

# Disclosure Brochure

March 24, 2014

## **IKE Capital, LLC**

*a Registered Investment Adviser*

150 East 52<sup>nd</sup> Street, 3<sup>rd</sup> Floor  
New York, NY 10022

(212) 558-8825

[www.ikecapital.com](http://www.ikecapital.com)

This brochure provides information about the qualifications and business practices of IKE Capital, LLC (hereinafter "IKE Capital"). If you have any questions about the contents of this brochure, please contact Lawrence H. Levy at (212) 558-8825. 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 IKE Capital, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

IKE Capital, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This Item discusses only the material changes that have occurred since IKE Capital's last annual update dated March 18, 2013. IKE Capital does not have any material changes to disclose in this Item.

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### Firm Disclosure Brochure

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## Item 4. Advisory Business

IKE Capital was founded by the firm's principal, Lawrence H. Levy, in August 2004 with the goal to match each individual investor with the appropriate allocation of risk for his or her portfolio through its investment management services.

Prior to engaging IKE Capital to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with IKE Capital setting forth the terms and conditions under which IKE Capital renders its services (collectively the "*Agreement*"). Neither IKE Capital nor the client may assign the *Agreement* without the consent of the other party. A transaction that does not result in a change of actual control or management of IKE Capital is not considered an assignment.

As of February 20, 2014, IKE Capital has \$98,662,595 of assets under management, of which \$76,909,136 are managed on a discretionary basis and \$21,753,459 are managed on a non-discretionary basis.

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

### Investment Management Services

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Clients can engage IKE Capital to manage all or a portion of their assets on a discretionary or non-discretionary basis. IKE Capital does not provide financial planning services.

IKE Capital primarily allocates clients' investment management assets among fixed income and individual equities, and to a lesser extent among *Independent Managers* (as defined below), mutual funds and/or exchange-traded funds (ETFs) in accordance with the investment objectives of the client. IKE Capital also provides advice about any type of investment held in clients' portfolios.

IKE Capital tailors its advisory services to the individual needs of clients. IKE Capital consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. IKE Capital endeavors to make certain that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify IKE Capital if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon IKE Capital's management services.

## Use of Independent Managers

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

When recommending or selecting an *Independent Manager* for a client, IKE Capital reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that IKE Capital considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, IKE Capital's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by IKE Capital, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

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

If IKE Capital refers a client to an *Independent Manager* where IKE Capital's compensation is included in the advisory fee charged by such *Independent Manager* and the client engages the *Independent Manager*, IKE Capital shall be compensated for its services by receipt of a fee to be paid directly by the *Independent Manager* to IKE Capital in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee is paid solely from the *Independent Manager's* investment management fee, and does not result in any additional charge to the client.

## Item 5. Fees and Compensation

IKE Capital offers its services on a fee basis based upon a percentage of the assets under management. Alternatively, certain of IKE Capital's *Supervised Persons* may offer securities brokerage services under a commission arrangement.

### Investment Management Fee

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IKE Capital provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by IKE Capital. IKE Capital's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. IKE Capital does not, however, receive any portion of these commissions, fees, or costs. IKE Capital's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by IKE Capital on the last day of the previous quarter. The annual fee varies (between 0.10% and 2.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

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

### Fees Charged by Financial Institutions

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As further discussed in response to Item 12 (below), IKE Capital generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts.

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

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and

transaction fees. Such charges, fees and commissions are exclusive of and in addition to IKE Capital's fee.

### Fee Debit

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

### Fees for Management During Partial Quarters of Service

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

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

Additions may be in cash or securities provided that IKE Capital reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. IKE Capital may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

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

### Commissions or Sales Charges for Recommendations of Securities

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Clients can engage *Supervised Persons* of IKE Capital (but not IKE Capital) to render securities brokerage services under a commission arrangement; however, these individuals generally do not provide securities brokerage services to IKE Capital's advisory clients.

Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with IKE Capital. Under this arrangement, clients may implement securities transactions through certain of IKE Capital's *Supervised Persons* in their respective individual capacities as registered representatives of Dominick & Dominick LLC ("*Dominick & Dominick*"), an SEC registered investment adviser and broker-dealer and member of FINRA. *Dominick & Dominick* may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by *Dominick & Dominick* to such *Supervised Persons*. Prior to effecting any transactions clients are required to enter

into a new account agreement with *Dominick & Dominick*. The brokerage commissions charged by *Dominick & Dominick* may be higher or lower than those charged by other broker-dealers. In addition, certain of IKE Capital's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. When appropriate for clients' portfolios, IKE Capital recommends no-load funds.

A conflict of interest exists to the extent that IKE Capital recommends the purchase of securities where IKE Capital's *Supervised Persons* receive commissions or other additional compensation as a result of IKE Capital's recommendations. IKE Capital has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.



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

IKE Capital does not provide any services for performance-based fees.

As noted below in Item 10, one of IKE Capital's *Supervised Persons*, Lawrence H. Levy, is also an investment adviser representative and registered representative of *Dominick & Dominick*. This relationship poses a potential conflict of interest. IKE Capital has procedures in place to ensure that any recommendations made by Mr. Levy for these accounts are done so in the best interest of client.

### Item 7. Types of Clients

IKE Capital provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and business entities.

#### **Minimums Imposed By Independent Managers**

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IKE Capital does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than IKE Capital. In such instances, IKE Capital may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

### Methods of Analysis

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IKE Capital's primary methods of analysis are fundamental and technical.

*Fundamental analysis* involves the fundamental financial condition and competitive position of a company. IKE Capital will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risks in using fundamental analysis are that the market conditions may negatively impact the security or the underlying analysis may be incorrect.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that IKE Capital will be able to accurately predict such a reoccurrence.

### Investment Strategies

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IKE Capital believes it is too problematic an approach to forecast the economy and the direction of the stock market. Rather, IKE Capital works with clients to determine the appropriate level of risk for the client under most market conditions.

In developing portfolios, IKE Capital may utilize many types of securities (as described in Item 4), but client portfolios typically hold fixed income (including municipal bonds and U.S. treasuries), and large cap individual equities. While IKE Capital may use model portfolios (as discussed below), individual client portfolios are customized to the individual client's needs.

IKE Capital's goal is to build portfolios that are diversified so that an adverse event that impacts one security may not impact the entire portfolio. As part of the diversification, IKE Capital invests in a large number of securities spanning multiple industry sectors. IKE Capital focuses on individual equities with a history of paying dividends, but may allocate a portion of capital to securities that have the potential to offer a higher return but have increased risk.

### Market Risks

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

## Mutual Funds and ETFs

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An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual funds and ETFs are subject to secondary market trading risks. Shares of mutual funds and ETFs will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be no guarantee that a mutual funds' and ETFs' exchange listing or ability to trade its shares will continue or remain unchanged. Shares of the mutual fund or ETF may trade on an exchange at prices at, above or below their most recent net asset valuation (NAV), which is the price that an investor would buy or sell the mutual fund or ETF at. The per share NAV of a mutual fund or ETF is calculated at the end of each business day, and fluctuates with changes in the market value of the mutual fund's or ETF's holdings. The trading prices of a mutual fund's or ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's and ETF's shares trading at a premium or discount to NAV.

## Use of Independent Managers

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IKE Capital may recommend the use of *Independent Managers* for certain clients. IKE Capital will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, IKE Capital does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

## Management Through Similarly Managed Accounts

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

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

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to IKE Capital's clients may be limited. As further discussed in response to Item 12 (below), IKE Capital allocates investment opportunities among its clients on a fair and equitable basis.

## Use of Margin

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To the extent that a client authorizes the use of margin, and margin is thereafter employed by IKE Capital in the management of the client's investment portfolio, the market value of the client's account and

corresponding fee payable by the client to IKE Capital will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to IKE Capital. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

### **Risk of Loss**

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

### **Item 9. Disciplinary Information**

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

## Item 10. Other Financial Industry Activities and Affiliations

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

### Registered Representatives of Broker Dealer

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As discussed in Item 5, certain of IKE Capital's *Supervised Persons* are registered representatives of *Dominick & Dominick*.

### Affiliation with Other Investment Adviser

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As stated in Item 6, one of IKE Capital's *Supervised Persons* is also an investment adviser representative of *Dominick & Dominick*. A conflict of interest exists to the extent that IKE Capital recommends *Dominick & Dominick*'s investment advisory services where IKE Capital's *Supervised Persons* receive a portion of the investment advisory fees or other additional compensation. As a result, IKE Capital has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of its clients.

