

## Item 1 – Cover Page

### **Convex Capital Management LLC**

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(630)791 9037

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

Date of Disclosure Brochure: June 2014

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This disclosure brochure provides information about the qualifications and business practices of Convex Capital Management LLC (also referred to as we, us and Convex Capital throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Saumen Chattopadhyay at (630)791 9037 or [Saumen.Chattopadhyay@convexcm.com](mailto:Saumen.Chattopadhyay@convexcm.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Convex Capital is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Convex Capital Management LLC or our firm's CRD number 166623.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Convex Capital is a registered investment adviser, and this disclosure brochure dated June 2014 is the annual amendment to our original disclosure brochure dated February 2013 and subsequent amendments filed in June and July 2013.

### **Material Changes:**

- The firm has moved to a new location and the address has been updated in the cover page and ADV Part 2B.
- In June 2014 WhiteStone Capital Partners became 10% owners of Convex Capital Management, LLC.

We will continue to ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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#### **Item 4 – Advisory Business**

Convex Capital is an investment adviser registered with the State of Illinois and is a limited liability company (LLC) formed under the laws of the State of Delaware.

- Saumen Chattopadhyay is a Managing Member of Convex Capital and owns 73.00% of the firm. Full details of the education and business background of Saumen Chattopadhyay are provided at *Item 19* of this Disclosure Brochure.
- The McConnell Partners Group, LLC owns 17% of the firm. Brian McConnell owns 100% of the McConnell Partners Group.
- WhiteStone Capital Partners owns 10% of the firm. Christopher Campbell owns 100% of Whitestone Capital Partners.
- Convex Capital became approved as a registered investment adviser in February 2013.

#### **Introduction**

The investment advisory services of Convex Capital are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Convex Capital (referred to as your investment adviser representative throughout this brochure).

Your investment adviser representatives are typically is not an employee of Convex Capital; rather, your investment adviser representative typically is an independent contractor of Convex Capital.

Your investment adviser representative is limited to providing the services and charging investment advisory fees in accordance with the descriptions detailed in this brochure.

#### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Convex Capital. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Convex Capital before we can provide you the services described below.

#### **Dynamic Risk Portfolio Management Services**

Convex Capital offers asset management services, which involves Convex Capital providing you with Dynamic Risk Portfolio Management, which requires continuous and ongoing supervision over your specified accounts. The objective of Dynamic Risk Management implemented by Convex Capital is to avoid market risk exposure in a client's portfolios in an economic and market environment when risky assets are in decline and accept higher levels of market risks when the trend is positive for risky assets with strong return profile. The asset management services provide dynamic allocation to traditional, alternatives and risk-free assets to manage equity, interest rate, inflation and credit/default risks in a client's portfolio.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client’s benefit.

### **Institutional Advisory Services**

Convex Capital Management provides institutional investment management services to various institutions, small and midsize organizations, endowment and foundations, family offices and registered investment advisors. The services offered include:

**Investment Policy Statement Assistance** — Convex Capital assists in creating, rewriting and/or reviewing an effective Investment Policy Statement that reflects the investment needs of the entity.

**Asset Allocation Models** — Convex Capital assists in developing a diversified asset allocation strategy in accordance with the investment objectives, goals, need for liquidity and risk tolerance of the entity.

**Financial Profile** — Convex Capital performs a detailed review of the entity’s investment objectives and financial situation in order to provide an accurate assessment of the appropriate

level of acceptable risk in accordance with the stated time horizon and goals.

**Investment Management** — Convex Capital provides ongoing, continuous management of assets, including strategic and tactical rebalancing and daily account review.

**Performance Reporting** – Convex Capital provides comprehensive performance reporting against appropriate benchmark and attribution at the allocation of asset class, sector and underlying securities level.

**Manager Research and Recommendation** – Convex Capital provides detailed manager research and recommendation on selection, on-going due diligence and termination of investment managers in a client's portfolio.

**Investment Signals** – Convex Capital provides investment signals for a wide range of global asset classes and geographic markets using both quantitative and discretionary methods. By combining quantitative and discretionary methods Convex Capital seeks to anticipate and capture regime shifts in different economic and market environments. The investment signals is a separate service provided on board market indices without any allocation recommendation to clients' portfolio, specific return objectives or risk profiles.

### **Financial Planning & Consulting Services**

Convex Capital offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. Financial planning services are offered by Convex Capital on an 'a la carte' basis depending on the client requests. Clients who invest in the Investment Models of Convex Capital based on their own judgment of investment objectives and risk tolerance there is no separate financial planning service involved. However, if clients want Convex Capital to prepare a comprehensive plan and/or assess their investment objectives and risk profile through a detailed questionnaire and interview process to determine the suitability of investment in a particular model(s) Convex Capital will offer the financial planning service against a separate fee. Convex Capital provides full written financial plans, which typically address the following topics: Investment Planning, Retirement Planning, Tax Planning, Portfolios Review, and Asset Allocation.

**Investment Planning** – Convex Capital prepares an Investment Policy Statement (IPS) with detailed review of client's overall investment objective, return requirements, risk tolerance, time horizon, liquidity needs, tax preference and unique circumstances. The IPS outlines the investment philosophy, asset allocation plan, investment selection criteria and monitoring procedures. The IPS is normally updated on a yearly basis unless there is a change in client's personal circumstance which would require an interim update. Investment planning can take anywhere between six to forty hours depending upon the client's profile and circumstances

**Retirement Planning** – Convex Capital determines retirement income goals and gathers information about potential sources of retirement. Convex Capital creates a unified and comprehensive retirement plan covering assets, income, taxation, inheritance and risk management. A long-term asset management plan is structured considering economic environment and inflationary conditions, tax minimization strategy, uncertainty and market volatility. Retirement planning services include research, financial modeling and mathematical simulation to identify adequacy of client's investment to attain retirement readiness, and to clarify strategic choices and actions. Retirement planning can take anywhere between twenty to fifty hours depending upon the client's profile and circumstances.

**Tax Planning** – Convex Capital works with third party tax / accounting advisor(s) to align financial goals with tax efficiency planning. Tax planning would encompass many different aspects e.g. selection of investment options and types of retirement plans, timing of income and capital growth as well as tax lot selection for investment transactions within client's portfolio. Tax planning services would include recommendations on tax reduction strategies based on income, expenses, individual needs and goals. Clients can also choose to use their existing tax / accounting advisor(s). The fee arrangement with an outside professional is described in the section 'Other Fee Terms for Financial Planning, Institutional Advisory & Consulting Services'. Tax planning can take anywhere between fifteen to forty hours depending upon the client's profile and circumstances.

