

**Item 1: Cover Sheet**

**PART 2A OF FORM ADV:  
INFORMATIONAL BROCHURE**

**MORSE CAPITAL PARTNERS, LLC**  
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**This brochure provides information about the qualifications and business practices of Morse Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 804-888-7770. 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. Williams Capital Strategies LLC is a registered investment adviser. Registration does not imply any certain level of skill or training.**

**Additional information about Morse Capital Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:           Statement of Material Changes**

Morse Capital Partners LLC is registered investment adviser with the United States Securities and Exchange Commission. This is ADV Part 2 is being submitted as part of its annual amendment. The material change is the address in Item 1.

**Item 3: Table of Contents**

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INFORMATIONAL BROCHURE  
MORSE CAPITAL PARTNERS, LLC

**Item 4:      Advisory Business**

A.      Firm Information

Morse Capital Partners LLC (“MCP”) has been in business since 2008. The collectively the firm’s advisors have over 60 years of experience in the investment industry.

B. Advisory Services Offered

The firm provides financial advice to individuals, pension and profit sharing plans, trusts, estates, and businesses.

Financial Planning

In most cases, the client will supply to MCP information including income, investments, savings, insurance, age and many other items that are helpful to the firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, we will discuss your financial needs and goals with you, and compare your current financial situation with the goals you state. Once these are compared, we will create a financial and/or investment plan to help you meet your goals.

The plan is intended to be a suggested blueprint of how to meet your goals. Not every plan will be the same for every client. Each one is specific to the client who requested it. Because the plan is based on information supplied by you, it is very important that you accurately and completely communicate to us the information we need. Also, your circumstances and needs may change as your engagement with us progresses. It is very important that you continually update us with any changes so that if the updates require changes to your plan, we can make those changes. Otherwise, your plan may no longer be accurate.

Asset Management

Asset management services involve the rendering of advice to clients regarding the purchase and sale of securities in the client’s account.

MCP requires each client to place at least \$1,000,000 with the firm. This minimum may be waived in the discretion of MCP. Some clients who wish to access multiple asset management styles, specifically third party managers, may be required to have a greater account minimum.

Asset management services may be provided on either a “discretionary” or “non-discretionary” basis. When MCP is engaged to provide asset management services on a discretionary basis, MCP will

monitor the accounts to ensure that they are meeting the client's asset allocation requirements. If any changes are needed, MCP will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. Clients may at any time place restrictions on the way their account is managed. For example, a client may restrict the types of investments MCP may use in the client's account, or the allocations to a security type. Clients engaging MCP on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and MCP.

When a client engages MCP to provide investment management services on a non-discretionary basis, we monitor the accounts in the same way as for discretionary services. The difference is that changes to the account will not be made until MCP has confirmed with the client (either verbally or in writing) that the proposed change is acceptable to the client.

When clients engage MCP to provide asset management services, the client and MCP will execute an Investment Management Agreement that describes the services to be provided, the fees for the service, other expenses related to the provision of the investment management services, and how to terminate the agreement.

#### Asset under Management

As of the date of this brochure, MCP has total assets under management of \$124,614,160 across 508 accounts. Of that total, \$30,200,475 is across 88 accounts managed on a non-discretionary.

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

#### **A. Fees Charged**

All clients will be required to execute a written agreement that will describe the type of services to be provided and the fees, among other items.

#### Financial Planning

Financial planning fees can be hourly, fixed fee basis, or included with asset management services. Our hourly charge is between \$125 and \$350 per hour. Fixed fees will be between \$2,000 and \$15,000. The fee range stated is a guide. Fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable, and will depend on the anticipated complexity of your plan.

#### Asset Management

Generally, fees may vary from 0.50% to 2.00% per annum of the market value of a client's assets managed by MCP. The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors.

## B. Fee Payment

Investment management fees will be debited directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value as of the last market day of the previous quarter. This means that if your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00% then divide by 4 to calculate our fee. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to MCP. Fees are not necessarily based on a calendar quarter. Rather, fees for each client may be based on quarters specific to that client. For example, if a client becomes a client in February, instead of being charged for the balance of the first quarter, and then for each subsequent calendar quarter thereafter, they may be charged for the quarter of February, March and April. In that case, their next billing will be May, June and July, and so on.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

## C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. You will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. MCP can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Item 12 of this informational brochure, regarding broker-dealer and custodial issues.