### Solicitation Arrangement with Registered Investment Adviser

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IKE Capital had previously entered into an agreement to act as a third-party solicitor for *Silvercrest Asset Management Group* ("*Silvercrest*"). Acting in this capacity, IKE Capital referred one client to *Silvercrest* and is entitled to a portion of the ongoing advisory fees paid under a fee sharing arrangement pursuant to that agreement. IKE Capital no longer actively solicits clients pursuant to this arrangement and, as such, the firm does not believe the arrangement poses a conflict of interest.

### Fees from Independent Managers

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As discussed above, IKE Capital recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain *Independent Managers*. In certain circumstances, the *Independent Managers*' compensation is included as part of IKE Capital's advisory fee. There may be a conflict of interest to choose *Independent Managers* that charge a lower fee. IKE Capital, however, chooses *Independent Managers* based on the criteria set forth in Item 4 (above) and not based on the percentage of fees IKE Capital receives.

### Item 11. Code of Ethics

IKE Capital has adopted a code of ethics in compliance with applicable securities laws (“*Code of Ethics*”) that sets forth the standards of conduct expected of its *Supervised Persons*. IKE Capital’s *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons*.

The *Code of Ethics* also requires certain of IKE Capital’s personnel (called “*Access Persons*”) to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, IKE Capital *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm’s policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client where there may be a potential for conflict, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

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



## Item 12. Brokerage Practices

As discussed above, in Item 5, IKE Capital generally recommends that clients utilize the brokerage and clearing services of *Fidelity*.

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

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

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

IKE Capital periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### Software and Support Provided by Financial Institutions

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IKE Capital may receive without cost from *Fidelity* computer software and related systems support, which allow IKE Capital to better monitor client accounts maintained at *Fidelity*. IKE Capital may receive the software and related support without cost because the firm renders investment management services to clients that maintain assets at *Fidelity*. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit IKE Capital, but not its clients directly. In fulfilling its duties to its clients, IKE Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that IKE Capital's

receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, IKE Capital may receive the following benefits from *Fidelity*:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

### Brokerage for Client Referrals

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IKE Capital does not consider, in selecting or recommending broker/dealers, whether the firm receives client referrals from the Financial Institutions or other third party.

### Directed Brokerage

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

### Trade Aggregation

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Transactions for each client generally will be effected independently, unless IKE Capital decides to purchase or sell the same securities for several clients at approximately the same time. IKE Capital may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among IKE Capital's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the firm determines to aggregate client orders for the purchase or sale of

securities, including securities in which IKE Capital's Supervised Persons may invest, the firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. IKE Capital does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

### Item 13. Review of Accounts

For those clients to whom IKE Capital provides investment management services, IKE Capital monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Principal of IKE Capital, Lawrence H. Levy. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with IKE Capital and to keep IKE Capital informed of any changes thereto. IKE Capital contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom IKE Capital provides investment advisory services may also receive a report from IKE Capital that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as agreed upon between IKE Capital and clients. Clients should compare the account statements they receive from their custodian with those they receive from IKE Capital and are advised that the statement issued by the *Financial Institutions* are the true and accurate record of their account(s).

### Item 14. Client Referrals and Other Compensation

#### Client Referrals

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IKE Capital is required to disclose any direct or indirect compensation that it provides for client referrals. IKE Capital has no disclosures to make to this Item.

#### Other Economic Benefits

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

### Item 15. Custody

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

The *Financial Institutions* recommended by IKE Capital have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to IKE Capital. In addition, as discussed in Item 13, IKE Capital also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from IKE Capital. If there is any discrepancy between the report issued by IKE Capital and the statement received from the *Financial Institution*, clients should rely on the statement issued directly by the *Financial Institution* as the true and accurate record of their account(s).

### Item 16. Investment Discretion

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

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

### **Item 17. Voting Client Securities**

IKE Capital is required to disclose if it accepts authority to vote client securities. IKE Capital does not vote client securities on behalf of its clients.



### Item 18. Financial Information

IKE Capital is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## **IKE Capital, LLC**

*a Registered Investment Adviser*

150 East 52<sup>nd</sup> Street, 3<sup>rd</sup> Floor  
New York, NY 10022

(212) 558-8825

[www.ikecapital.com](http://www.ikecapital.com)

Prepared by:

