, if you need your money in the short term, you may not be able to wait for the market to recover from a downturn.

**Modern Portfolio Theory (MPT)** - is a theory created by economists, who try to understand the market as a whole, as opposed to business analysts, who look for what makes each investment opportunity unique. MPT attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. MPT is a mathematical formulation of the concept of diversification in investing, with the aim of selecting a collection of investment assets that has collectively lower risk than any individual asset. The risk, return, and correlation measures used by MPT are mathematical statements about the future. In practice, investors must substitute predictions based on historical measurements of asset return and volatility for these values in the equations. Very often, such expected values fail to take account of new circumstances, which did not exist when the historical data was generated.

**Options** - Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

a) A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

b) A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options, which do not have secondary markets on which to sell the options prior to expiration can only, realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.

- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk unlimited losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options can lose more money than a short seller of that stock can on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or ditch unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.
- Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

BBK Capital Partners will use options as an investment strategy only for selected accounts.

### **C. Material Risks of Methods of Analysis and Investment Strategies**

*Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.*

Every method of analysis has its own inherent risks. To perform an accurate market analysis BBK Capital Partners must have access to current/new market information. BBK Capital Partners has no control over the dissemination rate of market information;

therefore, unbeknownst to BBK Capital Partners, certain analyses may be compiled with outdated market information, severely limiting the value of BBK Capital Partners' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by BBK Capital Partners) will be profitable or equal any specific performance level(s). BBK Capital Partners does not represent, warrant, or imply that the services or methods of analysis employed by BBK Capital Partners can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Notwithstanding the method of analysis or investment strategy employed by our Firm, the assets within your portfolio are subject to risk of devaluation or loss. BBK Capital Partners wants you to be aware that there are many different events that can affect the value of your assets or portfolio including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.

Although BBK Capital Partners' methods of analysis and investment strategies do not present any significant or unusual risks, all investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. We want you to understand that there are inherent risks associated with investing and depending on the risk occurrence; you may suffer LOSS OF ALL OR PART OF YOUR PRINCIPAL INVESTMENT.

#### **D. Recommendation of Specific Types of Securities**

BBK Capital Partners does not primarily recommend a particular type of security. Investments may include, but are not limited to, exchange listed securities, fixed-income securities, over-the-counter securities, foreign securities, options, derivatives, money market funds or other pooled investment vehicles.

BBK Capital Partners may recommend "no-load" mutual funds and exchange traded funds ("ETFs"). Clients should be advised of the following risks when investing in these types of securities: Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be

bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds charge such fees, which can also reduce returns. Mutual funds can also be "closed end" or "open end." So-called "open end" mutual funds continue to allow in new investors indefinitely, which can dilute other investors' interests.

## **Item 9      Disciplinary Information**

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The Firm is required to disclose whether there are 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. BBK Capital Partners and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## **Item 10      Other Financial Industry Activities and Affiliations**

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### **A. Financial Industry Activities**

BBK Capital Partners is not a registered broker-dealer and does not have an application pending to register as a broker-dealer.

Each of BBK Capital Partners' principal owners and IARs is also a Registered Representative of Raymond James & Associates, Inc. ("RJA") a registered FINRA Broker-Dealer (CRD No. 705). Accordingly, each IAR also currently earns compensation for the sale of securities or other investment products, which includes asset-based sales charges or service fees from the sale of mutual funds. Compensation from the foregoing arrangement may create a conflict of interest given that each IAR may have an incentive to sell products that earn advisory fees or commission trails over other products without such compensation. While acting in his separate capacity as a Registered Representative, each IAR may from time-to-time recommend to clients, or take an order from a client, to purchase or sell a security. As such, each IAR may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based RJA account in addition to an advisory account. Each IAR may personally earn the normal and customary commission on the purchase or sale of the security.

### **B. Financial Industry Affiliations**

BBK Capital Partners is not a registered, Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor and does not have an application pending to register as such. Furthermore, none of BBK Capital Partners' management or supervised persons is registered as, or has applications pending to register as an associated person of the foregoing entities.