## D. *Pro-rata* Fees

If a client engages MCP to provide asset management services during a quarter, the client will pay a management fee for the number of days left in that quarter. If a client terminates the relationship during a quarter, the client will be entitled to a refund of any management fees for the remainder of the quarter. Once a notice of termination is received, MCP will refund the unearned fees to the client in whatever way the client prefers (check, wire back to your account).

E. Compensation for the Sale of Securities.

To permit MCP clients to have access to as many investment solutions as possible, certain professionals of MCP are registered representatives of JP Turner & Company, LLC. ("JP Turner"), a FINRA member broker-dealer. The relationship with JP Turner allows these professionals to provide additional products to clients' portfolios that would not otherwise be available. Because JP Turner supervises the activities of these professionals as registered representatives of JP Turner, the relationship may be deemed material. However, JP Turner is not affiliated with MCP or considered a related party. JP Turner does not make investment decisions for client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of various securities, including those he recommends to clients. Commissions charged for these products will not offset management fees owed to MCP.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with MCP. MCP attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

**Item 6: Performance-Based Fees**

MCP will not charge performance based fees.

**Item 7: Types of Clients**

Clients advised may include individuals, trusts, foundations, endowments and corporations. MCP requires clients to have an account minimum of \$1,000,000. The minimums may be waived in the discretion of MCP.

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

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

At the onset of the client relationship, MCP will:

- 1) Interview the client, establish risk tolerance, investment horizon, income/distribution needs and any other constraints that may play a role in the client's investment parameters
- 2) Determine an appropriate asset allocation and investment management strategy, including the general types of management approach that would be appropriate to meet the client's needs.

- 3) Prepare a written investment policy outlining the above for the client, including a schedule for regular reviews.
- 4) If needed, MCP will prepare a transition plan from the client's current accounts to the accounts managed by MCP. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

Once each client is interviewed and a transition plan is made to an MCP strategy, the client's assets will be placed in one or more of the following strategies:

### ***Separate Accounts***

Each client account is separately managed, and invested according to that client's investment objectives. Once each account's objectives are ascertained, MCP will develop a set of asset allocation guidelines. An asset allocation guideline is a percentage-based allocation among different types of assets like stocks, fixed income, or third party managers with specific expertise (asset classes), or specific types of securities (large cap, mid-cap). For example, a client may have an asset allocation strategy that calls for 80% of the portfolio to be invested in equity securities and fixed income and the rest invested with third party managers. Within each main allocation may be sub-allocations. For example, a client with 80% in direct securities may have a mix of large cap, mid cap and small cap equities combined with mutual funds and fixed income, while another client's direct securities might be all in ETFs and mutual funds. Each client is managed individually.

The percentages in each asset type recommended by MCP are based on the typical behavior of that security type, individual securities we follow current market conditions, the client's current financial situation, financial goals, and the timeline to achieve those goals. Because MCP develops an investment strategy based on each client's personal situation and financial goals, each client's asset allocation guidelines may be similar to or different from another client's. It is important to remember that because market conditions can vary greatly, asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

Once the client's asset allocation guidelines are established, a selection of appropriate directly owned securities types is selected. The broad categories of securities MCP works with are: are individual stocks, bonds, ETF's (exchange traded funds) and mutual funds. Different asset types tend to behave differently in different market environments and there can be benefits to diversification.

Specific equity and fixed income securities are chosen based on a variety of factors, including dividends, income, interest rates, company management, price to earnings ratios, and other factors. Specific mutual funds are chosen based on where its investment objective fits into the asset allocation recommended by MCP, its risk parameters, past performance, peer rankings, fees, expenses, and any other aspects of the fund MCP deems relevant to that particular fund. MCP bases its conclusions on publicly available research, such as regulatory filings, press releases, purchased research, and proprietary screens and analytics.



As assets are transitioned from a client's prior advisers to MCP, there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by MCP. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. In the event an investment in a client account is unable to be unwound for a period of time, MCP will monitor the investment as part of its services to the client. MCP may suggest that a given investment be moved to a separate account.

### ***Options***

MCP may use options as part of an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock or ETF) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts.

