

# **MK Capital Advisors, LLC**

## ***Private Investment Management Services Wrap Fee Program Brochure***

SEC File No. 801-73824  
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**This Wrap Fee program brochure provides information about the qualifications and business practices of MK Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 409-2400 or by email at [gspady@mkcapitaladvisors.com](mailto:gspady@mkcapitaladvisors.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.**

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that MK Capital Advisors, LLC or any person associated with MK Capital Advisors, LLC has achieved a certain level of skill or training.

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

## **Item 2 - Material Changes**

Not applicable

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## **Item 4 - Services, Fees and Compensation**

### ***About the Firm***

MK Capital Advisors, LLC (“MKCA”) is a privately owned limited liability company organized under the laws of the state of New York in 2012, with its principal place of business in New York, New York. The principal members of the firm are Michael J. Kramer and Mark D. Klein, each of whom own 50% of the company.

### ***Investment Management Services***

Each client is assigned a Portfolio Manager (“PM”). Currently, Mark Klein and Michael Kramer serve as the PMs for the PIM program. Dr. Kramer is also employed by Ladenburg Thalmann & Co. Inc. (“LTCO”) as a broker-dealer Registered Representative (“RR”) and maintains his securities licenses with LTCO. Clients who wish to participate in the Private Investment Management Program (“PIM”) will enter into a PIM agreement with MKCA. Pursuant to the PIM agreement, MKCA provides the client with investment advisory services, and arranges for the execution of securities transactions, but, rather than paying a separate management fee as well as other fees associated with the execution of the securities transactions, the client pays MKCA a single fee based on assets under management, which includes fees for the portfolio management services provided by the PM, program administrative services provided by MKCA, commissions resulting from the execution of transactions through LTCO, and custodial services (unless otherwise agreed between the custodian and the client (the “Wrap Fee”). MKCA (directly or through LTCO) in turn pays each of these service providers a portion of the Wrap Fee in connection with the services they provided to the PIM client. For a complete description of fees and expenses, please see the *Fees and Compensation* section below.

MKCA provides PIM clients with investment advisory services based upon the client’s specific investment objectives, risk tolerance, investment time horizon, and any investment policies, guidelines, or reasonable restrictions applicable to the assets designated for investment through the PIM Program. Clients grant MKCA discretionary authority over their PIM accounts. Pursuant to this grant of discretion, the PM purchases and sells securities for the client’s account at such time and in such manner as the PM in his or her discretion shall determine, generally without discussing transactions with the client in advance. In addition, the PM acts on the client’s behalf in all other matters necessary or incidental to trading in the account. Clients may impose reasonable restrictions on the investments in their accounts, including designating particular securities or types of securities that should not be purchased for an account. Any restrictions imposed by a client may cause the PM to manage the account differently than he would in the absence of such restrictions. Thus, the account may not perform as well as it would, absent such restrictions.

### ***Fees and Compensation***

PIM clients are generally charged the asset based Wrap Fee on a quarterly basis in advance, although some clients may pay a monthly fee and/or may be charged in arrears. The rate or rates used to calculate the Wrap Fee, and the timing of such fees, are subject to negotiation between the PM and each client and are set forth in the client’s PIM agreement. As set forth above, LTCO receives a portion of the Wrap

Fee for the execution of transactions in each PIM account and generally pays part of its compensation to the custodian.

The maximum annual Wrap Fee rates are:

<b>Value of Account Assets</b>	<b>Annual Wrap Fee Rate</b>
Up to \$500,000	3.00%
Next \$500,000	2.50%
Next \$1,000,000	2.25%
Assets Over \$2,000,000	2.00%

The Wrap Fee rate may be either a flat annual fee rate (maximum rate of 3.00%) or will be a blended fee using two or more of the rate tiers set forth above, subject to a quarterly account minimum that is generally \$175. The imposition of the minimum fee may cause the effective Wrap Fee rate (expressed as a percentage) to be greater than the fee rates specified in the client's PIM agreement.

Either party at any time upon written notice may terminate the PIM agreement and a *pro rata* portion of any Wrap Fee paid by the client in advance will be remitted to the client based on the number of days left in the quarter following receipt of the notice of termination by MKCA. When the Wrap Fee is paid in arrears, a *pro rata* portion of the Wrap Fee will be due by the client based on the number of days elapsed during the quarter prior to receipt of the notice of termination.

Participation in the PIM program may cost a client more or less than purchasing investment management, brokerage and custody services separately depending on the frequency of trading in the PIM account, commissions charged at other broker-dealers for similar products, fees charged for like services by other advisers and broker-dealers and other factors.

The Wrap Fee does not cover, and therefore PIM clients will also be required to pay:

- brokerage commissions or other charges resulting from transactions not effected through LTCO;
- any additional custodial services contracted for directly by the client with the custodian; and
- certain costs or charges that may be imposed by LTCO or the custodian, including costs associated with exchanging foreign currencies, odd-lot differentials, IRA fees, transfer taxes, exchange fees, wire transfer fees, postage fees, and other fees or taxes required by law.

In addition to the Wrap Fee, each mutual fund or exchange-traded fund (ETF) in which a client may invest also bears its own investment advisory fees and other expenses. Clients may be able to invest in mutual funds directly pursuant to the terms of their prospectuses and without paying the Wrap Fee and may be able to invest in ETFs directly, outside of the PIM program, without paying the Wrap Fee, subject to applicable commissions and/or transaction charges. Further, to the extent that cash used for investment through PIM comes from redemptions of the client's mutual fund or other investments outside of PIM, there may be tax consequences or additional cost from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Wrap Fee on those assets.

LTCO and/or the custodian will receive payments from certain mutual funds (including money market funds) pursuant to a 12(b)-1 distribution plan or other such plan as compensation for distribution or administrative services and such payments are distributed from the fund's total assets. These fee

arrangements are described in detail in the applicable fund's prospectus which will be provided upon request. The PM may receive a portion of these fees received by LTCO in his capacity as a registered representative of LTCO. This receipt of compensation creates a conflict of interest because the PM has an incentive to recommend investments that pay compensation to LTCO. In addition, LTCO receives compensation in connection with cash held in the account. LTCO receives compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into a money market fund, LTCO receives compensation based on the value of assets in these funds as a broker-dealer. Thus, MKCA and the MKCA PM have an incentive to recommend that the client select a money market fund as a sweep vehicle that pays more compensation to LTCO than other funds.

Clients may also be subject to additional expenses associated with the specific underlying investment funds such as, redemption fees. Certain mutual funds used in the PIM Program may charge a redemption fee if shares are redeemed within a specified period of time. Clients may incur redemption fees in the event that a sale is executed or an investment model update is implemented. Redemption fees vary by fund and are described in each fund's prospectus.

In addition, MKCA PMs may purchase securities for PIM accounts in initial public offerings and/or secondary offerings ("new issues"). If LTCO acts as an underwriter or manager for such offerings, or is a part of the selling group, it will receive compensation equal to either all or a portion of the "gross spread" (the difference between the price the client pays for the security and the price at which LTCO purchased the securities from the issuer). The Wrap fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

The PM recommending the PIM Program to the client may receive more compensation than if the client participated in other programs offered by MKCA or paid separately for investment advice, brokerage, and other services. Thus, the PM may have a financial incentive to recommend the PIM Program over other programs or services.

MKCA recognizes that the additional compensation that a PM may receive when acting as an RR results in a conflict of interest. MKCA addresses these conflicts through its policies and procedures, including but not limited to, its Code of Ethics, that among other things require PMs to make recommendations that are suitable for each client.

## **Item 5 - Account Requirements and Types of Clients**

The minimum amount of assets required to open and maintain an account in the PIM Program is \$50,000.

MKCA may waive this minimum under certain circumstances. Should the market value of an account fall below the stated minimum, MKCA has the right to require that additional monies be deposited to bring the account value up to the required minimum, or to close the account.

The following types of clients may participate in the PIM program: individuals, including high net worth individuals, small business owners, pension and profit sharing plans, trusts, estates and charitable organizations, corporations or other business entities, Taft-Hartley plans, and not for profit entities.

## **Item 6 - Portfolio Manager Selection and Evaluation**

The portfolio managers who provide investment advisory services to PIM clients are the principals of the firm, Michael Kramer and Mark Klein. MKCA does not utilize portfolio managers in the PIM program who are not employed by MKCA

### ***Advisory Business***

MKCA provides advice through other programs and services, including managed account services, consulting services, private investment fund management, third-party programs and other Wrap Fee programs. These programs and services are described in different disclosure documents, which are available upon request. These programs and services generally are not managed using the same securities, strategies and funds used in PIM. MKCA PMs may receive more compensation for recommending the PIM program or other programs managed by MKCA to a client. MKCA addresses this conflict through its policies and procedures, including but not limited to, its Code of Ethics that among other things require PMs to make recommendations that are suitable for each client.

### ***Performance-Based Fees and Side-By-Side Management***

Neither MKCA nor any of its supervised persons charges a performance-based fee – that is, a fee based on a share of capital gains on or capital appreciation of the assets of a client.

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

The PMs manage accounts in PIM using various types of investment strategies.

MKCA PMs will perform security analysis and methods used may include charting, fundamental, technical, or cyclical analysis. The main sources of information that the PM may use include financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, SEC filings and company press releases.

*Charting:* In this type of technical analysis, MKCA reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to attempt to predict how long the trend may last and when that trend might reverse.

*Fundamental Analysis:* MKCA attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

*Technical Analysis:* MKCA analyzes past market movements and applies that analysis to the present to supplement its fundamental research and to recognize recurring patterns of investor behavior and attempt to predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk that a poorly-managed or financially unsound company may underperform regardless of market movement.

*Cyclical Analysis:* In this type of technical analysis, MKCA measures the movements of a particular stock against the overall market in an attempt to predict the price movement of that security.

Certain advisory strategies may consist of portfolios being either fully or primarily invested in money market funds and/or short-term bond funds, depending on the client's unique financial needs and/or our economic market outlook. MKCA has policies and procedures to address such conflicts of interest.

Each investment style, strategy, and investment entails varying degrees of risk. There can be no assurance that a particular investment, style or strategy will be successful or that clients will not suffer losses. Results generated by or for each account will differ, and the investment advice provided to an individual will differ from client to client. Investment performance is not guaranteed, and the PM's past performance with respect to a client's account or other accounts does not predict future performance. The investment strategies used to manage accounts may include long-term purchases, short term purchases, selling securities within 30 days, short sales, margin transactions, and option writing.

**Margin risk:** MKCA may direct the purchase of securities for clients with money borrowed from the client's brokerage account. This allows the client to buy more stock than the client would be able to with the cash that is available, and allows the PM to purchase new or additional securities for the client without selling other holdings. Leverage increases a portfolio's risk as price swings are amplified in a margin account and clients can lose more funds than deposited if the value of securities decline.

**Options risks:** An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells their option in the secondary market nor exercises it prior to its expiration will necessarily lose their entire investment in the option. An option writer may be assigned an exercise at any time during the period the option is exercisable.

Starting with the day it is purchased, an American-style option is subject to being exercised by the option holder at any time until the option expires. This means that the option writer is subject to being assigned an exercise at any time after they have written the option, until the option expires or until they have closed out their option position in a closing transaction. By contrast, the writer of an European-style or capped option is subject to assignment only when the option is exercisable or, in the case of a capped option, when the automatic exercise value of the underlying interest hits the cap price. For more information regarding the risks of options, please read the 'Characteristics and Risks of Standardized Options' brochure, which can be found at [www.optionsclearing.com](http://www.optionsclearing.com).

**Evolving and New Investment Approaches:** MKCA's investment approach and trading techniques are continually evolving. MKCA is not restricted in developing or incubating new strategies or approaches and may deploy capital in accordance with such new strategies and approaches, even if MKCA has limited experience in the type of markets or instruments involved. The strategies and approaches developed by MKCA may not be successful and the resources devoted to the implementation of new approaches or strategies may diminish the effectiveness of MKCA's implementation of its established approaches or strategies.

### ***Voting Client Securities***

Unless a client specifically reserves the right to vote proxies in writing, MKCA will vote proxies for securities in the PIM accounts in accordance with MKCA's policies and procedures regarding proxy voting. These proxy voting policies and procedures contain guidelines that MKCA follows in order to minimize conflicts of interest and to ensure that it votes proxies in a manner consistent with the best



interests of its clients. MKCA's portfolio managers consult with the investment team concerning the best method to resolve any actual or apparent conflicts of interest between the interests of MKCA and its clients, in a manner that affords priority to the interests of the clients. If the conflict is personal to a portfolio manager, the portfolio manager will designate others to address the issues presented by the proxy vote. MKCA retains the proxy voting records for six years or such other period as may be required by applicable law or regulation. Clients may obtain a copy of these policies and procedures and information from MKCA on how their proxies were voted by submitting a written request to MKCA at 590 Madison Avenue, 29th Floor, NY, NY 10022.

## **Item 7 - Client Information Provided to Portfolio Managers**

As described in Item 4, "Services, Fees and Compensation" above, clients inform their PM of their investment objectives, risk tolerance, and investment time horizon as well as any applicable investment policies, guidelines, or reasonable restrictions. Since all PIM accounts are managed by MKCA rather than outside portfolio managers, there is no need to communicate such information to a third party.

## **Item 8 - Client Contact with Portfolio Managers**

Clients are encouraged to contact their PM directly.

## **Item 9 - Additional Information**

### ***Disciplinary Information***

Registered investment advisers are required to disclose whether there are any legal or disciplinary events that would be material to a client's or a prospective client's evaluation of MKCA or the integrity of MKCA's management. MKCA has no history of any reportable disciplinary action.

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

As indicated above one of MKCA's PMs is also a registered representative of LTCO. PIM clients may direct brokerage to LTCO. This affiliation, and the associated conflicts of interest, is described throughout this Brochure, including in detail in the Fees and Compensation portion of Item 4 of this Brochure.

Mark Klein owns a majority and controlling interest in M. Klein and Company, LLC, which has 100% ownership interest in The Klein Group, LLC ("The Klein Group"), a registered broker-dealer and a member of FINRA. Mr. Klein is a registered representative and principal of The Klein Group. The Klein Group's business is limited to providing investment-banking advice to issuers and advice on mergers and acquisitions. Mr. Klein also serves as Director of GSV Capital Corp., a publically traded fund focused on business development, and of New University Holdings Corp., a capital pool company listed on the TSE Venture Exchange, with a principal business of identifying, evaluating and negotiating the acquisition of assets or businesses. Mr. Klein also holds shares in GSV Capital Corp. Pursuant to MKCA's policies and procedures, Mr. Klein is required to recuse himself from investment decisions related to the PIM accounts to the extent that his involvement in investment-banking or other matters pertains to issuers in which any of the PIM accounts may invest.

The principals of MKCA are the portfolio managers of, and provide investment advisory services to, the MKCA Opportunity Fund, LLC (formerly known as the LTAM Titan Fund, a Delaware limited liability

company (the “Fund”). On June 30, 2012, MKCA became the managing member of the Fund, replacing Ladenburg Thalmann Asset Management, Inc., as the managing member of the Fund. The Fund invests in other hedge funds that the PMs identify for investment based on a multi-level review process including past performance and other relevant data. Membership interests in the Fund will be offered and sold primarily to “accredited investors” as that term is defined in Regulation D, adopted pursuant to Section 4(2) of the Securities Act. However, membership interests are also offered to a limited number of non-accredited investors subject to additional disclosure to all investors in the Fund. Investors must also qualify as “qualified clients” as such term is defined in the rules of the Investment Advisers Act of 1940.

The existence of multiple investment vehicles or clients may create conflicts as to time and resource commitments on the part of MKCA’s principals and other personnel. While such persons intend to devote such time to client business as they deem necessary, they will have other ongoing investment and business responsibilities which could have the effect of reducing the time they will devote to the investment activities of particular clients.

### ***Code of Ethics and Personal Trading***

As an investment manager or consultant to various clients, MKCA may give advice, take action, or hold or deal in securities for some clients or accounts, including MKCA’s own accounts or accounts of related parties, if applicable, which may differ from advice given, action taken or not taken or the timing of any action for any other client. Further, MKCA may recommend or effect transactions on behalf of certain clients in securities which it or any of its affiliated persons may buy or sell for their own accounts. MKCA is not a broker-dealer and does not act as a principal or broker in connection with client transactions. MKCA, and persons related to MKCA, including its officers, directors and employees, may buy, sell, or have a financial interest in securities recommended to clients, through independent transactions in personal accounts subject to MKCA’s Code of Ethics described below. In addition, IAR’s who are also employees of LTCO are subject to LTCO’s Code of Ethics.

MKCA has adopted a Code of Ethics in an effort to avoid possible conflicts of interest, the inappropriate use of material non-public information and to ensure the propriety of its employees’ and clients’ trading activities. The Code of Ethics is distributed to each employee at the time of hire and employees receive annual training in issues related to the Code of Ethics. The Code is based on the principle that officers, directors and other MKCA personnel owe a fiduciary duty to MKCA’s clients and must place the interests of MKCA’s clients above their own.

MKCA employees are required to conduct their personal investment activities in a manner that is not detrimental to its advisory clients. MKCA employees are not permitted to transact in securities except under circumstances specified in the Code of Ethics.

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these transactions would not materially interfere with the best interest of MKCA’s clients. In addition, the Code requires pre-clearance of many transactions and restricts trading in close proximity to client trading activity. MKCA and its employees may not enter orders for accounts in which they have a beneficial ownership interest to benefit from their knowledge of clients’ orders in a particular security (“front-running”). This includes orders in securities that are derivatives (options, warrants, etc.) of the security being purchased or sold by the client. Because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee

trading is continually monitored under the Code of Ethics, which]is reasonably designed to prevent conflicts of interest between MKCA and its clients.

Employees are required to provide MKCA with a complete report of their securities holdings at the time they are hired. Employees also provide MKCA with duplicate copies of trade confirmations and account statements for all of their brokerage accounts. Employees are also required to provide quarterly transaction and annual securities holdings reports. Most types of securities are subject to these reporting requirements.

The Code of Ethics also prohibits employees from serving on the boards of public companies or from maintaining outside affiliations without prior approval.

The Code of Ethics also prescribes employee conduct with respect to the giving and receipt of gifts. Employees are generally permitted to give and/or receive gifts or similar items including entertainment from other professionals, as long as they are less than \$250 in value per gift or instance and less than \$1,000 per donor per year. Employees are required to report all gifts in excess of \$50 and MKCA conducts a periodic review to ensure that business is not being referred to a third party as a result of improper gift giving. PMs of MKCA may be subject to further restrictions as RRs of LTCO.

The Code establishes sanctions if its requirements are violated, up to and including dismissal from employment. Employees are required to certify annually that they have complied with the Code of Ethics.

The foregoing is only a summary of the provisions of the Code of Ethics and is qualified in its entirety by the detailed provisions appearing in the full text of the Code. Clients and prospective clients may obtain a copy of the MKCA Code of Ethics by writing to: MKCA, 590 Madison Avenue, 29th Floor, New York, NY 10022.

### ***Review of Accounts***

The PM is primarily responsible for reviewing the accounts on an on-going basis to ensure that the investment strategy continues to be suitable for the client, taking into account any changes to the information provided by the client and the strategy managed. MKCA generally reviews PIM accounts at least quarterly. These reviews are performed by MKCA's senior PM or Chief Compliance Officer.

MKCA or the PM may provide clients with quarterly performance reviews of PIM accounts. MKCA and the PM do not provide tax advice, and nothing in the performance review should be construed as advice concerning any tax matter. Performance reviews are not a substitute for regular monthly account statements received from the custodian or Form 1099. Performance reviews should not be used to calculate fees or to complete income tax returns. Upon a client's specific request and subject to the relevant firm's policies and procedures and applicable law, the performance review may include information about assets outside the program. By including any such assets in the performance review, the firm is not undertaking to provide or be responsible for providing any services with respect to those assets.

### ***Client Referrals and Other Compensation***

While it may in the future do so, MKCA currently does not enter into agreements with third parties to solicit clients for MKCA in exchange for compensation for referring such clients. Should MKCA elect to enter into such agreements in the future, the third party solicitor will receive either a percentage of, or a

set fee based on, the fee charged to the client. If a solicitor is used in connection with a client's account, the structure and arrangement of the solicitation agreement, as well as the compensation paid to the solicitor, will be fully disclosed to the client, which disclosure will be acknowledged in writing by the client when participating in a MKCA program. The fee charged to a client is not affected by the use of a third-party solicitor in connection with client accounts, and a client will not be charged any additional fees for the use of such services.

MKCA employees may attend conferences at which employees may be given gifts and/or trinkets that are less than \$50 in value. Employees may also receive gifts or similar items including entertainment from other professionals, as long as they are less than \$250 in value per gift or instance and less than \$1,000 per donor per year. The receipt of these gifts could create the incentive for MKCA to refer business to these professionals when it may not be in the client's best interest to do so. However, employees are required to report all such gifts and MKCA conducts a periodic review to ensure that business is not being referred to a third party as a result of improper gift giving.

### ***Financial Information***

MKCA does not require prepayment of advisory fees six months or more in advance. MKCA has never been the subject of a bankruptcy petition.

### **Item 10 - Requirements for State-Registered Advisers**

Not applicable.