

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

**June 19, 2014**

**Concordius Capital Advisors LLC**

**SEC File Number 801-67538**

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This brochure provides information about the qualifications and business practices of Concordius LLC. If you have any questions about the contents of this brochure, please contact us at 561-282-9001 or [William.hoover@concordiusadvisor.com](mailto:William.hoover@concordiusadvisor.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Concordius LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

The following are "Material Changes" since the filing our last Annual Updating Amendment.

In December 2013, Concordius Capital Advisors succeeded to the business of CMA Advisory Group.

In January 2014, Keith William Krueger assumed the duties of Chief Operating Officer.

On February 9, 2013 Concordius relocated to a new suite of offices located at: 9500 Koger Blvd, Suite 111, St Petersburg, FL 33702. Our mailing address is: 1201 Gandy Blvd N, #22781, St Petersburg, FL 33742.

Our new statewide telephone number is 813-642-6444

Part 2A of Form ADV: Concordius Brochure has been updated to reflect the added accounts

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Concordius LLC (Concordius or the firm) is a Florida Limited Liability Company principally owned by Concordius Capital Holdings, Inc. a Florida Corporation. Concordius, registered in February of 2007, offers investment advisory services to high-net-worth individuals, corporations, partnerships, trusts and other legal entities.

### **B. Description of Advisory Services Offered**

#### **B.1. Discretionary Asset Management Services**

Concordius manages investment advisory accounts on both a discretionary and non-discretionary basis for affluent and high-net-worth individuals, as well as corporations, partnerships, trusts, and other legal entities. Services may include, at the client's election, some or all of the following:

- Advice with respect to the appropriate allocation of assets.
- Advice with respect to the creation of diversified portfolios consisting of recommended mutual funds, exchange-traded funds, or other individual equity or debt securities.
- Recommendations with respect to retention of non-Concordius investment managers.
- Recommendations with respect to portfolio hedging, monetization, and income generation strategies involving, for example, the use of exchange-listed or over-the-counter options or forward instruments.
- Proprietary private pooled investment vehicles, which may or may not be separately formed and segregated as an investment company, not subject to registration under the Investment Company Act of 1940.
- Discretionary management services based on clients' individual personal and financial circumstances.

#### **B.2. Financial Planning Services**

Concordius offers financial planning services to clients. Clients will receive a written or oral report (depending on the client's preference) that provides a detailed financial plan designed to help achieve the client's stated financial goals and objectives. Based on the client's needs, the financial planning services may include preparation of the following items:

- A recommended asset allocation that serves to diversify the client's portfolio among different categories of investments such as small, medium and large capitalization securities; corporate and government fixed income (short-, intermediate- and long-term maturities); emerging market securities (i.e., foreign issuers); and such other asset categories that are suitable in light of the client's investment goals, objectives, and risk tolerance.
- An investment policy statement setting forth the investment plan of the client with specific direction in terms of diversification requirements, tax issues, estate planning issues, risk tolerance, retirement, and other identified objectives of the client, including a targeted rate-of-return objective.
- A retirement plan that serves to identify whether the client is saving enough and investing in a way that meets retirement objectives in light of the client's financial circumstances and risk tolerance.
- Cash flow projections to ensure the client can meet daily living expenses and obligations.
- An insurance plan to meet the needs of the client, taking into account family, business, and other financial objectives of the client.
- An estate plan to ensure that wealth transition, tax, and related issues are met in

accordance with the client's preferences. In many instances an outside attorney will need to be hired to handle specific legal issues that arise in the formation and implementation of an estate plan. Concordius gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes towards risk. Related documents supplied by the client are carefully reviewed, and a report is prepared covering one or more of the above-mentioned topics as directed by the client.

## **C. Client-Tailored Services and Client-Imposed Restrictions**

### **C.1. Discretionary Authority**

Concordius, through its investment advisor representatives, may exercise discretionary authority over some, but not all, client accounts. For clients who elect to give Concordius discretion over their investment advisory accounts, Concordius will make all investment decisions, including selecting, retaining, and replacing non-Concordius investment managers and selecting proprietary or third-party investment strategies. Concordius will also make determinations with respect to purchasing, holding, or selling individual securities, including options, equities, fixed income (taxable and non-taxable) products, exchange-traded funds, and mutual funds. Concordius will also make investment decisions regarding portfolio asset allocation and rebalancing, and otherwise have full discretionary authority over the client's investment portfolio pursuant to a written investment advisory agreement between the client and Concordius.

### **C.2. Non-Discretionary Authority**

If Concordius does not have discretionary authority over a client's account, the client is required to do the following, as appropriate to the client's account:

- Specifically approve and initiate the purchase or sale of any security recommended by Concordius.
- Specifically select the appropriate investment strategy or portfolio allocation model.
- Specifically determine to engage and undertake the engagement of any non-Concordius investment managers recommended by Concordius. Similarly, to the extent the client desires to use the services of a broker-dealer, custodian, or other professional other than those specifically recommended by Concordius, the client is responsible for making appropriate arrangements directly with such service provider. Such other
- Client-selected service providers are subject to Concordius' approval. Purchases and sales of securities, the retention of non-Concordius investment managers, and the use of the services of such providers as broker-dealers, custodians, due diligence providers, performance measurement service providers, mutual funds, alternative investment providers, or other professionals, will require the client to pay fees and charges in addition to the fees payable to Concordius with respect to the advice and other services that such service providers render to the client.

### **C.3. Alternative Investments**

Concordius, through its investment advisor representatives, may from time to time suggest various alternative investments to clients. These investments may include opportunities to invest in companies that are affiliated with Concordius or in an investment sponsored by Concordius, or an affiliate company where such affiliate earns a fee separate and distinct from any Concordius-related fee charged by Concordius. If an advisor affiliate earns a fee from the client's investment, such fees will be disclosed to the client before effecting the transaction. The client should be aware of the potential conflict of interest in that Concordius is economically incented to

recommend investments in securities where an affiliate of Concordius is the issuer, manager, sponsor, or general partner of such investments or where Concordius or an affiliate has some sales or financial interest.

#### **C.4. Concordius' Client-Centric Investment Philosophy**

Each client's account will be managed on the basis of the client's financial situation and investment objectives, and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

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

Concordius does not participate, as either a sponsor or portfolio manager to any wrap fee program.

#### **E. Client Assets under Management**

Concordius manages client Assets. As of January 29, 2014 Concordius manages \$126,000,000 in discretionary client assets and \$0 in non-discretionary client assets.

### **Item 5: Fees and Compensation**

#### **A. Methods of Compensation and Fee Schedule**

##### **A.1. Investment Advisory Fees**

The annual fee for the provision of investment advisory services by Concordius will be charged as a percentage of assets under supervision by Concordius and will be computed in the following manner:

Basis point charge X average daily balance X the actual number of days/365 days  
Concordius' asset-based fee schedule is as follows:

<u>Assets under Supervision</u>	<u>Annual Fee (%)</u>
\$0.00-\$249,999.99	3.00%
\$250,000.00-\$499,999.99	2.00%
\$500,000.00-\$999,999.99	1.75%
\$1,000,000.00-\$2,499,999.99	1.50%
\$2,500,000.00-\$5,000,000.00	1.25%
Over \$5,000,000.00	1.00%

Concordius does not require a minimum account value or charge a minimum fee for this service, and such fee schedule is negotiable.

##### **A.2. Financial Planning Fees**

Concordius charges hourly at \$500.00 per hour, or fixed rates mutually agreed upon by the client and Concordius when there are no investment assets to supervise on an ongoing basis.

Concordius does not offer fixed-fee arrangements to all clients. Generally, the more complex the financial planning engagement, the higher the likelihood that fixed fees will be negotiated, as it is difficult with respect to complex cases to discern the exact number of hours required to provide services. In such cases, a fixed fee would be negotiated and then reevaluated at a later point to determine whether the fixed-fee compensation requires adjustment. Fixed fees are computed based upon an estimate of the hours required to perform services. Where the time spent can be accurately estimated, and then an hourly charge would apply. Concordius attempts to maintain parity with hourly and fixed charges while allowing some flexibility in estimation, taking into account case complexity and client-specific circumstances.

Invoices will be mailed out on a periodic basis reflecting completed work performed. Clients seeking to terminate this service must do so in writing.

### **A.3. Fees on Qualified Retirement Plans**

There are three different and distinct fees charged on qualified retirement plans, such as 401k, 403b, or 457 accounts:

1. The investment advisory fee charged by Concordius for advisory and/or account management services.
2. The fee charged by the mutual fund company held in the plan.
3. The fee charged by the trustee, plan sponsor, or plan administrator.

Concordius' fee for services will be charged as a percentage of assets under supervision by Concordius in accordance with the investment advisory agreement. Concordius' fee schedule is as follows:

Assets Under Supervision	Annual Fee (%)
\$0.00-\$999,999.99	1.25%
\$1,000,000.00-\$5,000,000.00	1.00%
Over \$5,000,000.00	0.75%

Some of Concordius' services involve investments in mutual funds. Mutual funds often make up the investments held in qualified retirement accounts such as a 401k, 403b, or 457 plans. All advisory fees paid to Concordius for its services are in addition to the fees and expenses charged by mutual funds to all of their shareholders. Each mutual fund's fees and expenses are described in the fund's prospectus, which is available from the mutual fund and, upon request, can be provided by Concordius. These fees will generally include a management fee, shareholder servicing fee, other fund expenses, and sometimes a distribution fee. Depending on the type of mutual fund shares the client purchases, the fund may also have sales charges that apply in various circumstances. The client may therefore directly and indirectly pay two levels of investment management fees: one level of fees directly to Concordius, and a second level of fees indirectly to the mutual funds in which the client's assets are invested. Clients could reduce their total investment management costs by investing directly in mutual funds themselves without using an investment advisor's services. Concordius and its representatives may receive Rule 12b-1 fees directly from mutual fund sponsors with respect to mutual funds held in client accounts.

Moreover, for accounts held as part of a 401k, 403b, or other employer-sponsored plan, additional fees may be paid to the plan trustee, administrator, or plan sponsor. For these types of accounts, the plan fees and expenses are described in the plan documents. Clients are referred to their plan administrator for information specific to these fees. Clients may also be subject to brokerage account termination fees and annual retirement account fees assessed by the clients brokerage firm as retirement plan account custodians.

### **A.4. Fees on Alternative Investments**

High-net-worth and affluent clients who qualify as accredited investors under the Securities Act of 1933, and/or qualified purchasers under the Investment Company Act of 1940, may receive advice from Concordius on the integration of mutual funds or fund-of-funds into their overall investment portfolio. Fund-of-funds are structured as collective investment vehicles (e.g., limited partnerships or limited liability companies) and may own interests in one or more other collective investment vehicles that are committed to a particular investment strategy such as convertible arbitrage, fixed-

income arbitrage, distressed debt investments, or long/short strategies that may include the purchase and sale of exchange-listed or over-the-counter options and the securities underlying such options.

Clients should be aware that Concordius is deemed to have a conflict of interest when it recommends investment in mutual funds and/or fund-of-funds where Concordius or one of its affiliates acts as a sponsor, general partner, or manager of such mutual funds and/or fund-of-funds, and earns fees in addition to and separate from Concordius fees paid to Concordius by the client.

Concordius' investment advisory, financial planning, qualified retirement plan, and alternative investment fees are negotiable.

## **B. Client Payment of Fees**

### **B.1. Whether Concordius Deducts Fees from Client Assets or Bills Clients for Fees**

Concordius will deduct fees from a client's account for client assets held at various custodians. The client is required to pay the fees on the first business day of each calendar month or quarter. If directed by the client and approved by Concordius, the client may elect to be invoiced for advisory services. Such invoices will be provided to the client by the investment advisory representative each billing period. All checks for Advisory services should be made out to "Concordius LLC" and forwarded to:

Concordius Capital Advisors LLC  
Attention: Accounting Department Mail  
1201 Gandy Blvd N #22781  
St Petersburg, FL 33742

Accounts are billed in advance, the initial monthly or quarterly fee will be based on the account value calculated on the account funding date and will become due the following business day. Thereafter, the quarterly fee will be based on the daily account value at the close of the markets at the end of the previous period and will become due the first business day of the next billing period.

## **C. Additional Client Fees Charged**

### **C.1. Additional Fees**

The fees charged by Concordius do not include fees charged by any mutual fund, variable annuity, or exchange-traded fund. The management fees for investment managers are generally disclosed in each investment manager's disclosure document (Part 2 of Form ADV or other disclosure document in lieu of Part 2) or, in the case of a mutual fund or variable annuity, the fund or annuity's prospectus. Clients are advised to read these materials carefully before investing.

All fees paid to Concordius for investment advisory services are separate and distinct from the fees and expenses charged by any mutual funds, exchange-traded funds, investment managers, broker-dealers, and custodians retained by the client. Such fees and expenses are described in each mutual fund and variable annuity's prospectus, each non-Concordius investment manager's Form ADV or similar disclosure statement, and by any broker-dealer or custodian retained by the client. Mutual fund, variable annuity, and non-Concordius investment manager fees will generally include a management fee, fund expenses, and related fees. If a mutual fund also imposes sales charges, the client may pay an initial or deferred sales charge as further described in the fund's prospectus. Certain exchange-traded funds pay advisory fees to their investment advisors, which



reduces the net asset value of the fund. Some exchange-traded funds are organized as unit investment trusts and do not have an investment advisor. However, all exchange-traded funds do incur expenses related to their management and administration that are analogous to an investment advisor's management fee. These expenses affect the value of the investment. For retirement accounts governed by ERISA, the Concordius fee may be reduced by 12b-1 fees paid by the mutual funds held in such retirement accounts.

Clients may be subject to related brokerage account termination fees assessed by account custodians. See Item 12 of this Brochure for additional information concerning brokerage fees and other transaction costs.

## **D. Prepayment of Client Fees**

### **D.1. Prepayment of Fees**

The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar month or quarter. Adjustments for significant contributions to and distributions from a client's portfolio are prorated for the quarter in which the change occurs.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will become due and payable. To obtain a refund of any unpaid fees, clients may contact Concordius at:

Concordius Capital Advisors LLC  
Attention: Accounting Department Mail  
1201 Gandy Blvd N #22781  
St Petersburg, FL 33742

## **E. External Compensation for the Sale of Securities to Clients**

Other than the receipt of commission revenue on the sale of securities products and the receipt of mutual fund 12b-1 selling revenue by Concordius' advisors' broker-dealers, Dinosaur Securities, LLC ("Dinosaur Securities") and Stillpoint Capital, LLC ("Stillpoint"), neither Concordius nor its supervised persons will receive any form of compensation other than that derived from advisory fees collected from its clients. Certain persons associated with Concordius are also investment adviser representatives with Coregroup Services, Inc. ("Coregroup") or Index Strategy Advisors, Inc. ("Index Strategy"), state registered investment advisory firms. These individuals will receive compensation from Coregroup or Index Strategy for providing advisory services to clients of those firms.

### **E.1. Conflicts**

There would be an economic incentive for Concordius to effect advisory client securities transactions through its advisors' broker-dealers which would present a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives of Dinosaur Securities or Stillpoint would have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, we use as custodians broker-dealers and banks that are chosen by the client and, while Dinosaur or Stillpoint may, in some cases, receive trade tickets, you, the client, will designate the broker-dealer we use to effect transactions. There is no conflict of interest between Concordius and Coregroup or Index Strategy since we do not share fees with those advisory firms and do not refer clients to them nor do we receive client referrals from them.

Concordius carefully guards against conflicts of interest, and Concordius' conflict of interest policy is governed by its Code of Ethics, which sets forth prohibited transactions and procedures for reporting and monitoring the trading activity and any violation of the fiduciary duty owed to clients. Among other things, advisors are not allowed to knowingly take advantage of a client's opportunity or take any action (or refrain from any action) that is inconsistent with the fiduciary obligations to the client. Advisors must also avoid any actual or potential conflict of interest or any abuse of the advisor's position of trust and responsibility. A violation of any provision in the Code of Ethics may result in sanctions against the advisor, which include reprimands, restriction on activities, disgorgement, and termination of employment.

Concordius' Chief Compliance Officer is responsible for enforcing Concordius' Code of Ethics. Disclosures to clients regarding conflicts is provided through this Brochure and such other product-specific disclosures as required under Concordius' Supervisory Procedures, Compliance Manual, and Code of Ethics.

### **E.2. Client Purchase of Investment Products from Unaffiliated Brokers or Agents**

If directed by the client and approved by Concordius, the client may select an alternate broker-dealer or custodian to open and maintain an account. With such arrangements, the client will be billed in advance on a quarterly basis, unless otherwise directed by the client's investment advisory representative to bill monthly in advance. The fee will be based on the settled account balance for the last business day of the previous period and shall become due the first business day of the next billing period. Concordius does not participate in any additional compensation for this type of relationship.

### **E.3. Revenue from Commissions**

Concordius will not receive commission revenue from its advisory clients for the sale of investment products. Concordius' compensation is limited to advisory fees.

### **E.4. Advisory Fees and Commissions**

Concordius does not charge commissions in addition to its advisory fees for accounts held at the respective custodians. Concordius does not mark-up or mark-down any trades for its advisory accounts.

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

### **A. Performance Based Fees and Side-by-Side Management**

Concordius does not offer or receive performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7: Types of Clients**

### **A. Types of Clients**

Concordius generally provides investment advice to the following types of clients:

- Individuals
- Businesses
- Partnerships
- Trusts, estates, or charitable organizations
- Pension and profit sharing plans

Concordius does not require a minimum account value or charge a minimum fee for its advisory services. Concordius may, at its sole discretion, charge transaction fees in addition to the Concordius advisory fee.

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

### **A. Methods of Analysis and Investment Strategies**

Concordius has an internal Investment Policy Committee that functions as a review panel for investment managers and products placed on the platform. Concordius is responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, and statistical and/or computer models utilizing long-term economic criteria. Concordius may retain independent third parties to work in conjunction with its executive management team to provide input and guidance for the investment direction communicated by the firm. Such third-party providers will function as a de facto investment committee. In addition, Concordius may utilize third-party software to assist in formulating investment recommendations to clients.

#### **A.1. Mutual Funds, Exchange-Traded Funds, Independent Investment Managers and Pooled Investment Vehicles, Individual Equity and Fixed Income Securities**

Concordius may recommend

- (i) separate account managers to manage client assets;
- (ii) No-load and load-waived mutual funds and individual securities (including fixed income instruments); and
- (iii) pooled investment vehicles. Such management styles may include, among others: large-, mid-, and small-cap value, growth, and core; international and emerging markets; and alternative investments.

Concordius may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client's portfolio. Such managers typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager a factor that Concordius will take into account when recommending managers to clients.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, exchange-traded funds, individual securities (including fixed income securities), managers, and pooled investment vehicles is set forth below. Concordius has formed relationships with third-party vendors that provide a technological platform for separate account management prepare performance reports perform due diligence monitoring of mutual funds, managers, and pooled investment vehicles perform billing and certain other administrative tasks Concordius may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, managers, and pooled investment vehicles to clients as appropriate under the circumstances. Concordius reviews certain quantitative and qualitative criteria related to mutual funds and managers to formulate investment recommendations to its clients. Quantitative criteria may include:

- The performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- An analysis of risk-adjusted returns
- An analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- The fund, sub-advisor, or manager's fee structure

- The relevant portfolio manager's tenure

Qualitative criteria used in recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager, a mutual fund or manager's consistency of investment style, and employee turnover and efficiency and capacity. Concordius will discuss relevant quantitative and qualitative factors pertaining to its recommendations with clients prior to a client's determination to retain a mutual fund or manager.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by Concordius on a quarterly basis or such other interval as mutually agreed upon by the client and Concordius. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by Concordius (both of which are negative factors in implementing an asset allocation structure). Based on its review, Concordius will make recommendations to clients regarding the retention or discharge of a mutual fund or manager. Concordius may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (for example, for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the mutual funds or managers utilized. Concordius will endeavor to obtain equal treatment for its clients with mutual funds or managers, but cannot assure equal treatment.

Concordius will regularly review the activities of mutual funds and managers selected by the client. Clients that engage managers or invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees, and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

## **A.2. Material Risks of Investment Instruments**

Concordius typically invests in equity securities, corporate debt instruments, municipal fixed income instruments, government securities including asset-backed securities, and options on securities as detailed below:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Private placements
- Option contracts on securities
- Pooled investment vehicles
- Structured products
- Government and agency mortgage-backed securities

- Corporate debt obligations
- Mortgage-backed securities
- Collateralized obligations

#### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk, and liquidity risk.

#### **A.2.b. Warrants and Rights**

Concordius may invest in warrants and rights. Warrants are securities, typically issued with preferred stock or bonds, which give the holder the right to purchase a given number of shares of common stock at a specified price and time.

The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends, and have no rights with respect to the assets of the issuer. Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

#### **A.2.c. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.2.d. Exchange-Traded Funds ("ETFs")**

Concordius may invest in ETFs (which may, in turn, invest in equities, bonds, and other financial vehicles). ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs, streetTRACKS, DIAMONDSSM, NASDAQ 100 Index Tracking Stock SM ("QQQs SM"), iShares, and VIPERs. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by

hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.2.e. Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign), and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank, and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.f. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.2.g. U.S. Government Securities**

Concordius may invest in U.S. government securities. U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **A.2.h. Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are a restricted security, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

### **A.2.i. Options on Securities**

A call option is a contract under which the purchaser of the call option, in return for a premium paid, has the right to buy the security (or index) underlying the option at a specified price at any time during the term of the option. The writer of the call option, who receives the premium, has the obligation upon exercise of the option to deliver the underlying security against payment of the exercise price. A put option gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy, upon exercise of the option, the underlying security (or a cash amount equal to the value of the index) at the exercise price. The amount of a premium received or paid for an option is based upon certain factors, including the market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period, and interest rates.

### **A.2.j. Pooled Investment Vehicles**

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth, and annual income criteria.

Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, Concordius will be unable to monitor or verify the accuracy of such performance information.

### **A.2.k. Structured Products**

Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates, or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation. Investment in structured products includes significant risks, including valuation, liquidity, price, credit, and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high-investment-grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

### **A.2.i. Government and Agency Mortgage-Backed Securities**

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA"), Fannie Mae ("FNMA"), and the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA, a wholly owned U.S. government corporation within the Department of Housing and Urban Development ("HUD"), creates pass-through securities from pools of government-guaranteed (Farmers' Home Administration, Federal Housing Authority, or Veterans Administration) mortgages. The principal and interest on GNMA pass-through securities are backed by the full faith and credit of the U.S. government. FNMA, which is a U.S. government-sponsored corporation owned entirely by private stockholders that is subject to regulation by the secretary of HUD, and FHLMC, a corporate instrumentality of the U.S. government, issue pass-through securities from pools of conventional and federally insured and/or guaranteed residential mortgages. FNMA guarantees full and timely payment of all interest and principal, and FHMLC guarantees timely payment of interest and ultimate collection of principal of its pass-through securities. Mortgage-backed securities from FNMA and FHLMC are not backed by the full faith and credit of the U.S. government.

### **A.2.m. Corporate Debt Obligations**

Concordius may invest in corporate debt obligations. Corporate debt obligations include corporate bonds, debentures, notes, commercial paper, and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. Concordius may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

### **A.2.n. Mortgage-Backed Securities**

Concordius may invest in mortgage-backed securities, including pass-through securities and collateralized obligations. Mortgage-backed securities represent interests in a pool of mortgage loans originated by lenders such as commercial banks, savings associations, and mortgage bankers and brokers. Mortgage-backed securities may be issued by governmental or government-related entities, or by non-governmental entities such as special-purpose trusts created by commercial lenders. Pools of mortgages consist of whole mortgage loans or participations in mortgage loans. The majority of these loans are made to purchasers of between one and four family homes. The terms and characteristics of the mortgage instruments are generally uniform within a pool but may vary among pools. For example, in addition to fixed-rate, fixed-term mortgages, Concordius may purchase pools of adjustable-rate mortgages, growing equity mortgages, graduated payment mortgages, and other types. Mortgage poolers apply qualification standards to lending institutions, which originate mortgages for the pools as well as credit standards and underwriting criteria for individual mortgages included in the pools. In addition, many mortgages included in pools are insured through private mortgage insurance companies. Mortgage-backed securities differ from other forms of fixed income securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or on specified call dates. Most mortgage-backed securities, however, are pass-through securities, which means that investors receive payments consisting of a pro rata share of both principal and interest (less servicing and other fees), as well as unscheduled prepayments as loans in the underlying mortgage pool are paid off by the borrowers. Additional prepayments to holders of these securities are caused by prepayments resulting from the sale or foreclosure of the underlying property or refinancing of



the underlying loans. As prepayment rates of individual pools of mortgage loans vary widely, it is not possible to accurately predict the average life of a particular mortgage-backed security. Although mortgage-backed securities are issued with stated maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may shorten considerably the securities' effective maturities.

#### **A.2.o. Collateralized Obligations**

Concordius may invest in collateralized mortgage obligations ("CMOs") that are collateralized by mortgage-backed securities issued by GNMA, FHLMC, or FNMA ("mortgage assets"). CMOs are multiple-class debt obligations. Payments of principal and interest on the mortgage assets are passed through to the holders of the CMOs as they are received, although certain classes (often referred to as "tranches") of CMOs have priority over other classes with respect to the receipt of mortgage prepayments. Each tranche is issued at a specific or floating coupon rate and has a stated maturity or final distribution date. Interest is paid or accrues in all tranches on a monthly, quarterly, or semi-annual basis. Payments of principal and interest on mortgage assets are commonly applied to the tranches in the order of their respective maturities or final distribution dates, so that generally no payment of principal will be made on any tranche until all other tranches with earlier stated maturity or distribution dates have been paid in full. Concordius may also invest in collateralized debt obligations ("CDOs"), which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs"), and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust that is backed by a diversified pool of high-risk, below-investment-grade fixed income securities. A CLO is a trust typically collateralized by pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

In certain instances, when an independent investment manager through a separately managed account product or privately sponsored fund has discretionary authority, such investment manager may invest in the following types of financial instruments:

- Option contracts on indices
- Option contracts on futures
- Option contracts on commodities
- Futures contracts and index contracts

#### **A.2.p. Option Contracts on Indices**

An index assigns relative values to the securities included in the index, and the index fluctuates with changes in the market values of the securities included in the index. Index cash options operate in the same way as the more traditional options on securities, except that index options are settled exclusively in cash and do not involve delivery of securities. Thus, upon exercise of index options, the purchaser will realize and the writer will pay an amount based on the differences between the exercise price and the closing price of the index.

#### **A.2.q. Option Contracts on Futures**

Options on futures contracts are similar to options on securities, except that an option on a futures contract gives the purchaser the right, in return for the premium paid, to assume a position in a futures contract rather than to purchase or sell a security at a specified exercise price at any time during the period of the option. Upon exercise of the option, the delivery of the futures position to the holder of the option will be accompanied by transfer to the holder of

an accumulated balance representing the amount by which the market price of the futures contract exceeds in the case of a call, or is less than in the case of a put, the exercise price of the option on the future.