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. We may buy a call if we believe that the price of the underlying security may increase before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we believe that the price of the underlying security may fall before the option expires.

MCP may also sell puts and calls as well, or employ other more sophisticated options strategies. We will use options to "hedge" a purchase of the underlying security or related positions; in other words, we will use an option purchase to limit the potential upside and/or downside of a security or related positions we have purchased for your portfolio.

MCP may use "covered calls", in which we sell an option on a security owned within a portfolio. In this strategy, you receive a premium for making the option available, and the person purchasing the option has the right to buy the security from you at a predetermined price.

MCP may also utilize two or more options at the same time, to take advantage of the difference between them, called a "spread". For example, a put option that you buy and a put option that you sell for the same underlying security. This can provide partial downside protection by giving the adviser the ability to limit some of the variables of price, time and other factors. We typically use this kind of strategy to provide downside protection for a portfolio, but may also utilize the concept of option spreads to generate returns if the client's portfolio and market conditions warrant such a strategy.

### ***Model Portfolios***

On occasion, all or a portion of a client's accounts will be managed through the use of MCP's proprietary models, which it uses to guide the stock positions in client portfolios. Each client account is

coded to indicate the model it is attached to. All client accounts in each model are managed on a *pari passu* basis. In other words, unlike the Separate Account strategy outlined above, all accounts managed within each model are managed in a like manner, side by side with one another, and not individually considered. When the financial advisor managing the model wishes to make a change to the investments in the accounts participating in that model, the financial advisor implements a single change, as if the financial advisor were only managing one account. The individual participating accounts are then allocated their share of the investment purchase or sale.

Accordingly, while a client may request limitations on MCP's discretionary authority, some requested limitations may not be possible to achieve within a model portfolio, because all accounts participating in each model are done in the same manner. In this case, the client and the firm will mutually agree to either terminate the engagement, accept the asset allocations in the strategy, or have the client's assets placed in another strategy.

Prior to participating in a particular model portfolio, each client will receive a complete description of the strategy such model portfolio follows as part of the engagement to provide advisory services.

As a result of MCP's interviewing clients, MCP is often in a position to recommend the appropriate model for the client's needs. In other instances, clients may have a specific type of equity portfolio in mind, either due to their investment interest, their overall global asset allocation, or their expected risk and return guidelines.

Specific securities within each model are chosen based on a variety of factors, including dividends, income, interest rates, company management, price to earnings ratios, and other factors. MCP bases its conclusions on publicly available research, such as regulatory filings, press releases, purchased research, and proprietary screens and analytics we undertake on our own. We also utilize some quantitative analysis and from time to time utilize technical analyses, which mean that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future.

### ***Third Party Managers***

We may recommend that certain portions of a client's portfolio be managed by independent third-party managers or recommend direct investment with independent third-party managers, typically when those managers demonstrate knowledge and expertise in a particular investment strategy. We consider private placement, or "hedge funds" as third party managers. No assets will be allocated to third party managers without the prior permission for the client. Permission for such allocations will be obtained for each allocation.

We examine the experience, expertise, investment philosophies and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentration and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

Based on a client's individual circumstances and needs, we will determine which selected money manager's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance and the investment philosophy of the selected money manager. We encourage clients to review each third-party manager's disclosure document regarding the particular characteristics of any program and managers selected by us.

We will regularly and continuously monitor the performance of the selected money managers. If we determine that a particular selected money manager is not providing sufficient management services to the client, or are not managing the client's portfolio in a manner consistent with the client's investment objectives, we will remove the client's assets from that selected money manager and place the client's assets with another money manager at our discretion and without prior consent from the client, unless the client non-discretionary. Permission for non-discretionary accounts will be obtained before placing the client's assets with another money manager.

MCP will obtain appropriate due diligence on all independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, code of ethics policies and other operational and compliance matters to account for performance and risk management. We examine the experience, expertise, investment philosophies and past performance of third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

### Risks of Investing

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Risks Associated With Taxation:** MCP is not an accounting or legal firm, and cannot give tax advice. Each individual client's tax situation may be unique to that client. Accordingly, clients should regularly consult with their legal and tax professionals regarding the tax impact of investing as well as the tax complications of the asset management decisions made by MCP.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.

- **Tax Risks Related to Short Term Trading:** Clients should note that MCP may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. MCP endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Restriction Risk:** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Short Sales.** "Short sales" are a way to implement a trade in a security MCP feels is overvalued. In a "long" trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor's loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. MCP utilizes short sales only when the client's risk tolerances permit.
- **Information Risk:** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Small Companies:** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack

experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

- **Risks specific to sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ. Clients should *carefully* review the risks associated with each manager as such risks are disclosed in that firm's Form ADV and/or offering documents for the private placement, both of which are available from MCP.

- **Transition risk.** As assets are transitioned from a client's prior advisers to MCP there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by MCP. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of MCP may adversely affect the client's account values, as MCP's recommendations may not be able to be fully implemented.

- **Options:** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of many of the options-related transactions implemented by MCP is to hedge against principal risk, certain of the options-related strategies (i.e., straddles, short positions, etc), may in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct MCP, in writing, not to employ any or all such strategies for his/her/their/its accounts. Clients participating in investing with options should *carefully* consider all information regarding the strategy and its risks prior to participating.

## **Item 9:       Disciplinary Information**

Neither MCP nor any of its employees has any disciplinary information to report.

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

A. Broker-dealer

Neither MCP nor any of its employees is registered or has a registration pending as a broker-dealer.

## B. Futures Commission Merchant/Commodity Trading Advisor

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

## C. Relationship with Related Persons

MCP does not have any material relationships to this advisory business that would present a possible conflict of interest. However, in the interests of disclosure, is a relationship of which MCP wishes to make clients aware:

*Certified Public Accounting.* Gene Miller, investment adviser representative of MCP, is affiliated with Miller Eagle Associates CPA PA, a certified public accounting firm (“MEA”). MEA may provide, incidental to the provision of tax preparation and accounting services for its clients, financial planning services. Clients for whom MSBE provide such incidental financial planning services may also be clients of MCP with regard to asset management services. MCP does not believe this relationship presents a material conflict of interest.

*Insurance.* Also, certain professional of MCP are separately licensed as an independent insurance agents. As such, these employees may conduct insurance product transactions for MCP clients, in his capacity as a licensed insurance agent, and will receive customary commissions for these transactions in addition to any compensation received in their capacity as an employee of MCP. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. Employees therefore have an incentive to recommend insurance products based on the compensation to be received, rather than on a client’s needs. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage MCP to implement any insurance recommendations. MCP attempts to mitigate this conflict of interest by disclosing the conflict to clients, and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with MCP, or to determine not to purchase the insurance product at all. MCP also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm’s Code of Ethics, their individual fiduciary duty to the clients of MCP, which requires that employees put the interests of clients ahead of their own.

*Related Adviser.* MCP has a related adviser, Morse Capital Partners Oil & Gas LLC, the purpose of which is to locate and recommend investments in the oil and gas sector for clients interested in such investments. MCP clients may be referred by Morse Capital Partners Oil & Gas LLC to certain oil and gas investments. This presents a conflict of interest for MCP, as its principals, who also control Morse Capital Partners Oil & Gas, will have an incentive to recommend that clients interested in oil and gas investments pursue such investments through Morse Capital Partners Oil & Gas LLC of interest by (i) disclosing the conflict to clients; (ii) informing clients that they are always free to pursue investments from other advisers that are not affiliated with MCP or to determine not to pursue investments oil and gas investments at all; and (ii) requiring employees to acknowledge in the firm’s Code of Ethics, their individual fiduciary duty to the clients of MCP, which requires that employees put the interests of clients ahead of their own.

D. Recommendations of other Advisers

See Item 8 regarding Third Party Managers.

MCP acts as a solicitor (paid referral source) for one or more private investments. MCP may recommend the use of one of these investments to MCP clients. Because MCP is compensated by the fund manager with a percentage of the fees generated by referred investors, MCP has a material conflict of interest in recommending these securities to clients, as the additional compensation means MCP has a financial incentive to recommend the investment. MCP attempts to mitigate this conflict in the following ways: (i) MCP discloses the conflict to clients, who are required to sign an acknowledgement that they are aware of the compensation for the referral; (ii) MCP reviews any investment, including those which MCP receives compensation for referrals, to ensure the investment is appropriate for the client's portfolio; (iii) MCP requires all employees to acknowledge in the firm's Code of Ethics the policy of placing the client's interests ahead of the firm's, meaning in this case that unless the client should be placed in the investment regardless of any additional compensation, the client will not be recommended to the investment.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Please see Item 10D. In addition, in 2008 and 2009, MCP did recommend that certain clients invest in two funds managed by Rogers Realty Associates, LLC ("RRA"). Certain principals of RRA, were at the time MCP recommended the RRA funds, members of MCP, and accordingly, MCP had a material conflict of interest when recommending the RRA funds. MCP stopped recommending the RRA funds in 2009, and the principals of RRA ceased to be affiliated with MCP by 2011. The clients recommended to invest in the RRA funds are still invested with the RRA funds.

C. On occasion, an employee of MCP may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of MCP may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to

trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12: Brokerage Practices**

### **A. Recommendation of Broker-Dealer**

MCP currently recommends that investment accounts be held in custody by either TD Ameritrade Institutional ("TDA"); Schwab Institutional Division of Charles Schwab & Co., Inc. ("Schwab"); or SEI Investments, Inc. ("SEI"). TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade, SEI and Schwab offer to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. MCP receives some benefits from these custodians through its participation in the programs. (Please see the disclosure under Item 13.A. below.) All of SEI, TDA and Schwab are third parties, wholly independent of MCP. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

SEI, TDA and Schwab, like all broker-dealers, charge brokerage commissions or transaction fees for trades in client accounts. Commissions are per-share or per trade charges for the execution of either a purchase or sale of securities (stocks or bonds). Transaction fees are charged for the execution of a purchase or sale of mutual funds. MCP does not and will not receive any portion of these transaction charges from SEI, TDA or Schwab. In addition to the management fee paid to MCP, and the transaction fees/commissions charged by the custodian acting as a broker-dealer, some of the mutual funds will also charge transaction fees.

MCP may also open "omnibus" accounts at other broker-dealers when MCP believes such firms can better facilitate certain transactions for the clients. The brokerage firms opening such accounts do not

name the client on the account but instead use the account to facilitate purchase and sale transactions for MCP and then send transaction information to the client's custodian. MCP team members review the confirmations after such transactions occur to be sure proper execution and delivery of securities are made to client accounts.

MCP recommends certain broker-dealers to its clients based on a variety of factors. These include, but are not limited to, commission costs. In choosing a broker-dealer or custodian to recommend, MCP is most concerned with the value the client receives for the cost paid, not just the cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. Specifically, SEI, Schwab and TDA have what can be considered discount commission rates, as well as arrangements with many mutual funds that enable MCP to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). They have the highest market share of investment adviser business



which makes them the most experienced in matters likely to arise for MCP clients. MCP re-evaluates the use of Schwab, SEI and TDA and other broker-dealers at least annually to determine if these custodians are still the best value for MCP clients.

**B. Aggregating Trades**

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, ¼ of a share, or a position in the account of less than 1%.)

**Item 13: Review of Accounts**

All accounts will be reviewed by a senior professional on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

All clients will receive statements and confirmations of trades directly from their account custodian. Clients also receive written quarterly reports from MCP which outline the client's asset allocation and recent performance.

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

**A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Please see the response to Item 12 of this Part 2A with reference to certain benefits provided by the custodians.

**B. Compensation for Client Referrals to persons not supervised**

MCP has relationships with individuals and firms that may refer clients to MCP in exchange for a referral fee. If a client is introduced to MCP by either an unaffiliated or an affiliated solicitor, MCP *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from MCP's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to MCP by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of MCP's ADV Part 2 with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between MCP and the solicitor.

**Item 15: Custody**

MCP deducts fees from client accounts, but would not have custody of client funds otherwise. Clients will receive statements directly from their account custodian, and copies of all trade confirmations directly from their account custodian.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by MCP against the information in the statements provided directly from their account custodian. Clients should alert us of any discrepancies.

**Item 16: Investment Discretion**

Asset management services may be provided on either a “discretionary” or “non-discretionary” basis. When MCP is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and MCP.

**Item 17: Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. MCP will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. MCP will not give clients advice on how to vote proxies.

**Item 18: Financial Information**

MCP does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.