### **C. Other Material Relationships**

The principal owners and Investment Adviser Representatives (“IARs”) of BBK Capital Partners are also insurance agents licensed with the Ohio Department of Insurance. As licensed insurance agents, our IARs offer life, accident, health, variable and long term care insurance-related products to clients. When acting as insurance agents, each IAR earns commissions on insurance products sales. Such compensation is in addition to and separate from the compensation they receive from our Firm for providing investment advice. Insurance products are available through channels not affiliated with our Firm. Clients have no obligation to purchase insurance products through our Firm’s IARs.

### **D. Other Investment Advisers**

Each of BBK Capital Partners’ principal owners and IARs is dually registered as an Investment Adviser Representative with RJA, which is also an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). **BBK Capital Partners and RJA are not affiliated companies.** Each IAR may provide asset management and similar services through RJA. Any fees paid to each IAR by RJA in each one’s capacity as an Investment Adviser Representative of RJA are separate and distinct from fees paid to BBK Capital Partners.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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### **A. Code of Ethics**

All employees of BBK Capital Partners must act in an ethical and professional manner. In view of the foregoing and applicable provisions of relevant law, BBK Capital Partners has determined to adopt a Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or at least the potential for or the appearance of such a conflict), and to establish reporting requirements and enforcement procedures relating to personal trading by BBK Capital Partners personnel.

BBK Capital Partners’ Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. The Firm desires to comply with all applicable laws and regulations governing its practice, and the management of BBK Capital Partners has determined to set forth guidelines for professional standards, under which all associated persons of BBK Capital Partners are to conduct themselves. BBK Capital Partners has set high standards, the intention of which is to protect client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with clients, as well as the procedures for approval and reporting established in the Code of Ethics. All associated persons are expected to adhere strictly to these guidelines. In addition, BBK Capital Partners maintains and enforces written

policies reasonably designed to prevent the misuse of material non-public information by BBK Capital Partners or any person associated with the Firm.

We will provide a copy of our Code of Ethics to any client or prospective client upon request.

#### **B. Participation of Interest in Client Transactions**

BBK Capital Partners does not recommend or effect transactions in securities which any related person may have material financial interest.

#### **C. Proprietary and Simultaneous Trading**

We at BBK Capital Partners often buy and sell securities for our own accounts that we have also recommend to clients. This presents a conflict of interest. To the extent that related persons are aware of trades in individual issues being considered, recommended, or traded for the client accounts, the related persons will make every effort to trade in their own accounts after trades are executed for the client. BBK Capital Partners will not intentionally favor a proprietary account over a client account, nor will it knowingly permit a proprietary account to trade ahead of a client account unless the client's investment strategy or objective is deemed to be a "buy and hold". That is, the client's objective may be not to raise too much cash at any given time or the client may prefer not to have their securities offered into the market.

It is the express policy of BBK Capital Partners that employees shall not have priority in any purchase or sale over clients' accounts. BBK Capital Partners will always document any transactions that could be construed as conflicts of interest. To mitigate or remedy any conflicts of interest or perceived conflicts of interest, we will monitor our proprietary and personal trading reports for adherence to our Code of Ethics.

### **Item 12 Brokerage Practices**

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#### **A. Selection and Recommendation**

BBK Capital Partners seeks to recommend a custodian/broker who will hold the client's assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. BBK Capital Partners intends to maintain brokerage and custodial arrangements with Raymond James and Associates, Inc., ("RJA"), a FINRA registered broker-dealer and member of the SIPC, and registered investment adviser with the U.S. Securities and Exchange Commission. BBK Capital Partners is independently owned and operated and is not affiliated with RJA. RJA will hold client assets in a brokerage account and buy and sell securities when BBK Capital Partners or the client instructs them to.

BBK Capital Partners will always seek "best execution" for each trade, which is a combination of price, quality of execution and other factors. In making brokerage determinations, BBK Capital Partners will consider a number of judgmental factors, including, without limitation: 1) clearance and settlement capabilities; 2) quality of confirmations and account statements; 3) the ability of the broker to settle the trade



promptly and accurately; 4) the financial standing, reputation and integrity of the broker-dealer; 5) the broker-dealer's access to markets, research capabilities, market knowledge, and any "value added" characteristics; 6) BBK Capital Partners' past experience with the broker-dealer; 7) BBK Capital Partners' past experience with similar trades; and 8) any other factors. Recognizing the value of these factors, clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction.

BBK Capital Partners has determined that having RJA execute trades is consistent with its duty to seek "best execution" of client trades.

BBK Capital Partners recognizes that "best execution" is not synonymous with lowest brokerage commission. Please note that due to the arrangement with its preferred broker dealers, BBK Capital Partners may be limited or unable to negotiate commissions, aggregate orders, or seek execution of transactions as efficiently as possible and at the best price. Clients may also be paying higher commissions than they would with other brokerage firms.

## **B. Soft Dollar Benefits**

Under "soft dollar" arrangements, one or more of the brokerage firms would provide or pay the costs of certain services, equipment, or other items. These soft dollar benefits are attributed to BBK Capital Partners by reducing its expenses; however, the amount of the fee paid to BBK Capital Partners by the client will not be reduced. Nonetheless, BBK Capital Partners believes that to the extent it makes allocations to brokerage business with soft dollar arrangements, this would generally enhance the ability to obtain research, optimal execution and other benefits on behalf of our clients.

BBK Capital Partners may receive brokerage and research services from its qualified custodian, RJA. Further, BBK Capital Partners may receive software services and technology for market research and analysis from RJA. These services are within the purview of "soft dollars" benefits pursuant to the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended. These services are for the benefit of BBK Capital Partners in consideration of the Firm's allocation of brokerage transactions made on behalf of clients (on both an agency and net basis) and may not directly benefit client accounts.

The receipt of soft dollar benefits may influence BBK Capital Partners decisions regarding recommending that clients establish accounts at RJA, based on BBK Capital Partners' interest in receiving RJA's services that benefit the Firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest.

BBK Capital Partners believes, however, that its selection of RJA as custodian and broker is in the best interests of its clients. BBK Capital Partners believes that its clients do not pay more for investment transactions effected and assets maintained at RJA as a result of these arrangements. BBK Capital Partners' selection is primarily supported by the scope, quality, and price of RJA's services (see Item 12A "Selection and Recommendation") and not RJA's services that benefit only BBK Capital Partners.

BBK Capital Partners does not currently generate “soft dollars.” It and when it does, BBK Capital Partners intends to comply with the “safe harbor” of Section 28(e) of the Securities Exchange Act of 1934, as amended.

### **C. Brokerage for Client Referrals**

When recommending broker-dealers to clients, the Firm does not consider whether it receives client referrals from a broker-dealer or third party.

### **D. Directed Brokerage**

Clients are required to select a broker/dealer as custodian for participation in the advisory programs offered by the Firm. BBK Capital Partners recommends that clients utilize RJA as the account’s broker-dealer and custodian. The arrangements with RJA are designed to maximize efficiency and to be cost effective to our clients. By requiring clients to use our specific custodian, we seek to achieve most favorable execution of client transactions. BBK Capital Partners reserves the right to change the recommended custodians at any time it deems said custodian is not the custodians most favorable to its’ clients.

BBK Capital Partners will not permit clients to direct the use a particular brokerage firm. If a client directs brokerage, BBK Capital Partners cannot negotiate commission rates, BBK Capital Partners will however use its best efforts to negotiate the most favorable rates based on the size and the anticipated trading activity in the account. As a result of such directed brokerage, clients may pay higher brokerage commissions than might otherwise be paid if BBK Capital Partners were granted discretion to select a broker to handle the account. In addition, clients might lose the benefits of potentially better executions available through bunched transactions of the recommended broker-dealer custodian.

### **E. Order Aggregation**

The transactions for each client account generally will be effected independently, unless BBK Capital Partners decides to purchase or sell the same securities for several clients at approximately the same time. BBK Capital Partners may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among BBK Capital Partners’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to the client. Clients also benefit relatively with better purchase or sale execution prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors. BBK Capital Partners shall not receive any additional compensation or remuneration as a result of such aggregation.

BBK Capital Partners only combines multiple orders for share of the same securities purchased for discretionary accounts; the Firm does not combine orders for non-discretionary accounts. Non-discretionary accounts may pay different costs than

discretionary accounts pay. Clients who enter into non-discretionary arrangements with the Firm may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements. Mutual Fund shares do not trade in blocks.

## **Item 13      Review of Accounts**

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### **A. Periodic Reviews and Review Factors**

Investment Adviser Representatives will monitor their respective client accounts on an ongoing basis and will conduct internal account reviews at least on a quarterly basis. Triggering factors that may stimulate additional reviews of a client's account include, but are not limited to, the following: changes in economic conditions, changes in the client's financial situation or investment objectives, and/or the client's request for an additional review of the account.

Intermittent reviews may be triggered by substantial market fluctuations, economic or political events, or by changes in your financial status (such as retirement, termination of employment, relocation, or inheritance). Clients are advised to notify BBK Capital Partners promptly if there are any material changes to their financial situation, investment objectives, or in the event they wish to place restrictions on their account.

**Clients are encouraged to notify BBK Capital Partners if changes occur in his/her personal financial situation that might adversely affect his/her investment plan.**

### **B. Client Reports**

Clients will receive a report at least quarterly from the custodian, detailing account performance and account holdings. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust companies or custodians, insurance companies, broker/dealers and others who are involved with client accounts.

BBK Capital Partners may supplement any such information, at its sole discretion. At its sole discretion, BBK Capital Partners may also provide periodic written reports to clients in conjunction with account reviews.

***Financial Planning and Consulting Services:*** BBK Capital Partners will review a client's financial plan upon request. Otherwise, BBK Capital Partners does not review or monitor a client's non-managed assets or review the client's financial plan.

## **Item 14      Client Referrals and Other Compensation**

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### **A. Economic Benefits for Client Referrals**

The Firm does not receive and does not have any arrangement with third parties to receive economic benefits (such as sales awards or other prizes) for providing investment advice or other advisory services to its clients.

## **B. Referral Compensation to unaffiliated Third Parties**

BBK Capital Partners will directly compensate unaffiliated third parties for client referrals and in doing so, the Firm will ensure that its solicitation activities are in compliance with Rule 206(4)-3 and that it complies with applicable state rules which may require registration of such persons. BBK Capital Partners intends to enter into written arrangements to pay referral fees to individuals or companies ("solicitors") in connection with any referral of a potential client who becomes a client of BBK Capital Partners.

In these cases, there will be a written agreement between BBK Capital Partners and the solicitors, which clearly defines the duties and responsibilities of the solicitor under this arrangement. In addition, each solicitor is required to provide at the time of the solicitation, a written disclosure document which explains to the prospective client the terms under which the solicitor is working for BBK Capital Partners and the fact that the solicitor is being compensated for referral fees. The solicitor is also required to furnish a copy of the Firm's written disclosure document (Part 2A of Form ADV) to the prospective client and obtain a written acknowledgement from the client that both the solicitor's and BBK Capital Partners' disclosure documents have been received.

## **Item 15 Custody**

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### **A. Custodian of Assets**

Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them.

BBK Capital Partners does not have direct custody of any client funds and/or securities. BBK Capital Partners does not take physical custody of client funds and/or securities under any circumstances. Client's funds and securities are held by a BBK Capital Partners preferred qualified custodian. Please refer to Item 12 for our information regarding our Brokerage Practices. BBK Capital Partners has implemented written policies and procedures to ensure that it will be in compliance with the required requirements and applicable safeguards with respect to custody.

While BBK Capital Partners does not have physical custody of client funds or securities, the custodian may pay BBK Capital Partners' management fees through a deduction from the custodial brokerage account that holds client funds, pursuant to client's account application. In certain jurisdictions, an Adviser's ability to withdraw management fees from the client's account may be deemed custody. As such, BBK Capital Partners has indirect custody of client's funds or securities by virtue the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Prior to permitting direct debit of fees, each client provides written authorization permitting fees be made direct from the custodian. As part of the billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

The custodian does not calculate the amount of the fee to be deducted and does not verify the accuracy of BBK Capital Partners' advisory calculation. Therefore, **it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things.** Clients should contact BBK Capital Partners directly if they believe that there may be an error in their statement.

