

# Disclosure Brochure

March 31, 2014



WEST CAPITAL MANAGEMENT

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This brochure provides information about the qualifications and business practices of West Capital Management, Inc. (hereinafter "West Capital Management"). If you have any questions about the contents of this brochure, please contact Christopher Topolewski at (215) 731-1820. 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 West Capital Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

West Capital Management is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This Item discusses only the material changes that have occurred since West Capital Management's last annual update filed March 27, 2013. West Capital Management does not have any material changes to disclose in this Item.

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## Item 4. Advisory Business

West Capital Management has been in business since 1994, and has been registered with the SEC as an investment adviser since September 1998. Founded by its principal owner and Chief Executive Officer, Matthew West, West Capital Management believes that the clients' needs, peace of mind and family come first. The firm works with its clients to develop a wealth plan that is customized to the clients' goals and investment objectives. It is West Capital Management's mission to focus on the management of the client's wealth so that clients can focus on the parts of their life that truly matter to them.

West Capital Management provides financial planning, consulting, and investment management services. Prior to engaging West Capital Management to provide any of the foregoing investment advisory services, the client is required to enter into a written agreement with West Capital Management setting forth the terms and conditions under which West Capital Management renders its services (collectively the "*Agreement*").

As of December 31, 2013, West Capital Management had \$532,861,538 in assets under management, of which \$461,426,741 was managed on a discretionary basis and \$71,434,797 was managed on a non-discretionary basis.

This Disclosure Brochure describes the business of West Capital Management. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of West Capital Management's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on West Capital Management's behalf and is subject to West Capital Management's supervision or control.

### Investment Management Services

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Clients can engage West Capital Management to manage all or a portion of their assets on a discretionary or non-discretionary basis. As part of these services, West Capital Management may provide its clients with certain financial planning or consulting services. These financial planning and consulting services may include, among other things, estate planning, retirement planning, investments, education, and cash flow needs of the client.

As detailed in Item 8, the firm allocates clients' investment management assets among *Independent Managers* (as defined below) and various investment strategies in accordance with the investment objectives of the client. However, West Capital Management may provide advice about any type of investment held in clients' portfolios. In addition, West Capital Management may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives.

West Capital Management also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, West Capital Management either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

West Capital Management tailors its advisory services to the individual needs of clients. As detailed in Item 8, West Capital Management consults with clients initially and on an ongoing basis to develop an investment policy statement which determines risk tolerance, time horizon and other factors that may impact the clients' investment needs. West Capital Management ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify West Capital Management if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon West Capital Management's management services. Clients may impose reasonable restrictions or mandates on the management of their account if, in West Capital Management's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

## Use of Independent Managers

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As mentioned above, West Capital Management may recommend that clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between West Capital Management or the client and the designated *Independent Managers*. West Capital Management renders services to the client relative to the discretionary selection of *Independent Managers*. West Capital Management also monitors and reviews the account performance and the client's investment objectives. West Capital Management receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When selecting an *Independent Manager* for a client, West Capital Management reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that West Capital Management considers in recommending an *Independent Manager* include:

- The manager is able to clearly articulate a readily understandable investment process
- Manager transparency – investor communication

- Manager personal assets should be invested alongside clients
- There is a definable, demonstrable “edge” in the investment process
- Outside investment professionals think highly of the manager’s capabilities
- The integrity, experience, and skill of the manager can be verified through independent reference checks
- Manager has built an operational infrastructure sufficient for anticipated assets
- Appropriate fee structure for the strategy
- Experience of team
- Key portfolio managers have experience that is consistent with their effort to manage a portfolio
- Performance
- Financial strength
- Reporting

Factors that West Capital Management considers in terminating a relationship with an *Independent Manager* include:

- Investment professional turnover
- Asset growth leads to diminished capability in executing strategy
- Chasing opportunities outside of their circle of competence
- Loss of focus – undertaking too many other strategies, change of ownership, etc.
- Unexplainable performance or change in risk level of portfolio
- Departure from stated investment process
- Manager unable to satisfactorily defend investment decisions

The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client’s assets, is exclusive of, and in addition to, West Capital Management’s investment advisory fee set forth below. The client may incur additional fees than those charged by West Capital Management, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to West Capital Management’s written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than West Capital Management. In such instances, West Capital Management may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

## Item 5. Fees and Compensation

West Capital Management offers its services on a fee basis, which is generally based upon assets under management.

### Investment Management Fees

West Capital Management provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by West Capital Management. Any financial planning or consulting services provided are generally included as part of this fee. The firm's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. West Capital Management does not, however, receive any portion of these commissions, fees, and costs. West Capital Management's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by West Capital Management on the last day of the previous quarter. The annual fee varies (between 0.20% and 1.00%) depending upon the market value of the assets under management and the type of investment management to be rendered, as follows:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$1,000,000	1.00%
Next \$2,000,000	0.90%
Next \$2,000,000	0.80%
Next \$5,000,000	0.70%
Next \$10,000,000	0.50%
Next \$10,000,000	0.40%
Next \$20,000,000	0.30%
Assets over \$50,000,000	0.20%

West Capital Management, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

### Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), West Capital Management predominantly utilizes the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") and Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

West Capital Management may only implement its investment management recommendations after the client has arranged for and furnished West Capital Management with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, *Schwab*, any other broker-dealer recommended by West Capital Management, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or exchange-traded fund (“ETF”) in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), short-term redemption fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to West Capital Management’s fee.

West Capital Management’s *Agreement* and the separate agreement with any *Financial Institutions* authorize West Capital Management or *Independent Managers* to debit the client’s account for the amount of West Capital Management’s fee and to directly remit that management fee to West Capital Management or the *Independent Managers*. Any *Financial Institutions* recommended by West Capital Management have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to West Capital Management. Alternatively, in limited circumstances clients may elect to have West Capital Management send an invoice for payment.

## **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between West Capital Management and the client will continue in effect until terminated by either party pursuant to written notice and the other terms of the *Agreement*. West Capital Management’s fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to West Capital Management’s right to terminate an account. Additions may be in cash or securities provided that West Capital Management reserves the right to liquidate any transferred securities or decline to accept particular securities into a client’s account. Clients may withdraw account assets on notice to West Capital Management, subject to the usual and customary securities settlement procedures. However, West Capital Management designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. West Capital Management may consult



with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

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

West Capital Management does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

West Capital Management provides its services to individuals, qualified plans, trusts, estates, charitable organizations, corporations and business entities.

### Minimum Account Size

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As a condition for starting and maintaining a relationship, West Capital Management generally imposes a minimum portfolio size of \$1,000,000. West Capital Management, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. West Capital Management only accepts clients with less than the minimum portfolio size if, in the sole opinion of West Capital Management, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. West Capital Management may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than West Capital Management. In such instances, West Capital Management may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

### Investment Strategies and Methods of Analysis

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West Capital Management seeks to harmonize clients' portfolios with their financial objectives, risk tolerance, and broader personal ambitions. Clients are assigned a personal, dedicated department of professionals. This three-person "tripod" consists of an advisor, a portfolio manager, and relationship manager, all working together in an effort to help clients achieve their goals.

The firm first conducts an initial assessment with the client and develops a customized Investment Policy Statement ("IPS"). The IPS guides the firm's investment decisions with the goal of ensuring the client's plans stay on track.

Once the clients' goals have been defined in the IPS, the firm's next step is to assess how well the client's current holdings align with them. In this stage, West Capital Management has two purposes: (1) to identify hidden risks in the portfolio that exceed the client's comfort level without providing acceptable rates of return; and (2) for each security that presents a concern, West Capital Management will take into consideration the tax efficiency of the portfolio and other factors it believes are important.

West Capital Management also utilizes a Monte Carlo simulation in order to assess the probabilities that the portfolio recommended will be able to achieve the established goals and if it fails, to work with the client to prioritize. Factors include, but are not limited to, the following:

- current assets
- cash flows
- tax and capital gains rates
- retirement age
- life expectancy

With these inputs, West Capital Management's simulation generates a set of future possible outcomes for different investment scenarios.

