

Wrap Fee Program Brochure

September 16, 2014

Rose Capital Advisors Wrap Program

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This brochure provides information about the qualifications and business practices of Rose Capital Advisors, LLC (hereinafter "RCA" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's website at www.adviserinfo.sec.gov. RCA is an SEC registered investment adviser. Registration does not imply any level of skill or training.

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Item 2. Material Changes

In this Item, RCA is required to discuss any material changes that have been made to the brochure since the last annual amendment. As this brochure has been prepared in connection with the Firm's initial application for investment adviser registration, there are no such material changes to disclose.

Item 3. Table of Contents

Item 1. Cover Page	i
Item 2. Material Changes	ii
Item 3. Table of Contents	iii
Item 4. Services, Fees and Compensation	4
Item 5. Account Requirements and Types of Clients	6
Item 6. Portfolio Manager Selection and Evaluation	7
Item 7. Client Information Provided to Portfolio Managers	11
Item 8. Client Contact with Portfolio Managers	11
Item 9. Additional Information	12

Item 4. Services, Fees and Compensation

The Rose Capital Advisors Wrap Program (the “Program”) is an investment advisory program offered through RCA.

This brochure describes the business of RCA as it relates to clients receiving services through the Program. Certain sections also describe the activities of the Firm’s *Supervised Persons*, which refer to any officers, partners, directors (or other person occupying a similar status or performing similar functions), employees, or other persons who provide investment advice on RCA’s behalf and are subject to the Firm’s supervision.

In addition to the Program, the Firm also provides asset management, financial planning, and investment consulting services under different arrangements than those described herein. Information about these services is contained in RCA’s Disclosure Brochure.

Description of the Program

The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts.

Prior to receiving services through the Program, clients are required to enter into a written agreement with RCA setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”). Clients must also open a new securities brokerage account and complete a new account agreement with Fidelity Institutional Wealth Services (“*Fidelity*”), Pershing Investment Manager Services (“*Pershing*”) or another broker-dealer RCA approves under the Program (collectively “*Financial Institutions*”).

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, RCA assists its clients in developing an appropriate strategy for managing their assets. Clients’ investment portfolios are generally managed on a discretionary or non-discretionary basis by either RCA’s investment adviser representatives or certain independent investment manager (“*Independent Managers*”), as recommended or selected by RCA. RCA and/or the *Independent Managers* generally allocate clients’ assets among the various investment products available under the Program, as described further in Item 6 (below).

Fees for Participation in the Program

Investment management services are offered through the Program on a fee basis, meaning that clients pay a single annualized fee based upon assets under management. The Firm also offers advisory services outside of the Program under different fee arrangements than those discussed below.

RCA's asset based fee generally varies between 50 and 150 basis points (0.50% – 1.00%), depending upon the amount of the assets being managed under the Program and the type of investment management services rendered

This fee is prorated and billed quarterly in advance, based upon the average daily balance of the assets being managed by RCA during the previous quarter, as valued by Envestnet, a third-party service provider the Firm has engaged to perform various back office functions. Since the fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted accordingly. .

For the initial term of the Program, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

Fee Comparison

A portion of the fees paid to RCA are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios, as well as the fees charged by the *Independent Managers* engaged to provide services under the Program. *Independent Managers* servicing accounts through the Program receive a fee based upon the assets under their management, which generally ranges up to half of the fees paid to RCA for participation in the Program.

A portion of the fees paid to RCA are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios.

Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

Fee Discretion

RCA, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

Fee Debit

The Firm's *Agreement* and the separate agreement with any *Financial Institutions* generally authorize RCA and/or the *Independent Managers* to debit its clients' accounts for the amount of the Program fee and to directly remit that fee to RCA or the *Independent Managers*. Any *Financial Institutions* recommended by RCA have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount of Program fees paid directly to RCA. Alternatively, clients may elect to have RCA send them an invoice for payment.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to RCA's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to RCA, subject to the usual and customary securities settlement procedures. However, RCA designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. RCA may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Other Charges

Clients may incur certain charges imposed by third parties in addition to the Program fee. These additional charges may include fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Compensation for Recommending the Program

RCA has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation.