**Portfolio Review and Asset Allocation** – Convex Capital researches clients' existing portfolios and underlying investments to determine the asset class mix, return profile and risk characteristics. Convex Capital also determines broad asset allocation objectives based on the Investment Policy Statement (IPS). An Efficient Frontier is constructed to develop an optimized portfolio based on the constraints indicated in the IPS, and underlying investments (e.g. stocks, bonds, ETFs, mutual funds) are selected using quantitative screens and qualitative review. Convex Capital also analyzes return, risk and modern portfolio statistics and runs mathematical simulation, wherever necessary, to identify the adequacy of the portfolio against client's investment objectives and risk tolerance. Portfolio Review and asset allocation can take anywhere between twenty to sixty hours depending upon the client's profile and circumstances.

When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. Written financial plans prepared by us do not include specific recommendations of individual securities.

We also offer consultations in order to discuss financial planning issues when you do not need a written financial plan. We offer a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. We also offer "as-needed" consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by you. Under an "as-needed" consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice or consultation on.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through Convex Capital or retain Convex Capital to actively monitor and manage your investments, you must execute a separate written agreement with Convex Capital for our asset management services.

### **Retirement Plan Services**

Convex Capital offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the following services:

## Fiduciary Consulting Services

Convex Capital provides the following Fiduciary Retirement Plan Consulting Services:

- Investment Policy Statement Preparation. Convex Capital will help you develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the Plan. You will have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Investment Selection Services. Convex Capital will provide you with recommendations of investment options consistent with ERISA section 404(c).
- Investment Due Diligence Review. Convex Capital will provide you with periodic due diligence reviews of the Plan's reports, investment options and recommendations.
- Investment Monitoring. Convex Capital will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and Convex Capital will make recommendations to maintain or remove and replace investment options.
- Default Investment Alternative Advice. Convex Capital will provide you with non-discretionary investment advice to assist you with the development of qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. You will retain the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).

For Fiduciary Consulting Services, all recommendations of investment options and portfolios will be submitted to you for your ultimate approval or rejection. For retirement plan Fiduciary Consulting Services, the retirement plan sponsor client or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Fiduciary Consulting Services are not management services, and Convex Capital does not serve as administrator or trustee of the plan. Convex Capital does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees).

Convex Capital acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. Convex Capital will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Convex Capital to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, Convex Capital (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to



manage, acquire or dispose of any plan assets, and (c) is not the “Administrator” of Client’s retirement plan as defined in ERISA.

#### Fiduciary Management Services

Convex Capital provides clients with the following Fiduciary Retirement Plan Management Services:

- Discretionary Management Services. Convex Capital will provide you with continuous and ongoing supervision over the designated retirement plan assets. Convex Capital will actively monitor the designated retirement plan assets and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Plan. We have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in the our sole discretion without first consulting with you. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.

If you elect to utilize any of Convex Capital ’s Fiduciary Management Services, then Convex Capital will be acting as an Investment Manager to the Plan, as defined by ERISA section 3(38), with respect to our Fiduciary Management Services, and Convex Capital hereby acknowledges that it is a fiduciary with respect to its Fiduciary Management Services.

#### Non-Fiduciary Services

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA. The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Agreement.

Convex Capital provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- Participant Education. Convex Capital will provide education services to Plan participants about general investment principles and the investment alternatives available under the Plan. Convex Capital ’s assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Due Diligence Review. Convex Capital will provide you with periodic due diligence reviews of your Plan’s fees and expenses and your Plan’s service providers.

Securities and other types of investments all bear different types and levels of risk. Those risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their qualified plan accounts. Upon request, as part of our retirement plan services, we can discuss those investments and investment strategies that we believe may tend to reduce these risks for a particular client’s circumstances and plan participants.

Clients and plan participants must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with the client, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client and other employees. It is still the clients' responsibility to ask questions if the client does not fully understand the risks associated with any investment. All plan participants are strongly encouraged to read prospectuses, when applicable, and ask questions prior to investing.

We strive to render our best judgment for clients. Still, Convex Capital cannot assure that investments will be profitable or assure that no losses will occur in their portfolios. Past performance is an important consideration with respect to any investment or investment advisor, but it is not necessarily an accurate predictor of future performance.

Convex Capital will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

### **Newsletters**

Convex Capital occasionally prepares general, educational and informational newsletters. Newsletters are always offered on an impersonal basis and do not focus on the needs of a specific individual.

### **Seminars**

Convex Capital may occasionally provide seminars in areas such as investment management, financial planning, retirement planning, estate planning and charitable planning. Seminars are always offered on an impersonal basis and do not focus on the individual needs of participants.

### **Specialization**

Convex Capital specializes in providing Dynamic Risk Portfolio Management and Adaptive Asset Allocation.

### **Limits Advice to Certain Types of Investments**

Convex Capital provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Options

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

#### **Tailor Advisory Services to Individual Needs of Clients**

Convex Capital 's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. Our financial planning and consulting services are always provided based on your individual needs. When providing financial planning and consulting services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

When managing client accounts through our firm's Asset Management Services program, we may manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

#### **Client Assets Managed by Convex Capital**

As of December 31, 2013 the firm managed \$23,533,107.15. All client accounts are managed on a discretionary basis.

## Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Convex Capital .

### **Dynamic Risk Portfolio Management Services**

Generally the fees charged for our asset management services are charged based on a percentage of assets under management, billed in advance (at the start of the billing period) on a monthly basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of a billing period, the prorated fee for the initial billing period is billed in arrears at the same time as the next full billing period's fee is billed.

Upon client request the fees charged for our asset management services may be charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a monthly basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period.

The Dynamic Risk Portfolio Management services continue until terminated by either party (i.e., Convex Capital or you) by giving thirty (30) days written notice to the other party. Any prepaid, unearned fees will be promptly refunded by Convex Capital to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

Fees charged for our asset management services are negotiable based on the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

For our asset management services, client will be charged the following annual fee based upon the amount of assets under management:

#### **AUM based Fee Schedule for Non-Institutional Clients**

<b>Portion of the Account that is At least</b>	<b>But Less Than</b>	<b>Fee at this Tier</b>
\$0	\$500,000	1.25%
\$500,000	\$1,000,000	1.00%
\$1,000,000	\$5,000,000	0.75%
\$5,000,000	and greater	0.60%

**AUM based Client Fee Schedule for Institutional Clients**

<b>AUM Range</b>	<b>Fee (Tapered)</b>
Up to \$999,999	1.00%
\$1,000,000 - \$4,999,999	0.75%
\$5,000,000 - \$24,999,999	0.60%
\$25,000,000 and greater	0.50%

Convex Capital believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

You can choose how to pay your investment advisory fees. The investment advisory fees can be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account or you can pay our firm upon receipt of a billing notice sent directly to you.

If you choose to have the investment advisory fees deducted from your account, you must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to Convex Capital. Our firm will send you a billing statement prior to the time that fee deduction instruction is sent to the qualified custodian(s) of your account. The billing statement will detail the formula used to calculate the fee, the assets under management and the time period covered.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

If you choose to pay the fees after receiving a statement, fees are due upon your receipt of a billing notice sent directly to you. The billing notice will detail the formula used to calculate the fee, the assets under management and the time period covered. Fees for the services of our firm will be due immediately after your receipt of the billing notice.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Convex Capital does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Convex Capital in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Convex Capital are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

**Financial Planning, Institutional Advisory & Consulting Services**

Fees charged for our financial planning, institutional advisory and consulting services are negotiable based upon the type of client, the services requested, the complexity of the client's situation, the

composition of the client's account, other advisory services provided and the relationship of the client and the investment adviser representative. The following are the fee arrangements available for financial planning and consulting services offered by Convex Capital .

### ***Fees for Financial Planning Services***

Convex Capital provides financial planning services under an hourly fee arrangement. An hourly fee in the range of \$150 to \$500 per hour (depending on investment advisor representative providing financial planning services and the complexity of the client's situation) is charged by Convex Capital for financial planning services provided under this arrangement. Before commencing financial planning services, Convex Capital provides an estimate of the approximate hours needed to complete the requested financial planning services. If Convex Capital anticipates exceeding the estimated amount of hours required, Convex Capital will contact you to receive authorization to provide additional services. You will pay in advance a mutually agreed upon retainer that will be available for Convex Capital to bill hourly fees against for our financial planning services; however, under no circumstances will Convex Capital require you to pay fees more than \$500 more than six months in advance. Any unpaid hourly fees are due immediately upon completion and delivery of the financial plan.

Convex Capital also provides financial planning services under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for financial planning services under this arrangement. There is a range in the amount of the fixed fee charged by Convex Capital for financial planning services. The minimum fixed fee is generally \$1000 and the maximum fixed fee is generally no more than \$100,000. The amount of the fixed fee for your engagement is specified in your financial planning agreement with Convex Capital. At our sole discretion, you may be required to pay in advance one-half of the fixed fee at the time you execute an agreement with Convex Capital; however, at no time will Convex Capital require payment of more than \$500 in fees more than six months in advance. Upon completion and delivery of the financial plan, the fixed fee is considered earned by Convex Capital and any unpaid amount is immediately due.

The financial planning services terminate upon delivery of the written financial plan or upon either party providing the other party with written notice of termination.

You may terminate the financial planning services within five (5) business days of entering into an agreement with Convex Capital without penalty or fees due. If you terminate the financial planning services after five (5) business days of entering into an agreement, you will be responsible for immediate payment of any financial planning services performed by Convex Capital prior to the receipt by Convex Capital of your notice. For financial planning services performed by Convex Capital under an hourly arrangement, you will pay Convex Capital for any hourly fees incurred at the rates described above. For financial planning services performed by Convex Capital under a fixed fee arrangement, you will pay Convex Capital a pro-rated fixed fee equivalent to the percentage of work completed by Convex Capital as determined by Convex Capital. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Convex Capital to you.

### ***Fees for Institutional Advisory Services***

Convex Capital provides institutional advisory services under an hourly fee arrangement in the range of \$150 to \$500 per hour (depending on the complexity of the client's situation) is charged by Convex Capital for institutional advisory services provided under this arrangement. Before commencing

institutional advisory services, Convex Capital provides an estimate of the approximate hours needed to complete the requested institutional advisory services. If Convex Capital anticipates exceeding the estimated amount of hours required, Convex Capital will contact you to receive authorization to provide additional services. You will pay in advance a mutually agreed upon retainer that will be available for Convex Capital to bill hourly fees against for our institutional advisory services; however, under no circumstances will Convex Capital require you to pay fees more than \$500 more than six months in advance. Any unpaid hourly fees are due immediately upon completion of the institutional advisory services.

Convex Capital also provides institutional advisory services under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for institutional advisory services under this arrangement. There is a range in the amount of the fixed fee charged by Convex Capital for institutional advisory services. The minimum fixed fee is generally \$1000 and the maximum fixed fee is generally no more than \$100,000. The amount of the fixed fee for your engagement is specified in your institutional advisory agreement with Convex Capital. At our sole discretion, you may be required to pay in advance one-half of the fixed fee at the time you execute an agreement with Convex Capital; however, at no time will Convex Capital require payment of more than \$500 in fees more than six months in advance. Upon completion of the institutional advisory services, the fixed fee is considered earned by Convex Capital and any unpaid amount is immediately due.

The one-time institutional advisory services will terminate upon completion of the advisory service or either party providing the other party with written notice. The “as-needed” advisory services will terminate upon either you or Convex Capital providing written notice of termination to the other party.

You may terminate the investment advisory services within five (5) business days of entering into an agreement with Convex Capital without penalty or fees due. If you terminate the institutional advisory services after five (5) business days of entering into an agreement, you will be responsible for immediate payment of any institutional advisory services performed by Convex Capital prior to the receipt by Convex Capital of your notice. For institutional advisory services performed by Convex Capital under an hourly arrangement, you will pay Convex Capital for any hourly fees incurred at the rates described above. For institutional advisory services performed by Convex Capital under a fixed fee arrangement, you will pay Convex Capital a pro-rated fixed fee equivalent to the percentage of work completed by Convex Capital as determined by Convex Capital. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Convex Capital to you.

### ***Fees for Consulting Services***

Convex Capital provides consulting services under an hourly fee arrangement. An hourly fee in the range of \$150 to \$500 (depending upon the complexity of client's situation) is charged by Convex Capital for consulting services provided under this arrangement. Before providing consulting service, Convex Capital will provide an estimate of the approximate hours needed to complete the consulting services. If Convex Capital anticipates exceeding the estimated amount of hours required, Convex Capital will contact you to receive authorization to provide additional services. You may be requested to pay in advance a mutually agreed upon retainer that will be available for Convex Capital to bill hourly fees against for our consulting services; however, under no circumstances will Convex Capital require you to pay fees more than \$500 more than six months in advance. The standard billing dates and events of Convex Capital are the following: (1) the first business day of each month; (2) the date when incurred

hourly fees will cause the retainer balance to be depleted to zero; (3) the date or thereafter that Convex Capital substantially provides the agreed upon services; and (4) the date the engagement is terminated by either you or Convex Capital. Upon presentment of the invoice to you, Convex Capital will deduct the hourly fees due Convex Capital against your current retainer balance and you will immediately pay Convex Capital any outstanding balance of hourly fees due.

Convex Capital also provides consulting services under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for consulting services under this arrangement. There is a range in the amount of the fixed fee charged by Convex Capital for consulting services. The minimum fixed fee for consulting services will be \$1000, and maximum fixed fee for consulting services will be generally no more than \$100,000. The amount of the fixed fee for your engagement is specified in your consulting agreement with Convex Capital. At our sole discretion, you may be required to pay in advance one-half of the fixed fee at the time you execute an agreement with Convex Capital. At no time will Convex Capital require payment of more than \$500 in fees more than six months in advance

The one-time consulting services will terminate upon completion of the consultation or either party providing the other party with written notice. The "as-needed" consulting services will terminate upon either you or Convex Capital providing written notice of termination to the other party.

You may terminate the consulting services within five (5) business days of entering into an agreement with Convex Capital without penalty or fees due. If you terminate the consulting services after five (5) business days of entering into an agreement with Convex Capital, you will be responsible for immediate payment of any consulting work performed by Convex Capital prior to the receipt by Convex Capital of your notice. For consulting services performed by Convex Capital under an hourly arrangement, you will pay Convex Capital for any hourly fees incurred at the rates described above. For consulting services performed by Convex Capital under a fixed fee arrangement, you will pay Convex Capital a pro-rated fixed fee equivalent to the percentage of work completed by Convex Capital as determined by Convex Capital. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Convex Capital to you.

**Explanation of Financial Planning, Institutional Advisory and Consulting Service Fee Ranges**

As stated above the hourly rate for charged for Financial Planning and Consulting Services will vary depending upon the investment adviser representative providing the service and the complexity of the client circumstances.

Rates Based upon Investment Advisor Representative Experience:

- a) less than 3 years of experience - \$150 - \$200 per hour
- b) 3-5 years of experience - \$200 - \$250 per hour
- c) 5- 8 years of experience - \$250 - \$300 per hour
- d) greater than 8 years of experience - \$300 - \$500 per hour

Examples of rates varying based upon client circumstances:

- a) A client quoted with a fee of \$150 - \$200 per hour would be a young, single person with no dependents, assets of \$100,000 or less, and a simple asset accumulation goal. Six hours of interview, analysis and report generation would provide estimated amounts and investment/savings vehicles, based on the client's investment objectives and risk tolerance.



- b) An example of a client quoted with a fee of \$200 - \$250 per hour would be a married couple with children, \$250,000 - \$750,000 in assets, several investment accounts and investment vehicles (e.g. several stocks, ETFs, mutual funds etc.), existing college funds and/or interest in funding for college for the children, retirement assets (e.g. IRA's and/or workplace retirement plans such as 401(k)'s) to be analyzed, and tax considerations or tax consequences based on the investment vehicles recommended. Ten to fifteen hours of interview, analysis, reporting and research specific to the client's investment and tax situation would be needed to develop recommendations.
- c) An example of a client quoted with a fee of \$250 - \$300 per hour would be a married couple with children, about \$1 million to \$3 million in assets, many investment accounts and investment vehicles (e.g. many stocks, bonds, mutual funds), existing college funds and/or interest in funding for college for the children, significant (\$500,000 +) retirement assets (e.g. IRA's and/or workplace retirement plans such as 401(k)'s), several legal agreements in place (e.g. trusts), tax considerations or tax consequences based on the investment vehicles recommended, and existing tax advisors, legal counsel and accounting advisors who must coordinate and implement the plan. There would be ten or more hours of interview time to cover the existing financial situation/accounts and discuss potential investments, and another fifteen to thirty hours of research specific to their tax and investment situation, and investigation of vehicles like trusts for suitability would be needed to develop recommendations.
- d) An example of a client quoted with a fee of \$300 - \$500 per hour would be a married couple with children, about \$10 million to \$ 15 million in assets, many investments and legal agreements in place, existing complex trust and estate planning documents, significant business ownership and existing tax advisors, legal counsel and accounting advisors who must coordinate and implement the plan. Forty or more hours of interview time with the clients and the various advisors and a further forty or more hours of research would be required to cover the existing financial situation and existing legal documents and create a plan.

In all situations the type of services required for the client prevails over the experience of the investment advisor representative who is preparing the plan, i.e. if an investment adviser representative with more than 8 years of experience prepares a simple plan for a young client, the quoted fee would be \$150 - \$200 per hour.

The exact fees for Financial Planning, Institutional Advisory and Financial Consulting Services and other terms will be specified in the agreement between you and Convex Capital .

#### ***Other Fee Terms for Financial Planning, Institutional Advisory & Consulting Services***

You may pay the investment advisory fees owed for the financial planning services by submitting payment directly (for example, by check) or having the fee deducted from an existing investment account.

If you elect to pay by automatic deduction from an existing investment account, you will provide written authorization to Convex Capital for such charge.

You should notify Convex Capital within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

To the extent Convex Capital engages an outside professional (i.e. attorney, independent investment adviser or accountant) while providing financial planning and consulting services to you, Convex Capital will be responsible for the payment of the fees for the services of such an outside professional, and you will not be required to reimburse Convex Capital for such payments. To the extent that you personally engage such an outside professional, you will be responsible for the payment of the fees for the services of such an outside professional, and Convex Capital will not be required to reimburse Client for such payments. Fees for the services of an outside professional (i.e. attorney, independent investment adviser or accountant) will be in addition to and separate from the fees charged by Convex Capital, and you will be responsible for the payment of the fees for the services of such an outside professional. In no event will the services of an outside professional be engaged without your express approval.

All fees paid to Convex Capital for financial planning, institutional advisory and consulting services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

It should be noted that lower fees for comparable services may be available from other sources.

### **Retirement Plan Services**

For retirement plan sponsor clients, Convex Capital will charge a fixed annual fee, or an hourly fee that is calculated as a percentage of the value of plan assets. This fee is negotiable based upon the complexity of the plan, the size of the plan assets, the actual services requested and the potential for additional deposits.

If Convex Capital charges a fixed annual fee, we typically charge an annual fixed fee of between \$1000 to \$100,000. The exact amount of the fixed fee will be specified in your agreement with Convex Capital. At our sole discretion you may be required to pay a portion of the fixed fee up front in the form of a retainer; however, at no time will we require payment of more than \$500 in fees more than six months in advance. Upon completion of the services, the fixed fee is considered earned by Convex Capital and any unpaid amount is immediately due.

If Convex Capital charges hourly rates, the hourly rate charged for retirement plan services ranges from \$150 to \$500 per hour. If the client and Convex Capital have agreed that services will be provided on an hourly basis, fees will be estimated before consulting services are initiated. Should additional time be required, Convex Capital will notify the client in advance in writing, with an appropriate explanation that additional time will be needed to complete the desired service. At our sole discretion you may be required to pay a portion of the fee up front in the form of a retainer. At no time will we require payment of more than \$500 in fees more than six months in advance.

### **AUM based Client Fee Schedule for Retirement Plan Clients:**

<b>AUM Range</b>	<b>Fee (Tapered)</b>
Up to \$999,999	1.00%
\$1,000,000 - \$4,999,999	0.75%
\$5,000,000 - \$24,999,999	0.60%
\$25,000,000 and greater	0.50%

Generally retirement plan sponsors fees are billed in advance (at the start of the billing period) on a monthly basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period.

Upon client request the fees charged for our asset management services may be charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a monthly basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period.

Clients can elect to have the fee deducted from their account or billed directly and due upon receipt of the billing notice. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to Convex Capital. We will provide the custodian with a fee notification statement.

The services will terminate upon thirty (30) days following either party providing the other party with written notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination.

Convex Capital does not reasonably expect to receive any other compensation, direct or indirect, for its Services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

### **Newsletters**

Newsletters are provided to clients and prospective clients free of charge.

### **Seminars**

No fees are charged for seminars. However, if we are hired by larger groups, such as corporations, we reserve the right to charge fees to cover the expenses incurred by us for presenting the seminars. In this case, all fees and payment provisions will be fully disclosed to you prior to the seminar being presented.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

## **Item 7 – Types of Clients**

Convex Capital generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with Convex Capital specifying the particular advisory services in order to establish a client arrangement with Convex Capital .

### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing an account managed by Convex Capital. However, all clients are required to execute an agreement for services in order to establish a client arrangement with Convex Capital.

Convex Capital has a minimum annual Asset Management Fee of \$1000.

The minimum fee generally charged for financial planning and consulting services provided on an hourly basis is \$150. The minimum fixed fee generally charged for financial planning and consulting services on a fixed fee basis is \$1000.

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

### **Methods of Analysis**

Convex Capital uses the following methods of analysis in formulating investment advice:

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is

possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

**Technical** – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

There are risks involved in using any analysis method.

To conduct analysis, Convex Capital gathers information from investment related software (e.g. Bloomberg), financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

### **Investment Strategies**

Convex Capital uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase.

Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

## **Investment Process**

**Top-Down Macro-Economic Research** – Use fundamental analysis based on macroeconomic variables and market based factors to capture structural shifts and movements of the market/economic cycle. Convex Capital prepares a proprietary leading economic index for specific countries, which is aggregated into regional risk ratings, and then finally aggregated again into a global risk rating.

**Asset Class Performance Analysis** – Analyze and identify how various asset classes react in a distinct way over different market regimes.

**Regime-Shift Signals** – Use quantitative models and advanced statistical techniques to capture regime shift signals for each individual asset class.

**Adaptive Asset Allocation** – Implement adaptive asset allocation with various optimization techniques (e.g. Mean-Variance Optimization, Mean-Conditional/Tail Value-At-Risk, Risk Parity ) and models (e.g. Capital Asset Pricing Model, Black-Litterman) and incorporate Risk Budgeting. **Dynamic Risk Management** – Avoid market risk exposure in a portfolio when fundamental analysis and signaling model indicate declining trends for risky assets and accept greater levels of market risk when the trend is positive. Dynamic Risk Management provides dynamic allocation to traditional, alternatives and risk-free assets to manage equity, interest rate, inflation and credit/default risks in a client’s portfolio. Convex Capital uses a proprietary model to track estimated volatility across various asset classes on a daily basis to drive adaptive and dynamic asset exposure weighting adjustments based on the level of change in volatility.

## **Investment Models**

### **Dynamic Risk Model Portfolio**

A globally diversified portfolio that invests in low cost Exchange Traded Funds (ETFs) representing various asset classes. The portfolio invests in 15-25 different ETFs across geographic markets and regions. The portfolio holdings can be diversified or concentrated under certain economic and market environments. The model allows greater flexibility to actively invest in asset classes that perform optimally in different economic environment and market regime. The portfolio can be concentrated in a few asset classes under certain economic and market conditions to accept or avoid different levels of market risk. This portfolio is suitable for clients who would like to take maximum advantage from active and adaptive asset allocation decisions not adhering to any particular investment objective and risk profile.

### **Dynamic Risk Model Portfolio PLUS**

A globally diversified portfolio that takes the Dynamic Risk Model Portfolio and invests in options to increase notional exposure to risky assets to accept greater levels of risks at economic inflection points and when trends are positive in order to maximize growth. Dynamic Risk Model PLUS aims to protect the downside with risk controls, similar to Dynamic Risk Model but offers higher upside potential during certain economic and market environments. Since Dynamic Risk Model PLUS invests in options it carries an overall higher level of risk and leverage compared to Dynamic Risk Model. This portfolio is suitable for clients who do not have any particular investment objective and can accept a greater level of risk.

### **Dynamic Alternative Income**

A globally diversified portfolio that follows a risk-controlled approach of generating income from alternative sources e.g. high Dividend US and international equities, Master Limited Partnerships (MLPs), Real Estate Investment Trusts (REITs), Preferreds, Business Development Companies (BDCs), Royalty and Income Trusts, Buy-Writes (Covered Calls), Closed End Funds, Floating Rate Notes and Convertibles. The portfolio can invest into individual securities or ETFs representing the asset classes. The strategy balances three goals – (1) maximize shareholder yield, (2) minimize capital loss, and (3) minimize interest rate and credit risk. Dynamic Alternative Income Portfolio takes into components of Dynamic Risk Model with an aim to protect the downside. This portfolio is suitable for clients seeking income who are ready to accept moderate levels of risk.

### **Dynamic Choice Portfolios**

#### **Very aggressive**

A portfolio of Mutual Funds and ETFs with 90% invested in equity and 10% in fixed income under normal market conditions. However, the equity and fixed income allocation may vary within a range and the portfolio can invest in alternatives and risk-free assets/cash and cash equivalents under certain economic and market conditions to accept greater levels of market risk in conditions that have historically been associated with strong return/risk profiles, and avoid market risk in conditions that have historically been associated with poor return/risk profiles. This portfolio is suitable for clients seeking maximum long-term growth who are ready to accept higher risk.

#### **Aggressive**

A portfolio of Mutual Funds and ETFs with 80% invested in equity and 20% in fixed income under normal market conditions. However, the equity and fixed income allocation may vary within a range and the portfolio can invest in alternatives and risk-free assets/cash and cash equivalents under certain economic and market conditions to accept greater levels of market risk in conditions that have historically been associated with strong return/risk profiles, and avoid market risk in conditions that have historically been associated with poor return/risk profiles. This portfolio is suitable for clients seeking long-term growth who are ready to accept considerable risk.

#### **Moderate**

A portfolio of Mutual Funds and ETFs with 60% invested in equity and 40% in fixed income under normal market conditions. However, the equity and fixed income allocation may vary within a range

and the portfolio can invest in alternatives and risk-free assets/cash and cash equivalents under certain economic and market conditions to accept greater levels of market risk in conditions that have historically been associated with strong return/risk profiles, and avoid market risk in conditions that have historically been associated with poor return/risk profiles. This portfolio is suitable for clients seeking moderate growth but who want to limit potential risk.

### **Balanced**

A portfolio of Mutual Funds and ETFs with 50% invested in equity and 50% in fixed income under normal market conditions. However, the equity and fixed income allocation may vary within a range and the portfolio can invest in alternatives and risk-free assets/cash and cash equivalents under certain economic and market conditions to accept greater levels of market risk in conditions that have historically been associated with strong return/risk profiles, and avoid market risk in conditions that have historically been associated with poor return/risk profiles. This portfolio is suitable for clients seeking modest growth but who want to protect their assets from potential risk.

### **Conservative**

A portfolio of Mutual Funds and ETFs with 30% invested in equity, 65% in fixed income and 5% in cash and cash equivalents under normal market conditions. However, the equity and fixed income allocation may vary within a range and the portfolio can invest in alternatives and risk-free assets/cash and cash equivalents under certain economic and market conditions to accept greater levels of market risk in conditions that have historically been associated with strong return/risk profiles, and avoid market risk in conditions that have historically been associated with poor return/risk profiles. This portfolio is suitable for clients seeking security in their portfolio with limited growth.

### **Capital Preservation**

A portfolio of Mutual Funds and ETFs with 90% in fixed income and 10% in cash and cash equivalents under normal market conditions. However, the fixed income allocation may vary within a range and the portfolio can invest in alternatives and risk-free assets/cash and cash equivalents under certain economic and market conditions to avoid market risk in conditions that have historically been associated with poor return/risk profiles. This portfolio is suitable for clients seeking maximum security and capital preservation with limited exposure to market risk.

### **Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.



Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer. The price of a mutual fund or ETF may rise or fall based on the underlying equity securities or market indices, which may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the portfolios or the securities market as a whole such as changes in economic or political conditions. When the value of the Fund's securities goes down, investment in the model portfolios decreases in value.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If

our investment strategies do not produce the expected returns, the value of the investment will decrease.

- Asset Allocation Risk – The selection of underlying investments and the allocation of investment models to those underlying mutual funds and ETFs may cause an investment model to underperform relative to relevant benchmarks and other investment models/funds with similar investment objectives.
- Selection Risk - An investment model that invests in actively managed mutual funds may underperform because of fund managers' incorrect judgment about the attractiveness, value and potential appreciation of a particular issuer's securities.
- Diversification Risk - Certain investment models and underlying funds may be non-diversified. These investment models and underlying funds may invest a greater percentage of their assets in a single fund or securities of a single issuer and in a relatively small number of issuers. These investment models and underlying funds are more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio. Some of those issuers may also present substantial credit risk.
- International Investments Risk – Investment models may have allocation to mutual funds and ETFs that invest in (or replicate) international and emerging markets. International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in emerging markets. The portfolios may invest in funds that invest in small and medium-sized companies, which tend to be more volatile and less liquid than those of large companies, may have underperformed the securities of large companies during some periods and tend to have a shorter history of operations than large companies. Growth securities may underperform other asset types during a given period.
- General Market Risk - Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions.
- Mid Cap Company Risk - Investment models may invest in mutual funds and ETFs that invest in mid cap companies, which may be riskier, more volatile and more vulnerable to economic, market and industry changes than investments in larger, more established companies. As a result, share price changes of those funds may be more sudden or erratic than the prices of other equity securities, especially over the short term.
- Small Cap Company Risk - The performance of some investment models may be more volatile because it may invest in small cap funds/ETFs, which invest in smaller companies. Smaller companies may have limited product lines, market and financial resources. They are usually less stable in price and less liquid than those of larger, more established companies. Additionally, small cap stocks may fall out of favor relative to mid or large cap stocks, which may cause the Portfolios to underperform other equity funds or portfolios that focus on mid or large cap stocks.
- Value Style Risk – Investment models may invest in mutual funds and ETFs that follow “value” investment style. Investing in “value” funds/ETFs presents the risk that the underlying stocks may

never reach what the Fund managers believes are their full market values, either because the market fails to recognize what Fund managers considers to be the companies' true business values or because the Fund managers misjudged those values. In addition, value stocks may fall out of favor with investors and underperform growth stocks during given periods.

- Volatility Risk - The model portfolios may have underlying investments that appreciate or decrease significantly in value over short periods of time. This may cause the portfolio's market asset value to experience significant increases or declines in value over short periods of time.
- Derivative Risk - Derivatives, including futures included in an underlying mutual fund of an investment model, may be riskier than other types of investments and may increase the volatility of the portfolio. Derivatives may be sensitive to changes in economic and market conditions and may create leverage, which could result in losses that significantly exceed the Portfolio's original investment. Derivatives expose the portfolios to counterparty risk, which is the risk that the derivative counterparty will not fulfill its contractual obligations (and includes credit risk associated with the counterparty). Certain derivatives are synthetic instruments that attempt to replicate the performance of certain reference assets. With regard to such derivatives, the portfolios with such underlying funds do not have a claim on the reference assets and are subject to enhanced counterparty risk. Derivatives may not perform as expected, so an underlying mutual fund may not realize the intended benefits. When used for hedging, the change in value of a derivative may not correlate as expected with the security or other risk being hedged. In addition, given their complexity, derivatives expose the underlying fund to risks of mispricing or improper valuation.
- High Portfolio Turnover Risk – The investment models may engage in active and frequent trading under certain economic and market conditions, which may lead to increased portfolio turnover, higher transaction costs, and the possibility of increased capital gains, including short-term capital gains that will generally be taxable to shareholders as ordinary income.
- Model and Data Risk - Given the complexity of the investment process Convex Capital relies heavily on quantitative and econometrics models (both proprietary models developed by Convex Capital, and those supplied by third parties) and information and data supplied by third parties ("Models and Data"). Models and Data are used to construct sets of transactions and investments, to provide risk management insights, and to assist in natural hedging the portfolios' investments. When Models and Data prove to be incorrect or incomplete, any decisions made in reliance thereon expose the portfolios to potential risks. Similarly, any natural hedging based on faulty Models and Data may prove to be unsuccessful. Some of the models used by Convex Capital for the portfolios are predictive in nature. The use of predictive models has inherent risks. Because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data. All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect..
- Momentum Style Risk – Certain investment models may follow momentum investment style under a particular market environment. Investing in funds/ETFs with positive momentum entails investing in securities that have had above-average recent returns. These securities may be more volatile than a broad cross-section of securities. In addition, there may be periods when the

momentum style is out of favor, and during which the investment performance of a portfolio using a momentum strategy may suffer.

### **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

Convex Capital is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

#### **Managing Member Also Employed in Investment Related Capacity**

Saumen Chattopadhyay is also employed as the Head of Investment Research of Concorde Investment Services. This employment is investment related and may create a conflict of interest with Saumen's relationship with the firm. Saumen will spend approximately a third of his time on this activity.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

#### **Code of Ethics Summary**

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Convex Capital has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. Convex Capital's Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Convex Capital requires its supervised persons to consistently act in your best interest in all advisory activities. Convex Capital imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Convex Capital . If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

Convex Capital or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Convex Capital that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. Convex Capital and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Convex Capital .

Any associated person not observing our policies is subject to sanctions up to and including termination.

#### **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of Convex Capital . If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility

- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

### **Brokerage Recommendations**

If we assist you in the implementation of any recommendations, Folio Institutional will be used as the broker/dealer for your account. Convex Capital is independently owned and operated and not affiliated with Folio Institutional.

### **Directed Brokerage**

Clients are allowed to select the broker-dealer that will be used for their accounts. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by Convex Capital after effecting trades for other clients of Convex Capital. In the event that a client directs Convex Capital to use a particular broker or dealer, Convex Capital may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Convex Capital to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

Convex Capital does not have a soft dollar agreement with a broker-dealer or a third-party.

### **Handling Trade Errors**

Convex Capital has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Convex Capital to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by Convex Capital if the error is caused by Convex Capital. If the error is caused by the broker-dealer, the broker-dealer is responsible for handling the trade error. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. Convex Capital may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

Convex Capital will never benefit or profit from trade errors.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Convex Capital believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Convex Capital uses the pro rata allocation method for transaction allocation.

Under this procedure, pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. Convex Capital will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of shares of each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Convex Capital or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

### **Agency Cross Transactions**

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Saumen Chattopadhyay, with reviews performed in accordance with your investment goals and objectives.

Our financial planning services terminate upon the presentation of the written plan. Our financial planning, consulting and institutional advisory services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services.

### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. Additionally, Convex Capital may provide performance reports to you upon request.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by Convex Capital .

You are encouraged to always compare any reports or statements provided by us, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

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

Convex Capital has entered into agreements with WhiteStone Global Partners and may add additional agreements with appropriately registered investment advisory firms (Referring Parties) to refer clients to Convex Capital . If a referred client enters into an investment advisory agreement with Convex Capital , a cash referral fee is paid to the referring party, which is based upon a percentage of the client advisory fees that are generated. The referral agreements between any referring party and Convex Capital will not result in any charges to clients in addition to the normal level of advisory fees charged.

When a client is referred to us by a referring party, the referring party provides the client with a copy of our Disclosure Brochure as required by the *Investment Advisers Act of 1940*. The client also will complete a Solicitor's Disclosure Statement document. If the referring party is an unaffiliated registered investment adviser firm, then the client will also receive a copy of the referring party's Form ADV Part 2 Disclosure Brochure. If a referred client enters into an investment advisory agreement with Convex Capital , a referral fee is paid to the referring party. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided.

The referral agreements between Convex Capital and referring parties are in compliance with state and federal securities rules regarding paid solicitor arrangements.

*Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

#### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Convex Capital is deemed to have custody of client funds and securities whenever Convex Capital is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Convex Capital will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.



For accounts in which Convex Capital is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Convex Capital. When clients have questions about their account statements, they should contact Convex Capital or the qualified custodian preparing the statement.

When fees are deducted from an account, Convex Capital is responsible for calculating the fee and delivering instructions to the custodian. At the same time Convex Capital instructs the custodian to deduct fees from your account; Convex Capital will send you an invoice itemizing the fee. Itemization will include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

### **Item 16 – Investment Discretion**

When providing asset management services, Convex Capital maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Convex Capital so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### **Item 17 – Voting Client Securities**

#### **Proxy Voting**

Convex Capital does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to

justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

## **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. Convex Capital does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Convex Capital has not been the subject of a bankruptcy petition at any time.

## **Item 19 – Requirements for State-Registered Advisers**

### **Executive Officer and Management Personnel**

#### **Saumen Chattopadhyay**

06/03/1968; CRD # 4624565

#### ***Post-Secondary Educational Background:***

University of Calcutta, Bachelor of Commerce: 1989

University of Calcutta, Master of Commerce: 1992

University of Toledo, MBA - Finance: 2003

#### ***Business Background (company, last position, tenure) :***

Convex Capital Management, Managing Member, 01/2013 to Present;

Concorde Investment Services, Head of Investment Research, 06/2012 to Present

Jackson National Asset Management, Head of Investment Management/VP, 10/2010 to 05/2012

Harbor Capital Advisors, Director of Quantitative Management, 12/2002 to 10/2010

Industrial Development Bank of India, Assistant General Manager, 05/1994 to 05/2001

### **Other Business Activities**

*See Item 10 – Other Financial Industry Activities and Affiliations.*

### **No Performance Based Fees**

As previously disclosed in *Item 6*, Convex Capital does not charge or accept performance-based fees.

### **No Arbitrations**

Convex Capital or any of its associated persons have not been the subject of any client arbitrations or similar legal disputes.

## **Business Continuity Plan**

Convex Capital has a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or the operations of a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business.

The plan includes the following:

- Alternate locations to conduct business;
- Hard and electronic back-ups of records;
- Alternative means of communications with employees, clients, critical business constituents and regulators; and
- Details on the firms' employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.

## Customer Privacy Policy Notice

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Convex Capital does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

Convex Capital is committed to safeguarding the confidential information of its clients. Convex Capital holds all personal information provided by clients in the strictest confidence and it is the objective of Convex Capital to protect the privacy of all clients. Except as permitted or required by law, Convex Capital does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, Convex Capital will provide clients with written notice and clients will be provided an opportunity to direct Convex Capital as to whether such disclosure is permissible.

To conduct regular business, Convex Capital may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to Convex Capital
- Information about the client's transactions implemented by Convex Capital or others
- Information developed as part of financial plans, analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for Convex Capital to provide access to customer information within the firm and to nonaffiliated companies with whom Convex Capital has entered into agreements with. To provide the utmost service, Convex Capital may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on Convex Capital's behalf.

- Information Convex Capital receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with Convex Capital or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with Convex Capital

Since Convex Capital shares nonpublic information solely to service client accounts, Convex Capital does not disclose any nonpublic personal information about Convex Capital's customers or former customers to anyone, except as permitted by law. However, Convex Capital may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that Convex Capital has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, Convex Capital will allow its clients the opportunity to opt out of such disclosure.

## FORM ADV PART 2B BROCHURE SUPPLEMENT - Saumen Chattopadhyay

### **Item 1 – Cover Page**

Saumen Chattopadhyay  
Convex Capital Management, LLC  
4200 Cantera Drive, Unit 203  
Warrenville, IL 60555  
(630)791 9037

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

Date of Supplement: June 2014

This brochure supplement provides information about Saumen Chattopadhyay that supplements the Convex Capital Management LLC (“Convex Capital Management”) disclosure brochure. You should have received a copy of that brochure. Please contact Saumen Chattopadhyay 630 791 9037 or at [Saumen.Chattopadhyay@convexcm.com](mailto:Saumen.Chattopadhyay@convexcm.com) if you did not receive Convex Capital Management’s brochure or if you have any questions about the contents of this supplement.

Additional information about Saumen Chattopadhyay is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 2 – Educational Background and Business Experience**

#### **Saumen Chattopadhyay**

06/03/1968; CRD # 4624565

#### ***Post-Secondary Educational Background:***

University of Calcutta, Bachelor of Commerce: 1989  
University of Calcutta, Master of Commerce: 1992  
University of Toledo, MBA - Finance: 2003

#### ***Business Background (company, last position, tenure):***

Convex Capital Management, Managing Member, 01/2013 to Present;  
Concorde Investment Services, Head of Investment Research, 06/2012 to Present  
Jackson National Asset Management, Head of Investment Management/VP, 10/2010 to 05/2012  
Harbor Capital Advisors, Director of Quantitative Management, 12/2002 to 10/2010  
Industrial Development Bank of India, Assistant General Manager, 05/1994 to 05/2001

### **Item 3 – Disciplinary Information**

Saumen Chattopadhyay has no legal or disciplinary events to report.

#### **Item 4 – Other Business Activities**

Saumen Chattopadhyay is also employed as the Head of Investment Research of Concorde Investment Services. This employment is investment related and may create a conflict of interest with Saumen's relationship with the firm. Saumen will spend approximately a third of his time on this activity.

#### **Item 5 – Additional Compensation**

In addition to the description of additional compensation provided in Item 4, Saumen Chattopadhyay can receive additional benefits.

Certain product sponsors may provide Saumen Chattopadhyay with other economic benefits as a result of his recommendation or sale of the product sponsors' investments. The economic benefits received by Saumen Chattopadhyay from product sponsors can include but are not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist Saumen Chattopadhyay in providing various services to clients.

Although Convex Capital Management and Saumen Chattopadhyay endeavor at all times to put the interest of its clients ahead of its own or those of its officers, directors, or representatives ("affiliated persons"), these arrangements could affect the judgment of Saumen Chattopadhyay when recommending investment products. These situations present a conflict of interest that may affect the judgment of affiliated persons including Saumen Chattopadhyay.

#### **Item 6 – Supervision**

Saumen Chattopadhyay is the Chief Compliance Officer of Convex Capital Management. He is responsible for overseeing and enforcing the firm's compliance programs that have been established to monitor and supervise the activities and services provided by the firm and its representatives. Saumen Chattopadhyay can be contacted at 630 791 9037.

#### **Item 7 – Requirements for State-Registered Advisers**

Saumen Chattopadhyay has not been involved in an arbitration award and has not been found liable in an arbitration claim alleging damages in excess of \$2,500. He has not been involved in any award or found liable in any civil, self-regulatory organization, or administrative proceeding. Additionally, he has not been the subject of a bankruptcy petition.