To implement a client's plan, West Capital Management generally allocates assets to *Independent Managers* and mutual funds in accordance with the client's investment objectives. The firm may also provide advice on any other investments held in a client's portfolio, as necessary to implement the plan.

When using *Independent Managers*, the firm seeks to develop expected returns for each manager based on a complete, well-researched understanding of their investment processes and risk profiles, as well as its own expectations for the asset classes in which they invest. These expectations are driven by risk assessment (volatility and maximum drawdown), current market valuations and its own global long-term view. West Capital Management believes active managers are at the crux of portfolio construction. Each

*Independent Manager* included in a client's portfolio focuses on capital preservation and capital appreciation. Each *Independent Manager* also offers independent sources of excess return, such as long-only equities, long/short strategies, commodities, international exposure, and other securities it believes are appropriate.

The West Capital Management investment committee regularly monitors for formations of risk that may not be apparent at the individual manager level. The firm is regularly monitoring the portfolio's risk exposure, and conducts rebalancing on an as-needed basis.

To enhance diversification in the client's portfolio, West Capital Management looks for a mix of active *Independent Managers* and opportunistic strategies that have a low correlation with each other. While these correlations are based largely on historical relationships, West Capital Management continually challenges historical assumptions and closely monitors catalysts that may change traditional correlations.

Finally, the firm seeks to find *Independent Managers* who invest their own personal wealth side by side with their investors, helping to boost their motivation and align their interest with the clients.

West Capital Management's primary methods of analysis are fundamental with a qualitative focus. As stated in Item 4, factors that West Capital Management considers in recommending an *Independent Manager* include:

- Experience of team
- Key portfolio managers have experience that is consistent with their effort to manage a portfolio
- The manager is able to clearly articulate a readily understandable investment process
- Manager transparency – investor communication
- Manager personal assets should be invested alongside clients
- There is a definable, demonstrable “edge” in the investment process
- Outside investment professionals think highly of the manager's capabilities
- The integrity, experience, and skill of the manager can be verified through independent reference checks
- Manager has built an operational infrastructure sufficient for anticipated assets
- Appropriate fee structure for the strategy
- Performance
- Financial strength
- Reporting

## Risks of Loss

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### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more).

### *Market Risks*

The profitability of a portion of West Capital Management's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that West Capital Management will be able to predict those price movements accurately.

### *Use of Independent Managers*

West Capital Management may recommend the use of *Independent Managers* for certain clients. West Capital Management will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, West Capital Management does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Items 4 and 8, above.

## *Use of Private Collective Investment Vehicles*

West Capital Management may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

## *Management Through Similarly Managed Accounts*

For certain clients, West Capital Management may manage portfolios by allocating portfolio assets among various mutual funds on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, West Capital Management buys, sells, exchanges and/or transfers shares of mutual funds based upon the *investment strategy*.

West Capital Management’s management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

The *investment strategy* may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client’s individual tax ramifications. Certain investment opportunities that become available to West Capital Management’s clients may be limited. For example, various mutual funds or insurance companies may limit the ability of West Capital Management to buy, sell, exchange or transfer securities consistent with its *investment strategy*. As further discussed in response to Item 12 (below), West Capital Management allocates investment opportunities among its clients on a fair and equitable basis.

## *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## Item 9. Disciplinary Information

West Capital Management is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. West Capital Management does not have any required disclosures to this Item.



## Item 10. Other Financial Industry Activities and Affiliations

West Capital Management is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. West Capital Management has described such relationships and arrangements below.

### Related Investment Adviser

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West Capital Management is under common control with its affiliated SEC registered investment adviser, Long Short Advisors, LLC (“LSA”) (SEC File No. 801-71538). Certain *Supervised Persons* of West Capital Management also serve in the same or similar capacity for LSA. LSA acts as investment adviser to the LS Opportunity Fund, a registered investment company (the “LS Fund”). An unaffiliated entity, Independence Capital Asset Partners, acts as sub-advisor to the LS Fund, and is generally responsible for the day-to-day investment decisions.

West Capital Management may recommend, on a fully disclosed basis, that certain clients invest in the LS Fund. A conflict of interest exists to the extent that West Capital Management recommends that clients invest in the LS Fund. However, West Capital Management does not receive any additional compensation if a client invests in the LS Fund. As such, the firm does not believe this arrangement poses any additional material conflict of interest. All relevant information, terms and conditions relative to the LS Fund are set forth in the mutual fund prospectus.

West Capital Management provides its clients, who are invested in the LS Fund, with an annual fee reimbursement of 45 basis points (0.45%), which is calculated monthly and paid out annually. While not mandatory or guaranteed, this practice is anticipated to continue at some level in the future. Additionally, in June 2010, LSA entered into an agreement under which any fund-level expenses that exceed 1.95% of the LS Fund’s net asset value will become a liability of LSA. This agreement permits LSA to be reimbursed for expenses paid during any of the previous three fiscal years and is set to expire in September 2014. As such, it is the view of the SEC that this expense cap arrangement could create an incentive for West Capital Management to allocate more of its client assets to the LS Fund, which would increase net asset value and therefore lower LSA’s potential reimbursement obligation.

### Registration as Insurance Agency

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As a convenience to clients, one of West Capital Management’s principals, Matthew West, is the president and sole shareholder of Infinity Financial Group, a licensed agent with the Commonwealth of Pennsylvania. Mr. West, in his individual capacity, is a licensed insurance agent, and in such capacity, may recommend, on a fully-disclosed basis, the purchase of certain insurance-related products on a limited basis to family, friends and legacy clients.

A conflict of interest exists to the extent that West Capital Management or its *Supervised Persons* recommend the purchase of insurance products where West Capital Management or its *Supervised Persons* receive insurance commissions or other additional compensation.

## Item 11. Code of Ethics

West Capital Management and persons associated with West Capital Management (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with West Capital Management’s policies and procedures.

West Capital Management has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by West Capital Management or any of its associated persons. The *Code of Ethics* also requires that certain of West Capital Management’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as stocks, initial public offerings and limited offerings.

Unless specifically permitted in West Capital Management’s *Code of Ethics*, none of West Capital Management’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of West Capital Management’s clients.

When West Capital Management is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when West Capital Management is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

As discussed above in response to Item 10, an affiliate of West Capital Management is the investment adviser to the LS Opportunity Fund, a mutual fund.

Clients and prospective clients may contact West Capital Management to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

As discussed above, in Item 5, West Capital Management predominantly utilizes the brokerage and clearing services of *Fidelity* or *Schwab*.

Factors which West Capital Management considers in recommending *Fidelity*, *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Use of *Fidelity* and *Schwab* enables West Capital Management to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* and *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by West Capital Management's clients comply with West Capital Management's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where West Capital Management determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. West Capital Management seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom West Capital Management and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. West Capital Management periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct West Capital Management in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and West Capital Management will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by West Capital Management (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, West Capital Management may decline a client's request to direct brokerage if, in West Capital Management's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless West Capital Management decides to purchase or sell the same securities for several clients at approximately the same time. West Capital Management may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among West Capital

Management's 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 generally be averaged as to price and allocated among West Capital Management's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that West Capital Management determines to aggregate client orders for the purchase or sale of securities, including securities in which West Capital Management's *Supervised Persons* may invest, West Capital Management generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. West Capital Management does not receive any additional compensation or remuneration as a result of the aggregation. In the event that West Capital Management determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, West Capital Management may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist West Capital Management in its investment decision-making process. Such research generally will be used to service all of West Capital Management's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because West Capital Management does not have to produce or pay for the products or services.