## **B. Account Statements**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. The client will receive monthly statements regarding the account from the client's broker of record. At its sole discretion, BBK Capital Partners may send such other updates or periodic reports, as it deems appropriate, to the client.

Although we are your advisor, your statements will be mailed by the account broker-dealer or custodian. When you receive these statements, please review the statements carefully. **Please compare asset values, holdings, and fee to the account statement issued for the previous period.** Further, the account custodian does not verify the accuracy of BBK Capital Partners' advisory fee calculation.

*Please Note:* To the extent that BBK Capital Partners may provide clients with periodic account statements or reports, the client is urged to compare any statement or report provided by BBK Capital Partners with the account statements received from the account custodian.

## **Item 16 Investment Discretion**

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It is BBK Capital Partners' customary procedure to have full discretionary authority in order to supervise and direct the investments of your accounts. You grant this authority upon execution of our Investment Management Agreement. This authority is for the purpose of making and implementing investment decisions, without your prior consultation. All investment decisions are made in accordance with your stated investment objectives. You may inform our Firm of restrictions that you would like to impose regarding investment strategies or types of securities transactions within your account(s).

Our discretionary authority does not give authority to take or have possession of any assets in your account or to direct delivery of any securities or payment of any funds held in the account to our Firm. Furthermore, our authority by agreement does not allow us to direct the disposition of such securities or funds to anyone except the account owner.

## **Item 17 Voting Client Securities**

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Fiduciary obligations of prudence and loyalty require an investment adviser with proxy voting responsibility to vote proxies on issues that affect the value of the client's investment. Proxy voting decisions must be made solely in the best interests of the

client's account. In voting proxies, our Firm is required to consider those factors that may affect the value of the client's investment and may not subordinate the interests of the client to unrelated objectives.

BBK Capital Partners votes proxies that are solicited for securities held in your account. We will however, upon the request of a client, forward such proxies for voting directly to the client.

BBK Capital Partners will not take nor be required to take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the client's account may be invested in occasionally. Furthermore, BBK Capital Partners will not take any action or render any advice with respect to any securities held in any client's accounts that are named in or subject to class action lawsuits. BBK Capital Partners will however, forward to you any information received by our Firm regarding class action legal matters involving any security held in your account.

Should a material conflict arise between our Firm's interest and that of our clients, our Firm will vote the proxies in accordance with our fiduciary duty to our clients. A written record will be maintained describing the conflict of interest, and an explanation of how the vote taken was in the client's best interest. BBK Capital Partners may refrain from voting a proxy if the cost of voting the proxy exceeds the expected benefit to the client.

## **Item 18      Financial Information**

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### **A. Balance Sheet Requirement**

BBK Capital Partners is not the qualified custodian of client funds or securities, does not have custody of client funds or securities and does not require prepayment of fees of more than \$1,200 per client, six (6) months or more in advance.

### **B. Financial Condition**

The Firm does not have any financial impairment that will preclude it from meeting contractual commitments to clients.

### **C. Bankruptcy Petition**

Neither the Firm nor its management has been the subject of a bankruptcy petition at any time during the last 10 years.

## **Privacy Policy**

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BBK Capital Partners does not disclose nonpublic personal information about its clients or former clients to any persons other than as described below. BBK Capital Partners collects information about its clients (such a name, address, social security number, assets and income) from discussions with clients, from documents that clients may deliver to BBK Capital Partners (such as account applications) and in the course of providing services. In order to service its client accounts and effect client transactions, BBK Capital Partners may provide client personal information to its affiliates and to firms that assist it in servicing client accounts and which have a need for such information. BBK Capital Partners does not otherwise provide information about its clients to outside firms, organizations or individuals except as required by law. Any party that receives this information will use it only for the services and as allowed by applicable law or regulations, and is not permitted to share or use this information for any other purpose.