#### **A.2.r. Option Contracts on Commodities**

Physical commodities include soft assets such as crops and coffee that are generally extracted from the ground, as well as hard assets such as minerals and metals that are mined. Investing in commodities carries significant risks, including price, credit, and market risk. Many physical commodities, as well as intangible commodities (such as security or fixed income indices), serve as the underlier to commodity futures contracts.

#### **A.2.s. Futures Contracts and Index Contracts**

A futures contract is a bilateral agreement where one party agrees to accept and the other party agrees to make delivery of cash for an underlying debt security, as called for in the contract, at a specified date and at an agreed-upon price. An index futures contract involves the delivery of an amount of cash equal to a specified dollar amount times the difference between the index value at the close of trading of the contract and the price at which the futures contract is originally struck. No physical delivery of the securities comprising the index is made. Generally, these futures contracts are closed out prior to the expiration date of the contracts.

### **B. Investment Strategy and Method of Analysis Material Risks**

#### **B.1. Margin Leverage**

Although Concordius, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Concordius will utilize leverage. In this regard please review the following:

The use of leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment. The use of leverage entails borrowing, which results in additional interest costs to the investor. Broker-dealers who carry customer accounts have a minimum equity requirement when clients utilize leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

## **B.2. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Concordius as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading
- Short call option strategy
- Short put option strategy
- Equity collars
- Long straddles

### **B.2.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the money call option against a long security position held in the client's portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs, and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

### **B.2.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **B.2.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **B.2.d. Option Spreading**

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder "locks in" a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

#### **B.2.e. Short Call Option Strategy**

Short call option strategy is highly speculative and has theoretical potential for unlimited loss. The seller (writer) of the call option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain below the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security increase above the contract strike price, the option writer can either purchase the call option at a loss, or through a process of exercise and assignment be forced to sell the stock at the contract strike price. If this happens, the option writer will have to go in the open market and buy an equivalent amount of stock to cover the sale at prices that can be materially higher than the amount received from the sale.

#### **B.2.f. Short Put Option Strategy**

Short put option strategy is highly speculative and has theoretical potential for significant loss. The seller (writer) of the put option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain above the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security decrease below the contract strike price, the option writer can either purchase the put option at a loss, or through a process of exercise and assignment be forced to buy the stock at the contract strike price. If this happens, the option writer will be purchasing the underlying security at a price potentially well above its then-current market value, exposing the investor to potential loss.

#### **B.2.g. Equity Collar**

A collar combines both a cap and a floor. A cap gives the purchaser of the cap the right (for a premium payment), but not the obligation, to receive the difference in the cost on some amount when a specified index rises above the specified "cap rate." A floor is the opposite of a cap—it gives the purchaser of the floor the right (for a premium payment), but not the obligation, to receive the difference in interest payable on an amount when a specified index falls below the specified "floor rate." A collar involving stock is called an "equity collar." In a collar transaction, the buyer of the collar purchases a cap while selling a floor indexed to the same rate or asset. A zero-cost collar results when the premium earned by selling a floor exactly offsets the cap premium.

#### **B.2.h. Long Straddle**

A long straddle is the purchase of a long call and a long put with the same underlying security, expiration date, and strike price. This is a speculative trade that may be profitable when volatility is high and will result in a loss when prices of the underlying security are relatively stable.

### **C. Security-Specific Material Risks**

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients, who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

Concordius has nothing to disclose for this Item.

### **A. Criminal or Civil Actions**

Concordius has nothing to disclose for this Item.

### **B. Administrative Enforcement Proceedings**

Concordius has nothing to disclose for this Item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

Concordius has nothing to disclose for this Item.

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

### **A. Broker-Dealer or Representative Registration**

Persons providing investment advice on behalf of our firm are registered representatives with Dinosaur Securities, LLC ("Dinosaur Securities") and Stillpoint Capital, LLC ("Stillpoint"), securities broker-dealers, and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Neither Dinosaur Securities nor Stillpoint are affiliated with Concordius. There would be an economic incentive for Concordius to effect advisory client securities transactions through its advisors' broker-dealers which would present a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives of Dinosaur Securities or Stillpoint would have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, we use as custodians broker-dealers and banks that are chosen by the client and, while Dinosaur or Stillpoint may, in some cases, receive trade tickets, you, the client, will designate the broker-dealer we use to effect transactions.

### **B. Futures or Commodity Registration**

Neither Concordius nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business & Conflicts of Interest**

Certain advisor employees of Concordius are insurance agents. Concordius professionals may recommend insurance products and receive commissions for doing so. Clients are advised of a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products to clients. Clients are also advised that Concordius professionals strive to put their clients' interests first and foremost. Clients may utilize any insurance carrier or insurance agency they desire.

### **D. Recommendation or Selection of Other Investment Advisors & Conflicts of Interest**

In addition to information disclosed in Item 10.C. above and Item 12 below, Concordius does recommend separate account managers or other investment products to advisory clients in which it receives compensation. Please refer to Item 14.A. of this Brochure

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

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

In accordance with the Investment Advisers Act of 1940, Concordius has adopted policies and procedures designed to detect and prevent insider trading. In addition, Concordius has adopted a Code of Ethics (the "Code") designed to comply with Rule 204A-1 under the Investment Advisers Act. Among other things, the Code includes written procedures governing the conduct of Concordius' advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer (or designee) of Concordius. Concordius will forward clients a copy of its Code of Ethics upon written request.

Concordius has policies and procedures in place to ensure that the interests of its clients are given preference to those of Concordius, its affiliates, and its associated persons. For example, there are:

- Restrictions as to when Concordius and its associated persons may purchase or sell securities recommended by Concordius
- Policies in place to prevent the misappropriation of material non-public information policies and procedures to manage conflicts of interest.
- Such other policies and procedures reasonably designed to comply with federal and state securities laws

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Concordius, its affiliates, or any associated person of Concordius or its affiliates, may have material financial interests in certain securities that may also be recommended to clients. In addition, the officers, directors, and employees of Concordius may participate as board members or service providers of such companies and may be compensated by such companies for their services.

Certain employees or associated persons of Concordius are also registered representatives of non-affiliated Securities Broker Dealers, thereby creating an inherent conflict of interest for those employees. There may be instances where a dually registered employee or associated person executes commission-based trades for a non-affiliated broker dealer, and acts as an investment advisor for Concordius' accounts. Dually registered employees may not act as both broker and advisor for the same client account.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Concordius does not engage in principal trading, meaning that Concordius, for its own account or a proprietary account of an affiliate, will not knowingly buy securities from or sell securities to a client's account. However, Concordius, its affiliates, and associated persons (also referred to as "supervised persons") may buy or sell securities identical to those recommended to advisory clients for their own accounts, subject to the restrictions set forth in the Code of Ethics. There is an inherent conflict of interest between Concordius' fiduciary duty of best execution for its clients and the apparent self-interest of employees trading in the same securities contemporaneously. Also, clients, including employees of Concordius, have different investment objectives, goals and needs, and may do trades that differ from advisory clients. This includes taking the opposite side of a client's transaction. Concordius has procedures in place to monitor such transactions to ensure that its transactions do not conflict with the duties that Concordius owes to its clients. Concordius has implemented a detailed Code of Ethics which sets forth other prohibited transactions and procedures for reporting and

monitoring the trading activity of supervised persons. Prohibited transactions include front-running, the misuse of inside or material non-public information, use of information about a client's transactions or contemplated transactions, and any violation of the fiduciary duty owed to clients.

Supervised persons must obtain permission from Concordius' Chief Compliance Officer (or designee) prior to conducting any personal transactions. If the supervised person is executing transactions through an external broker (not Concordius), the supervised person must inform the broker of his or her affiliation with Concordius, must make arrangements for copies of confirmations to be sent to Concordius' Chief Compliance Officer within 24 hours of each transaction, and must make arrangements for the Chief Compliance Officer to receive duplicate account statements. The Chief Compliance Officer will monitor the activity in the supervised person's account and compare it to activity in customers' accounts. Trading in violation of procedures may result in the unwinding of trades, disgorgement of profits, and potential disciplinary action.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Concordius, its affiliates, and associated persons may buy or sell securities identical or similar to those recommended to advisory clients for their own accounts, subject to the restrictions set forth in the Code of Ethics. There is an inherent conflict of interest between Concordius' fiduciary duty of best execution for its clients and the apparent self-interest of employees trading in the same securities contemporaneously. When appropriate, identical same-day security transactions placed by an investment advisor representative will be average priced and allocated to the employee and customer accounts. At all times as set forth in the Code of Ethics, decisions regarding transactions for client accounts will be independent of decisions concerning accounts of Concordius' employees, associated persons, or their immediate families. Under no circumstances may action be taken for client accounts in order to benefit an employee or associated person's account or that of his or her family members. Moreover, Concordius' personnel must pre-clear certain trades for personal securities accounts with the Chief Compliance Officer (or designee). All personnel are required to have duplicate copies of confirmations and/or statements with respect to every brokerage account they have sent to Concordius in order to monitor compliance with its personal trading policies and restrictions. Personnel must report all personal securities transactions no less than quarterly. Concordius will not permit agency cross-transactions where Concordius or one of its affiliates buys a security from its advisory client and contemporaneously sells such security to another buyer.

### **Item 12: Brokerage Practices**

#### **A. Factors Used to Select Broker-Dealers for Client Transactions**

We maintain relationships with several broker-dealers. While you are free to choose any broker-dealer or other service provider, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships may include benefits provided to our firm, including but not limited to market information and administrative services that help our firm manage your account(s). We believe that recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere. See Item 10.A. above for additional disclosures.

Custodians do not charge separately for custody services, but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through or that settle into custodial accounts.

In certain instances and subject to approval by the firm, Concordius will recommend to clients certain broker-dealers and/or custodians based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Concordius will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

In some circumstances, where a client has not previously made custodial arrangements, we may suggest that the client use a particular broker-dealer to act as custodian for the funds and securities we manage. In those cases, we generally only recommend broker-dealers capable of acting as a "prime broker." Under "prime broker" arrangements, the firm may, on a transaction-by-transaction basis, either use the "prime broker"/custodian or select other broker-dealers, who will execute transactions for settlement into the client's "prime brokerage" account. In making suggestions as to "prime broker"/custodians, we will consider, among other things, the clearance and settlement capabilities of the broker-dealer where other broker-dealers execute transactions, the broker-dealer's ability to provide effective and efficient reporting to the client and our firm, the broker-dealer's reliability and financial stability, and the likelihood that the broker-dealer will often be chosen as executing broker-dealer on the basis of the considerations described above, including the prospects that the broker-dealer will provide valuable research services and products.

Some Custodians may charge a "trade away" fee, which is charged against the client's account for each trade away occurrence. Other custodians have their own policies concerning prime broker accounts and trade away fees. Clients will consult their current custodian for policies and fees. Concordius, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, the price of such securities, the executing broker, and the commission rates to be paid to effect such transactions. Concordius recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Concordius will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation, and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance, and settlement
- Block trading and positioning capabilities
- Performance measurement



- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

## **B.2. Directed Brokerage**

### **B.2.a. Concordius Recommendations**

Persons providing investment advice on behalf of our firm who are registered representatives of Dinosaur Securities, LLC ("Dinosaur") and Stillpoint Capital, LLC ("Stillpoint") could recommend Dinosaur or Stillpoint to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Dinosaur or Stillpoint unless these firms provide the representative with written authorization to do so. Dinosaur and Stillpoint have provided such authorization and therefore, these individuals will generally conduct securities transactions through such broker-dealers as you, the client, designate. It may be the case that the broker-dealer you designate (or Dinosaur or Stillpoint) may charge higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through Dinosaur or Stillpoint individuals registered with those firms (in their separate capacities as registered representatives thereof) may earn commission-based compensation as result of placing the recommended securities transactions through Dinosaur or Stillpoint. This practice presents a conflict of interest because these registered representatives would have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. As noted, you may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker-dealers as we recommend. Please see the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **B.2.b Client-Directed Brokerage**

Occasionally, clients may direct Concordius to use a particular broker-dealer to execute portfolio transactions for their accounts or request that certain types of securities not be purchased for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Concordius derives from aggregating transactions. Such client trades are typically affected after the trades of clients who have not directed the use of a particular broker-dealer. Concordius loses the ability to aggregate trades with other Concordius advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B.3. Security Allocation**

Since Concordius may be managing accounts with similar investment objectives, the firm may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Concordius in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts. Such aggregate orders may include transactions for accounts for employee benefit plans and private investment vehicles, such as limited partnerships or limited liability companies, in which Concordius, its affiliates, principals, or employees are among the investors. Concordius' allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Concordius will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations. Concordius' advice to certain clients and

entities and the action of Concordius for those and other clients are frequently premised not only on the merits of a particular investment but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines, and circumstances. Thus, any action of Concordius with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Concordius to or on behalf of other clients.

#### **B.4. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions. To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Concordius believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.5. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Concordius acts in accordance with its duty to seek best price and execution and will not continue any arrangements if the firm determines that such arrangements are no longer in the best interests of its clients.

#### **B.6. Soft Dollar Arrangements**

Concordius does not utilize soft dollar arrangements. Concordius does not direct brokerage transactions to executing brokers for research and brokerage services.

#### **B.7. Brokerage for Client Referrals**

Concordius does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

### **Item 13: Review of Accounts**

#### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

##### **A.1. Periodic Review of Accounts**

Concordius' Chief Compliance Officer or designee, who has extensive compliance experience, is assigned to each account and/or financial plan and is responsible for monitoring and maintaining compliance with client-specific guidelines. Formal reviews are performed at least annually and

include client portfolio structure, strategies, and adherence to client investment policy and guidelines and benchmarks. In addition, account and performance reviews are offered to clients on a quarterly basis. More frequent reports may be provided upon request.

## **B. Review of Client Accounts on Non-Periodic Basis**

### **B.1. Non-Periodic Review of Accounts**

Concordius may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Concordius formulates investment advice.

## **C. Content of Client-Provided Reports and Frequency**

### **C.1. Client-Provided Reports**

The client's independent custodian provides regular account statements directly to the client. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Concordius.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

#### **A.1. Economic Benefits from External Sources and Conflicts of Interest**

In addition to the information described in Items 10 and 12 of this Brochure, Concordius does receive economic benefits from external sources. Concordius does refer clients to certain investment management firms in return for an ongoing portion of the advisory fee received by such investment manager. All such arrangements are in compliance with Investment Advisers Act rule 206(4)-3. Generally, these requirements require the solicitor, Concordius, to have a written agreement with the investment management firm. Concordius must provide the client with a disclosure document describing the fees it receives from the investment management firm, whether those fees represent an increase in fees that the investment management firm would otherwise charge the client, and whether an affiliation exists between Concordius and the investment management firm.

### **B. Advisory Firm Payments for Client Referrals**

Concordius may enter into agreements with solicitors who will refer prospective advisory clients to Concordius in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with Concordius. The solicitor must provide the client with a disclosure document describing the fees it receives from Concordius, whether those fees represent an increase in fees that Concordius would otherwise charge the client, and whether an affiliation exists between Concordius and the solicitor.

## **Item 15: Custody**

### **A. Custody**

Except to the extent that Concordius directs the withdrawal of advisory fees from client accounts, Concordius will not otherwise have custody of any funds in client accounts. Concordius will utilize the services of several unaffiliated qualified custodians to maintain custody of clients' accounts, and such

custodians will issue statements to the clients. Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in the client's account. The custodian's statement is the official record of the account. Concordius will not issue separate statements to clients.

## **Item 16: Investment Discretion**

### **A. Investment Discretion**

Clients may grant a limited power of attorney to Concordius with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In such cases, Concordius will exercise full discretion managers selected and as to the nature and type of securities to be purchased and sold but not necessarily the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## **Item 17: Voting Client Securities**

Concordius does not vote client securities. The custodian, transfer agent, or broker for client accounts is responsible for providing proxies to the client. Concordius will not entertain questions about security-specific solicitations.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Concordius is not required to provide a balance sheet, as the firm does not have custody of client funds or securities or require prepayment of more than \$1,200 in fees per client, six or more months in advance.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Concordius has no financial condition that might impair its ability to meet the contractual commitments of its clients.

### **C. Bankruptcy Petitions during the Past Ten Years**

There is nothing to report on this item.