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**Software and Support Provided by Financial Institutions**

West Capital Management may receive from *Fidelity* and/or *Schwab*, without cost to West Capital Management, computer software and related systems support, which allow West Capital Management to better monitor client accounts maintained at *Fidelity* and *Schwab*. West Capital Management may receive the software and related support without cost because West Capital Management renders

investment management services to clients that maintain assets at *Fidelity* and *Schwab*. The software and support is not provided in connection with securities transactions of clients (i.e. not “soft dollars”). The software and related systems support may benefit West Capital Management, but not its clients directly. In fulfilling its duties to its clients, West Capital Management endeavors at all times to put the interests of its clients first. Clients should be aware, however, that West Capital Management’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence West Capital Management’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, West Capital Management may receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group and *Schwab* through its Schwab Institutional division, respectively: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## Item 13. Review of Accounts

For those clients to whom West Capital Management provides investment management services, West Capital Management monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom West Capital Management provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of West Capital Management’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with West Capital Management and to keep West Capital Management informed of any changes thereto. West Capital Management contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom West Capital Management provides investment advisory services will also receive a report from West Capital Management that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis or as otherwise agreed. Clients should compare the account statements they receive from their custodian with those they receive from West Capital Management.

Those clients to whom West Capital Management provides financial planning and/or consulting services will receive reports from West Capital Management summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by West Capital Management.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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West Capital Management may enter into arrangements under which the firm provides compensation for client referrals. Specifically, if a client is introduced to West Capital Management by an affiliated solicitor, West Capital Management may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from West Capital Management's investment management fee, and does not result in any additional charge to the client. Any affiliated solicitor of West Capital Management discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of West Capital Management's written disclosure brochure at the time of the solicitation.

### Fidelity Wealth Advisor Solutions Program

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West Capital Management has entered into an agreement with *Fidelity* to participate in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which West Capital Management receives referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. West Capital Management is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control West Capital Management, and SAI has no responsibility or oversight for West Capital Management's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for West Capital Management, and West Capital Management pays referral fees to SAI for each referral received based on the firm's assets under management attributable to each client referred by SAI or members of each client's household. The WAS Program is designed to help investors find an independent investment adviser, and any referral from SAI to West Capital Management does not constitute a recommendation or endorsement by SAI of West Capital Management's particular investment management services or strategies. Under this arrangement, SAI will receive 0.20% of the fees paid on the referred assets under management for a period of up to seven years. These referral fees are paid by West Capital Management and not the client.

To receive referrals from the WAS Program, West Capital Management must meet certain minimum participation criteria, but West Capital Management may have been selected for participation in the WAS Program as a result of its other business relationships with SAI and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, West Capital Management may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and West Capital Management may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to West Capital Management as part of the WAS



Program. Under an agreement with SAI, West Capital Management has agreed that it will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, West Capital Management has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when West Capital Management's fiduciary duties would so require; therefore, West Capital Management may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit West Capital Management's duty to select brokers on the basis of best execution.

### **Other Economic Benefit**

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West Capital Management may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

## Item 15. Custody

West Capital Management's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize West Capital Management through such *Financial Institution* to debit the client's account for the amount of West Capital Management's fee and to directly remit that management fee to West Capital Management in accordance with applicable custody rules.

The *Financial Institutions* recommended by West Capital Management have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to West Capital Management. In addition, as discussed in Item 13, West Capital Management also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from West Capital Management.

## Item 16. Investment Discretion

West Capital Management may be given the authority to exercise discretion on behalf of clients. West Capital Management is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. West Capital Management is given this authority through a power-of-attorney included in the agreement between West Capital Management and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). West Capital Management may take discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The *Financial Institutions* to be utilized; and
- The *Independent Managers* to be hired or fired.

## Item 17. Voting Client Securities

West Capital Management is required to disclose if it accepts authority to vote client securities. The firm does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

### **Item 18. Financial Information**

West Capital Management does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, West Capital Management is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. West Capital Management has no disclosures pursuant to this Item.



WEST CAPITAL MANAGEMENT

Prepared by:



MARKETCOUNSEL®  
*The Adviser's Advisor®*