Item 5. Account Requirements and Types of Clients

RCA provides its services through the Program to individuals, trusts, estates, charitable organizations, corporations and business entities.

No Minimum Account Requirements

RCA does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than RCA. In these instances, RCA may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Item 6. Portfolio Manager Selection and Evaluation

Clients' investment portfolios are managed either directly by RCA or through the use of certain *Independent Managers*, as referenced above.

Portfolio Management

RCA manages its clients' investment portfolios on a discretionary or non-discretionary basis.

For accounts managed through the Program, RCA primarily allocates assets among various mutual funds, ETFs, individual debt and equity securities, and options, as well as other *Independent Managers*. In addition, RCA may also recommend that clients who qualify as accredited investors, as defined under Rule 501 of the Securities Act of 1933, invest in private placement securities, which may include debt, equity and/or pooled investment vehicles (e.g., hedge funds). The Firm also provides advice about any type of legacy position or investment otherwise held in its clients' portfolios.

Clients may also engage RCA to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, RCA directs or recommends the allocation of client assets among the various investment options available with the product. Client assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

RCA tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. Clients are advised to promptly notify RCA if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if RCA determines, in its sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to the Firm's management efforts.

RCA manages investment portfolios through the Program in substantially the same manner as those it manages outside of the Program. In return for these services, RCA receives a portion of the fees paid for participation in the Program, as described in Item 4.

Selection or Recommendation of Independent Managers

As mentioned above, RCA may select or recommend certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either RCA or the client. In addition to this brochure, clients also receive the written disclosure documents of the designated *Independent Managers* engaged to manage their assets. RCA does not receive compensation from any such *Independent Managers*.

RCA evaluates various information about the *Independent Managers* it chooses to manage client portfolios, which may include the *Independent Managers*' public disclosure documents, materials supplied by the *Independent Managers* themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers*' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. RCA also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

RCA continues to provide services relative to the discretionary or non-discretionary selection of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers*. RCA seeks to ensure the *Independent Managers*' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

Performance-Based Fees

RCA does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Methods of Analysis

RCA employs a largely bottom-up, fundamental approach to analyzing investments, while incorporating a series of technical indicators when assessing buy or sell opportunities. Fundamental analysis involves an evaluation of an issuer's fundamental financial condition, competitive position and overall intrinsic value. RCA generally analyzes an issuer's financial facilities, cash management strategy, growth prospects, capabilities and style of management, earnings capacity, new products and services, as well as the company's position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific company information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of

the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that RCA will be able to accurately predict such a reoccurrence.

Investment Strategies

RCA's approach to investing is premised on the evaluation and selection of strong portfolio managers, rather than the active trading of individual securities. When building a portfolio for a client, the Firm looks to issuers and companies that illustrate a strong fundamental position across the board, while also considering external capital market factors, such as interest rate cycles and general economic outlook, which play a significant part in the duration of a security.

While RCA seeks to remain agnostic to industry, there are three important parameters in the buy/sell determination:

1. The present to historical evaluation of book value;
2. The strength of present to historical market niche of key products; and
3. The price of a security to present cash flow generation.

The Firm tends to avoid highly leveraged balance sheets, boards that pay executives excessively while firing employees and cutting back on services to customers, and other characteristics that appear to illustrate instability and mismanagement.

Risks of Loss

General Risk of Loss

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

Market Risks

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

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Options

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Option transactions involve inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of option contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Use of Independent Managers

RCA may recommend the use of *Independent Managers*. In these situations, RCA continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, RCA generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

Use of Private Collective Investment Vehicles

RCA recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage

positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and other offering documents explaining such risks prior to investing.

Use of Margin

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a *Financial Institution*, which is secured by a client's holdings. Under certain circumstances, a lending *Financial Institution* may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the *Financial Institution* may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

Voting of Client Securities

RCA is required to disclose if it accepts authority to vote client securities. RCA does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 7. Client Information Provided to Portfolio Managers

In this Item, RCA is required to describe the type and frequency of the information it communicates to the *Independent Managers*, if any, managing its clients' investment portfolios. Clients participating in the Program generally grant RCA the authority to discuss certain non-public information with the *Independent Managers* engaged to manage their accounts. Depending upon the specific arrangement, the Firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. RCA may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the *Independent Managers'* investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of its clients' portfolios.

Item 8. Client Contact with Portfolio Managers

In this Item, RCA is required to describe any restrictions on clients' ability to contact and consult with the portfolio managers managing their investment portfolios. There are no restrictions on clients' ability to correspond with RCA. Clients can generally contact the *Independent Managers* managing their portfolios

through RCA by providing the Firm with written request and identification of the questions or issues to be discussed with the *Independent Managers*. After receiving the client's written request, RCA, at its sole discretion, may contact the *Independent Managers* for the client or arrange for the *Independent Managers* and the client to communicate directly.

Item 9. Additional Information

Disciplinary Information

RCA has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

Other Financial Industry Activities and Affiliations

Registered Representatives of a Broker-Dealer

Certain of the Firm's *Supervised Persons* are registered representatives of Saxony Securities, Inc. ("Saxony Securities") and may provide clients with securities brokerage services under a separate commission-based arrangement. A conflict of interest exists to the extent that RCA recommends the purchase of a security and its *Supervised Person* receives a portion of the commissions paid to Saxony Securities. RCA has procedures in place to ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned. For accounts covered by ERISA (and such others that RCA, in its sole discretion, deems appropriate), the Firm provides investment advisory services on a fee offset basis. In this scenario, RCA may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's *Supervised Persons* in their capacities as registered representatives of Saxony Securities.

Affiliated Institutional Consulting Firm

Joseph Mara, a *Supervised Person* of the Firm, is the principal of Tandragee Capital Management, LLC ("TCM"), an institutional consulting firm that provides business development services to asset managers, registered investment advisers, pension funds, for-profit entities, and not-for-profit entities. TCM may provide services to, or have other business relationships with, certain of the *Independent Managers* engaged to manage the investment portfolios of the Firm's advisory clients. These types of arrangements may give rise to a potential conflict of interest in that there may exist a financial incentive to recommend one *Independent Manager* over another. RCA seeks to ensure that all investment decisions are aligned with its clients' best interests.

Code of Ethics

RCA has adopted a code of ethics in compliance with applicable securities laws ("*Code of Ethics*") that sets forth the standards of conduct expected of its *Supervised Persons*. RCA's *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons* and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

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

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

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

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

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

Account Reviews

RCA monitors clients' portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of RCA's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with RCA and to keep RCA informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from RCA and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Reports provided by the Firm or an outside-service provider, may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Accordingly, clients should compare the account statements they receive from their custodian with those they receive from RCA or an outside service provider.

Client Referrals

RCA does not compensate any unaffiliated third-party for referring clients to the Program.

Software and Support Provided by Financial Institutions

RCA may receive from *Fidelity* and *Pershing*, without cost to RCA, computer software and related systems support, which allow RCA to better monitor client accounts maintained at those *Financial Institutions*. RCA may receive the software and related support without cost because RCA renders investment management services to clients that maintain assets at *Fidelity* and *Pershing*. The software and support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related systems support may benefit RCA, but not its clients directly. In fulfilling its duties to its clients, RCA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that RCA’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence RCA’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Additionally, RCA may receive the following benefits from *Fidelity* and *Pershing* through their institutional divisions: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. Clients should be aware, however, that the receipt of economic benefits by RCA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence RCA’s recommendation of *Fidelity* and *Pershing* for custody and brokerage services.

Financial Information

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

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;

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- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.



Prepared by:

