

## Item 1 – Cover Page

United Capital Management of Kansas, Inc.  
104 E. Iron Ave.  
Salina, KS 67401  
785-823-7900  
[www.ucmofkansas.com](http://www.ucmofkansas.com)

### Other Locations:

307 N. Spruce Street  
Abilene, KS 67410  
785-263-3640

118 E. Laurel  
Garden City, KS 67846  
620-275-4370

Date of Brochure: February 2015

---

This brochure provides information about the qualifications and business practices of United Capital Management of Kansas, Inc. If you have any questions about the contents of this brochure, please contact Chad Koehn at 785-823-7900 or [ckoehn@sterneagee.com](mailto:ckoehn@sterneagee.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about United Capital Management of Kansas, Inc. 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 United Capital Management of Kansas, Inc. You may search for information by using the firm's CRD number. The CRD number for United Capital Management of Kansas, Inc. is **CRD # 157755**

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

## **Item 2 – Material Changes**

Since the last update in October 2014, we have updated our Assets Under Management. Please refer to Item 4 Advisory Business for more information.

We will 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.

### Item 3 – Table of Contents

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	4
Description of Primary Advisory Services .....	4
Specialization .....	6
Limits Advice to Certain Types of Investments .....	6
Tailor Advisory Services to Individual Needs of Clients .....	7
Assets Managed by United Capital Management .....	7
Item 5 – Fees and Compensation .....	7
Item 6 – Performance-Based Fees and Side-By-Side Management .....	10
Item 7 – Types of Clients .....	10
Minimum Investment Amounts Required .....	11
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Cyclical .....	12
Fundamental .....	12
Technical .....	12
Risk of Loss .....	14
Item 9 – Disciplinary Information .....	15
Item 10 – Other Financial Industry Activities and Affiliations .....	15
United Capital Insurance LLC .....	15
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	17
Code of Ethics Summary .....	17
Affiliate and Employee Personal Securities Transactions Disclosure .....	17
Item 12 – Brokerage Practices .....	17
Best Execution .....	17
Soft Dollar Benefits .....	18
Handling of Trade Errors .....	18
Block Trading Policy .....	18
Item 13 – Review of Accounts .....	19
Account Reviews and Reviewers .....	19
Statements and Reports .....	19
Item 14 – Client Referrals and Other Compensation .....	19
Other Compensation .....	19
Solicitors – Referring Parties .....	20
Item 15 – Custody .....	20
Item 16 – Investment Discretion .....	21
Item 17 – Voting Client Securities .....	22
Item 18 – Financial Information .....	22
CUSTOMER PRIVACY POLICY NOTICE .....	23

## **Item 4 – Advisory Business**

### **General Description of Advisory Firm**

In July of 2014 United Capital Management of Kansas, Inc. (also referred to as “us”, “we”, “United Capital Management”, or “UCM” throughout this disclosure brochure) submitted an application to become an investment advisor registered with the U.S. Securities and Exchange Commission and is a corporation formed under the laws of the State of Kansas.

United Capital Management has been registered as an investment advisor since October 2012. United Capital Management’s president, owner, and Chief Compliance Officer is Chad Koehn.

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

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

**Financial Planning & Consulting Services** - United Capital Management provides investment advisory services in the form of financial planning and consulting services. Financial planning services involve United Capital Management preparing a written financial plan covering specific or multiple topics as mutually agreed upon. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. Under this program, the role of a financial planner is to find ways to help you understand your overall financial situation and help the client set financial objectives.

When a written financial plan is not needed, United Capital Management can provide a one-time consultation in order to discuss financial planning issues.

Our financial planning and consulting services do not involve the active management of your accounts or the implementation of any transactions on your behalf. To the extent you would like your investment adviser representative to implement transactions on your behalf, you will need to contract with your investment adviser representative for one or more of the services described in this brochure or you could work with your investment adviser representative in his or her separate capacity as a registered representative of Sterne Agee Financial Services, Inc. for the purpose of implementing transactions through a non-fee, commission-based brokerage account. A conflict will exist between the interests of United Capital Management, your investment adviser representative and your interests. If you choose to implement your investment adviser representative’s advice, your investment adviser representative may earn commissions in his or her separate capacity as a registered representative of Sterne Agee Financial or additional advisory fees for asset management services through United Capital Management in addition to the fees charged for financial planning services.

*Please refer to Item 5 – Fees and Compensation of this brochure for a description of the fees associated with the financial planning and consulting services.*

**Asset Management Services** – Under this program, asset management services involve United Capital Management providing you with continuous and on-going supervision over your designated accounts. This means that if you execute our asset management services agreement, United Capital Management

will continuously monitor your designated account and make trades in these accounts when necessary. Through this service, United Capital Management will implement a customized and individualized investment program for you by applying our investment strategy and philosophy. Under this program, United Capital Management actively manages investment portfolios in accordance with your individual needs, return objectives and risk tolerance.

United Capital Management typically provides asset management services to accounts held by a qualified custodian, such as Sterne Agee Financial Services, Inc., a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investors Protection Corporation (SIPC). Your investment adviser representative at United Capital Management also serves as a registered representative of Sterne Agee Financial Services, Inc.; however, United Capital Management and Sterne Agee Financial Services, Inc. are not affiliated. *Please refer to Item 10 – Other Financial Industry Activities and Affiliations, Item 12 – Brokerage Practices and Item 15 – Custody of this brochure for more information.* You must designate United Capital Management as your investment advisor on the accounts you'd like United Capital Management and your investment adviser representative to manage. Under this program, a separate account is always maintained for you with the qualified custodian and you retain all rights of ownership to such accounts (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations). These accounts may be managed on either a discretionary basis or non-discretionary basis as agreed to in writing by you and your investment adviser representative. *Please refer to Item 16 – Investment Discretion of this brochure for more details.*

Under this program, you are responsible for notifying your investment adviser representative of any changes to your financial situation or investment objectives. Additionally, your investment adviser representative will contact you to determine whether your financial situation or investment objectives have changed, or if you would like to impose and/or modify any reasonable restrictions on the management of your designated accounts. Your investment adviser representative is always reasonably available to consult with you relative to the status of your designated accounts. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the accounts.

It is important that you understand that United Capital Management and your investment adviser representative manage investments for other clients and may give them advice or take actions for them or for our proprietary or personal accounts that is different from the advice we provide to you or actions we take for you under this program. 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 managed by United Capital Management. United Capital Management strives to allocate investment opportunities believed 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 United Capital Management obtains 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.

*Please refer to Item 5 – Fees and Compensation of this brochure for a description of the fees associated with the asset management services.*

## **Specialization**

United Capital Management specializes in providing individualized investment advice through its asset management and financial planning services. This determination is based on an assessment of each client's net worth, liquidity, risk objectives, willingness to take on volatility, savings capacity, time until retirement, and other factors.

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

With some exceptions, your investment adviser representative is typically available to offer advice on most types of investments owned by you and, at your specific request, will explore investment options not currently owned by you. However, your investment adviser representative is not permitted to provide advice on futures contracts.

Your investment adviser representative is typically available to provide investment advice on the following types of investments.

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate, oil and gas interests

When providing asset management services, United Capital Management will typically construct your account holdings using, equities, fixed income products, and mutual funds to build diversified portfolios. It is not United Capital Management's typical investment strategy to attempt to time the market but we may increase cash holdings modestly when 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 of this brochure for more information.*

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

United Capital Management's services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

### **Assets Managed by United Capital Management**

As of December 31, 2014, United Capital Management has had discretionary assets under management of \$116,495,173 and non-discretionary assets under management of \$252,246.

## **Item 5 – Fees and Compensation**

In addition to the information provide 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.

### **Fees for Financial Planning Services & Consulting Services**

Fees for financial planning and consulting services may be fixed or hourly as described below.

*Hourly Fee* - United Capital Management may provide financial planning and consulting services under an hourly fee arrangement. The hourly rate is \$100 per hour. An estimate of the amount of hours needed to complete financial planning and consulting services, the hourly fee that will be charged, and the terms of payment will be disclosed and agreed upon prior to any services being provided in the agreement for services. If it is determined that the total cost will exceed the maximum amount quoted, we will contact you to receive authorization to provide additional services.

*Fixed Fee* - United Capital Management may provide financial planning and consulting services under a fixed fee arrangement, which is negotiable. For our financial planning services, the minimum fixed fee is \$1,000, and our maximum flat fee generally does not exceed \$5,000. For our one-time consulting services, the minimum fixed fee is \$100, and our maximum fee generally does not exceed \$3,500.00. Clients may be required to pay 50% of any fixed fee in advance however, United Capital Management will not require payment of more than \$500 in fees more than six months in advance.

Fees charged for financial planning and consulting services will vary depending on the scope of services provided, complexity of the process undertaken, the types of issues addressed and the frequency with which the services are rendered.

Financial planning and/or consulting fees described above do not include the fees you will incur for other professionals (i.e. personal attorney, independent investment adviser, or accountant) in connection with the financial planning process.

The above ranges are the standard fee ranges that are typically charged. In some instances fees higher than those stated above may be charged if the scope of the project agreed upon warrants a higher fee.

Your investment adviser representative may negotiate fees with you based on the complexity of your personal circumstances, financial situation and the services that will be provided, the scope of the engagement, your gross income, the experience and standard fees charged by the investment adviser representative providing the services, and the nature and total value of the assets subject to the financial planning services. In addition, your fees may be negotiated based on whether or not you have assets under management with your investment adviser representative. Your investment adviser representative, at his or her discretion, may waive the agreed upon financial planning fees if you purchase products or enter into agreements for other services with your investment adviser representative.

Hourly fees are always due in-arrears after completion of the plan or consultation. For our financial planning services provided under a fixed fee arrangement, one-half of the fixed fee is due upon execution of the investment advisory agreement for financial planning services, and the remaining one-half is due immediately upon completion and presentation of the financial plan. For our one-time consulting services, the fixed fee is due immediately upon completion of the consultation. Under no circumstances will United Capital Management charge more than \$500 six months or more in advance. To the extent that fees are owed by you at the end of the project, you are required to pay such fees upon your receipt of an invoice from United Capital Management. If you like, you can authorize fee payment from your brokerage account to pay for financial planning or consulting services.

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 financial planning agreement between you and United Capital Management.

At any time by notifying the other party in writing, you or United Capital Management may terminate effective immediately the financial planning or consulting services. If you terminate the agreement within five (5) business days of the date you signed the agreement, United Capital will refund any fees that you paid in advance as a retainer. If you or United Capital Management terminates the financial planning or consulting services at any other time prior to receiving the plan or consultation, you will pay United Capital Management a pro-rated fixed fee equivalent to the percentage of work completed by United Capital Management as determined by United Capital Management. 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 to you by United Capital Management. Any unpaid fees for services rendered will be due from you and must be paid by the date of termination.

### **Fees for Asset Management Services**

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.

In the event that a deposit in excess of \$50,000 occurs during a billing period after the fee calculation, the fee for the billing period will be recalculated at the end of the billing period and United Capital Management will bill a second fee pro-rata, in arrears, on the additional deposits. In the event that a withdrawal in excess of \$50,000 occurs during a billing period after the fee calculation, the fee for that



billing period will be recalculated at the end of the billing period and you will be refunded the pro-rate fee that was attributable to the amount of the withdrawal.

The asset management services continue in effect until terminated by either party (i.e., United Capital Management or you) by providing written notice of termination to the other party. Any prepaid, unearned fees will be promptly refunded by United Capital Management 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.

The firm provides asset management services for a percentage of assets under management. Fees generally range from .6% to 1.65% annually depending upon the amount of assets under management.

<u>Assets Under Management</u>	<u>Annual Fees</u>
Less than \$250,000	1.65%
\$250,000 - \$750,000	1.50%
\$750,000 - \$1,250,000	1.35%
\$1,250,000 - \$1,750,000	1.20%
\$1,750,000 - \$2,250,000	0.90%
\$2,250,000 - \$3,000,000	0.75%
Greater than \$3,000,000	0.60%

For asset management services, United Capital Management requires a minimum account size of \$50,000. Exemptions to such minimum account size may be made at United Capital Management's sole discretion. In addition, there is a minimum fee of \$500 annually. The minimum account size and actual fee charged are negotiable based on factors such as the client's financial situation and circumstances, the amount of assets under management, and the complexity of the services provided. The exact fee for services will be agreed upon and disclosed in the agreement for services prior to services being provided.

Fees are generally deducted directly from your account held by the qualified custodian. Under this program, you must provide the qualified custodian with written authorization to have fees deducted from the account and paid to United Capital Management. Prior to any fees being deducted from the account, United Capital Management will provide you with a fee notification. The fee notification will show the amount of fees for the quarter, the manner in which the fees were deducted, any adjustments to the fees, and explanations of any adjustments. *See Item 15 - Custody of this for more details.*

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian will be billed directly to you. Lower fees for comparable services may be available from other sources.

United Capital Management will not receive any portion of such commissions or fees from the qualified custodian. In addition, you may incur certain charges imposed by third parties other than United Capital Management in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. A description of these fees and expenses are available in each investment company security's prospectus. Management fees charged by United Capital Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients; however, portion of the 12(b)-1 fees from the mutual funds may be paid to your investment adviser representative in his or her separate capacity as a registered representative of Sterne Agee Financial Services, Inc. When managing ERISA and qualified accounts, your investment adviser representative must lower or offset the management fee by the amount of 12b-1 fees and other commissions received in the event such types of compensation are

received by your investment adviser representative in his/her individual capacity as a registered representative of Sterne Agee Financial Services, Inc.

Either party may terminate the agreement by providing written notice to the other party. If asset management services are terminated within five (5) business days of executing the agreement, asset management services will be terminated effective immediately without penalty and all pre-paid fees will be refunded to you. If asset management services are terminated after the initial five business days period, asset management services will be terminated effective 30 days following receipt of written notification and any unearned fees will be pro-rated and refunded to you.

The asset management services do not include management, monitoring or advice of the following assets and are excluded when determining United Capital Management's asset management fee: options; certificates of deposit; commercial paper; insurance; variable and fixed annuities; real estate; partnerships (other than partnerships classified as "master limited partnerships" for federal income tax purposes) and securities sold in private placements. Your investment adviser representative may recommend these financial products to you and may receive transaction-based compensation in connection with the sale of any such product to you. Although these unmanaged assets can be held in your account and shown on the account statement for your convenience, these assets are not subject to management, monitoring or advice by United Capital Management.

The asset management services of United Capital Management are not right for everyone. In determining whether the asset management services are right for you, you should consider, among other things, your investment goals and strategies and your trading patterns, including the number, size and frequency of the transactions. It is particularly important that you consider the costs and potential benefits of the asset management services as compared to paying commissions on a per trade basis. The asset management services of United Capital Management may not be appropriate if you are a "Buy and Hold" investor or if you anticipate engaging in a lower level of trading activity, as substantially greater transaction cost savings could be realized in a traditional pay-per-trade commission structure.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because United Capital Management **does not charge or accept performance-based fees** which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

#### **Item 7 – Types of Clients**

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

- Individuals
- High-Net Worth Individuals
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

All clients are required to execute an agreement for services in order to establish a client arrangement with United Capital Management and/or the sponsor of third-party money manager platforms.

### **Minimum Investment Amounts Required**

For financial planning and consulting services handled on a fixed fee basis, there is a minimum fee of \$1,000. For financial planning and consulting services handled on an hourly fee basis, there is a minimum fee of \$100.

For asset management services, United Capital Management requires a minimum account size of \$50,000. Exemptions to such minimum account size may be made at United Capital Management's sole discretion.

All clients are required to execute an agreement for services prior to commencing any work.

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

### **Investment Analysis**

When it comes to portfolio design, we manage each client's allocation and investment selection individually based on their overall goals and risk tolerance. We take an active rather than passive approach to investing. We compile research data from independent firms such as Dorsey Wright and Argus Research, as well as our own in-house investment researcher, and use this data to develop portfolios that we believe best fit the overall objectives of our clients.

We believe that holding 25-30 stocks across multiple sectors is the most cost effective way of diversifying. We continually evaluate the long-term return potential for each sector, concentrating on general and specific risks. We focus on sectors which we feel have the greatest risk-adjusted return potential.

We rely on analytical research, forecasts, and our own judgment and experience in making investment recommendations on what securities to buy, hold or sell in terms of value, expected growth and risks. To make sure our clients are properly diversified, we spread their portfolio among multiple investment vehicles, vary the risk in the securities we buy, and vary the securities by industry.

We believe international investing provides important diversification and growth. Even when international and U.S. markets move in the same direction, the degree of movement may be very different, particularly with emerging markets. We believe that emerging market companies may offer a greater potential for growth than U.S. companies for appropriate clients. For international investing, we prefer American Depositary Receipts (ADRs), U.S.-traded foreign stocks or international exchange-traded funds (ETFs).

When designing fixed income portfolios for clients, our primary approach is to design the portfolio to generate a high current income stream, with a secondary objective of growth. We focus on high grade U.S. Treasuries, Corporates, Agencies, and Preferred Stocks, and Municipals. From time to time, we may trade lower quality bonds on a short-term basis to take advantage of growth opportunities rather than income.

When constructing portfolios we typically do not recommend mutual funds. With individual securities, such as stocks, bonds, and ETFs, our clients may benefit from lower fees, more control over taxes, and increased transparency, all of which may help to increase returns.

We believe alternative investments such as hedge funds and real estate investment trusts (REITs) should be considered with a portion of dollars for accredited investors. Although these investment vehicles do not fit all individuals, they can be utilized to enhance returns for clients for whom they are appropriate.

Finally, while we firmly believe that investment costs are a concern only in the absence of value, we also recognize the impact that expenses can have on returns. Therefore, we believe they should always be taken into consideration and minimized as much as possible.

**Cyclical** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

**Fundamental** - 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 companies). 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). This method of security 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.

**Technical** - 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.

### **Investment Strategies**

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Trading. Investments sold within 30 days.

Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from United Capital Management.

Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

### **Primary Method of Analysis or Strategy**

Securities Selection. We follow several pathways to generate investment ideas as well as to maintain surveillance of securities in client's portfolios. We receive primary research from several investment firms. In addition, we maintain our own research information, reports and industry data relevant to our present or potential investment interests. Possible investment ideas that we identify through our own efforts are cross-checked with investment information and opinions obtained from our primary sources. Conversely, recommendations by our primary sources that are consistent with our investment preferences are reviewed by our own analysts and only those deemed exceptionally attractive are considered for purchase. We seek to identify companies that we believe: (1) Provide superior products or services; (2) Are market leaders or efficient competitors; (3) Are profitable or have the potential for profitability; (4) Possess a high quality management team; (5) Have strong financial characteristics; (6) Have sustainable above average growth and earnings predictability. It is our belief that companies that possess these strengths provide the best potential for long term investment. We also seek to identify companies poised for growth that have attractive valuations, in addition to financial strength and management capability needed to deal with rapid expansion. We focus on companies that we believe are undervalued, or at least reasonably valued relative to the market based upon their strengths and projected earnings growth. Generally, we are reluctant to pay a premium for the companies in which we invest. However, certain stocks with price-earnings ratios equal to or above the market as a whole may also be attractive if predictable high growth rates appear to justify premium valuations. Such stocks generally outperform the market due to their strong earnings momentum.

Diversification. We believe that a well-managed portfolio requires moderate, rather than excessive, diversification. A moderate degree of diversification enables us to reduce risk without having too many positions to effectively manage. We diversify our portfolios across those industries that we believe have the best intermediate and long term prospects. Despite periodic volatility abroad in dollar terms, we believe a moderate amount of international portfolio diversification can, at times, increase total long term returns due to rapid economic growth in many foreign countries. Although, we do not always hold foreign securities in clients' portfolios, we recognize that there can be significant investment opportunities in markets outside of the U.S. One way in which we take advantage of international opportunities is to invest in U.S. Based, multinational companies, many of which derive a significant portion of revenues and earnings from foreign sources.

Portfolio Evaluation and Client Service. We actively review our client portfolios on an ongoing basis to ensure compliance with a client's investment objectives. Clients receive quarterly account reports detailing portfolio positions, asset allocation and investment performance and periodic market comments. The internal reports are intended to inform clients as to how their investments have performed for the selected period. Clients also receive monthly account statements and confirmations from the custodian maintaining their account. An advisor is always available for individual account reviews.

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

United Capital Management does not primarily recommend only one type of security so this item is inapplicable.

## **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including 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) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients 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 when investing in securities through our investment management program.

- 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.
- 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 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 our firm invests in a an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs 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. Clients 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.

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

This item is not applicable to our brochure because there are no material legal or disciplinary events listed in Item 9 of the Form ADV Part 2 instructions.

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

United Capital Management is **not** and does **not** have a related company that is a (1) 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), (2) futures commission merchant, commodity pool operator, or commodity trading advisor, (3) banking or thrift institution, (4) accountant or accounting firm, (5) lawyer or law firm, (6) pension consultant, (7) real estate broker or dealer, or (8) sponsor or syndicator of limited partnerships.

#### **United Capital Trust, Inc.**

United Capital Management and United Capital Trust, Inc. (“UCT”) are under common ownership and control. United Capital Trust operates as a marketing entity and refers individuals, businesses, organizations and financial service professionals to National Advisors Trust Company, FSB (“NATC”), which is nationally chartered as a trust company by the Office of the Comptroller of the Currency, for fiduciary and trustee services. Some individuals, businesses and organizations referred by United Capital Trust to NATC may be clients of United Capital Management. Although neither United Capital Management nor United Capital Trust receive a referral fee from NATC, United Capital Management is often selected as the investment advisor by the trust client through means of bi-furcation language included in the trust document. This practice creates a conflict of interest for United Capital Management and United Capital Trust when recommending NATC to serve as a corporate fiduciary trustee. As a result, you should conduct independent due diligence of NATC before retaining NATC as a fiduciary trustee. You are not obligated to use the fiduciary or trustee services of NATC.

#### **United Capital Insurance LLC**

United Capital Management is affiliated with United Capital Insurance LLC (“UCI”), a licensed insurance agency. United Capital Insurance LLC offers insurance products, including, but not necessary limited to life insurance, long-term care insurance, whole life and term life insurance. United Capital Management’s investment adviser representatives may be licensed as an insurance agent. You are never obligated or required to use purchase insurance products through United Capital Insurance LLC or your investment



adviser representative in his separate capacity as an insurance agent. If United Capital Insurance LLC or your investment adviser representative, when acting in his or her separate capacity as an insurance agent, offer you an insurance or variable product, United Capital Insurance LLC and/or your investment adviser representative and will receive separate compensation (i.e. insurance commissions) in addition to investment advisory fees charged by United Capital Management. On average, our investment adviser representatives spends approximately <5% of their time offering insurance products.

Our investment adviser representative, when acting in a separate capacity as an insurance agent, may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect the judgment of your investment adviser representative when recommending products to you. While United Capital Management requires our investment adviser representatives to endeavor at all times to put the interest of his/her clients first, you should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect your investment adviser representative's decision making process when making recommendations.

You are never obligated or required to purchase insurance products through your investment adviser representative when acting in his or her separate capacity as an insurance agent, and you may choose any independent insurance agent and insurance company to purchase insurance products.

#### **Sterne Agee Financial Services, Inc.**

Although United Capital Management and Sterne Agee Financial Services, Inc. are not affiliated, your investment adviser representative may also serve as a registered representative of Sterne Agee Financial Services, Inc.

If you wish to utilize our asset management services, Sterne Agree Financial Services, Inc. will be recommended as the qualified custodian by your investment adviser representative, who is also a registered representative of Sterne Agee Financial Services, Inc.

Your investment adviser representative, acting in his or her separate capacity as a registered representative of Sterne Agee Financial Services, Inc., may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you outside of role with United Capital Management. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based account introduced through Sterne Agee Financial Services, Inc. in addition to an investment advisory account managed by United Capital Management. In the event that you elect to purchase these non-managed securities products through Sterne Agee Financial Services, Inc., your investment adviser representative in the capacity as registered representative will receive the normal and customary commission compensation in connection with the specific product purchased.

United Capital Management does not require your investment adviser representative to encourage you to implement investment advice through Sterne Agee Financial Services, Inc. You are free to implement investment advice through any broker/dealer or product sponsor you may select. However, please understand that, due to certain regulatory constraints, your investment adviser representative, in the capacity as a dually registered representative, must place all purchases and sales of securities products in commission-based brokerage accounts through Sterne Agee Financial Services, Inc.



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

### **Code of Ethics Summary**

As an investment advisor, United Capital Management has established a Code of Ethics. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each client at all times. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. We are committed to conducting business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided. Our business and client dealings will be honest, ethical and fair. We attempt to avoid or at least disclose all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

This disclosure is provided as a summary of the firm's Code of Ethics. However, if you would like to review my Code of Ethics in its entirety, a copy will be provided promptly upon request.

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

United Capital Management or its associated persons may buy or sell for their personal accounts, investment products identical to those recommended to you. This creates a potential conflict of interest. It is the express policy of United Capital Management that all persons associated in any manner with the firm must place your interests ahead of their own when implementing personal investments. United Capital Management and its associated persons shall 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 his/her employment unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by United Capital Management are widely held and publicly traded.

## **Item 12 – Brokerage Practices**

United Capital Management's trading policies and procedures prohibit unfair trading practices and seek to avoid conflicts of interests, where possible, or to disclose conflicts when they arise. United Capital Management will attempt to resolve conflicts in your favor when reasonably possible.

### **Best Execution**

As a fiduciary, United Capital Management owes a duty to obtain best execution of your transactions managed by us. In general, we must execute securities transactions in such a manner that the total cost or proceeds in each transaction is the most favorable under the circumstances. However, best execution does not necessarily mean the lowest available price. Instead, the totality of the arrangement and services provided by a broker-dealer or qualified custodian must be examined to determine a qualitative measure of best execution. Based on these principles, commission and fee structures of various broker/dealers are periodically reviewed in order to evaluate the execution services provided by the qualified custodians used by United Capital Management. Accordingly, while United Capital Management does consider competitive rates, it does not necessarily obtain the lowest possible commission rates for

client account transactions. Therefore, the overall services provided by qualified custodians are evaluated to determine best execution.

You may pay higher commissions or trade execution charges through the trading platforms approved by United Capital Management than through platforms that have not been approved by United Capital Management. Not all investment advisers restrict or limit the broker/dealers their clients can use. Some investment advisers permit their clients to select any broker/dealer of the client's own choosing.

### **Soft Dollar Benefits**

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

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

### **Handling of Trade Errors.**

United Capital Management has implemented procedures designed to prevent trade errors; however, trade errors in your accounts cannot always be avoided. Consistent with our fiduciary duty, it is the policy of United Capital Management to correct trade errors in a manner that is in your best interest. In cases where you cause the trade error, you will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, you may not be able to receive any gains generated as a result of the error correction. In all situations where you do not cause the trade error, you will be made whole and any loss resulting from the trade error will be absorbed by United Capital Management or your investment adviser representative if the error was caused by us. Your investment adviser may talk with you to determine if you would like the trade error corrected. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. United Capital Management will never benefit or profit from trade errors.

### **Block Trading Policy**

Transactions implemented by your investment adviser representative for your accounts are generally effected independently, unless your investment adviser representative decides 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 your investment adviser representative when he or she believe such action may prove advantageous to clients. When your investment adviser representative aggregates client orders, the allocation of securities among client accounts will be 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. Under this procedure, transactions will be averaged as to price and will be allocated among your investment adviser's clients in proportion to the purchase and sale orders placed for each client account on any given day. When your investment adviser representative determines to aggregate client orders for the purchase or sale of securities, including securities in which your investment adviser representative may invest, United Capital

Management will do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. It should be noted, United Capital Management and your investment adviser representative do not receive any additional compensation or remuneration as a result of aggregation.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Financial planning services terminate upon presentation of the written plan or completion of the financial planning consultation services. Therefore, no reviews are conducted for these accounts. If you elect to have a review and update to an original financial plan, additional fees may be charged and clients may be required to sign a new investment advisory agreement.

Accounts subject to our asset management services are reviewed on a quarterly basis. Your investment adviser representative is responsible for reviewing your account. The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in your circumstances, your request, or unusual market activity.

Your accounts subject to our asset management services are reviewed by your investment adviser representative to analyze if the account is being managed in accordance with your chosen investment objective, that the account is properly balanced, if it is being managed according to a specific asset allocation model, and to verify the accuracy of account holdings and fee deductions.

If your accounts are subject to asset management services, your investment adviser representative will generally contact you at least annually, or on a schedule agreed upon by you and your investment adviser representative, to discuss changes in your goals, investment objectives, and personal and financial situation.

### **Statements and Reports**

If you have accounts subject to our asset management services, you will receive statements at least quarterly from the qualified custodian at which their accounts are maintained. United Capital Management provides performance and position reports on a quarterly or as-needed basis. You are encouraged to always compare reports provided by United Capital Management and your investment adviser representative against the accounts statements delivered from the qualified custodian.

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

### **Other Compensation**

Your investment adviser representative, in his or her separate capacity as a registered representative of our affiliated broker-dealers may receive commissions from the execution of securities transactions. In addition, your investment adviser representative may receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such fees could represent an incentive for your investment adviser representative to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a

result, there is a potential conflict of interest. When managing ERISA and qualified accounts, your investment adviser representative must lower or offset the management fee by the amount of 12b-1 fees and other commissions received in the event such types of compensation are received by your investment adviser representative in their individual capacity as registered representative of Sterne Agee Financial Services, Inc.

Your investment adviser representative may also be licensed as an insurance agent, including those approved to conduct business under United Capital Management's affiliated insurance agency, United Capital Insurance LLC, and receive commissions and other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of this compensation may affect the judgment of your investment adviser representative when recommending insurance products to you.

While your investment adviser representative endeavors at all time to put the interests of you first, the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect the judgment of your investment adviser representative when making recommendations. In addition to the economic benefits, including assistance and services, detailed above, your investment adviser representative's broker-dealer, Sterne Agee Financial Services, Inc., may enter into specific arrangement with product sponsors and other third parties. Your investment adviser representative in his separate capacity as a registered representative of Sterne Agee Financial Services, Inc. may offer a wide variety of products and programs including mutual funds, annuities, life insurance, and investment programs (collectively referred to as "Approved Product Companies"). Although your investment adviser representative endeavors at all times to put the interest of our clients ahead of his or her own interests, these arrangements could affect the judgment of your investment adviser representative when recommending investment products in his or her separate capacity as a registered representative of Sterne Agee Financial Services, Inc. These situations present a conflict of interest that may affect the judgment of your investment adviser representative.

For additional information on a particular product's payment and compensation practices, please see the prospectus, offering documents or statements of additional information.

### **Solicitors – Referring Parties**

United Capital Management does not directly or indirectly compensate anybody for client referrals.

## **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 advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

United Capital Management is deemed to have custody of client funds and securities whenever United Capital Management is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody United Capital Management will ever maintain.

When fees are deducted from an account subject to our asset management services, United Capital Management is responsible for delivering instructions to the qualified custodian who calculates the fees and deducts them from your account. Fees are then forwarded to United Capital Management. The custodian's account statement will include the details of the fee's deducted.

For accounts in which United Capital Management is deemed to have custody, United Capital Management has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for you under your name. You or your independent representative (independent of United Capital Management and your investment adviser representative) 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 you, or your independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from United Capital Management and your investment adviser representative. When you have questions about your account statements, you should contact United Capital Management and the qualified custodian preparing the statement.

### Item 16 – Investment Discretion

Under our asset management services, upon receiving written authorization from you, United Capital Management will maintain trading authorization over your designated accounts. Once you have provided United Capital Management with trading authority, United Capital Management 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.

Additionally, under our asset management services, upon receiving written authorization from you, United Capital Management may implement trades on a **discretionary** basis. When discretionary authority is granted, United Capital Management will have the authority to determine the type of securities, the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, it is the policy of United Capital Management to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client. 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

If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or 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 have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

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

United Capital Management will not vote or advise you about how to vote proxies for securities held in your account. The account custodian should promptly send you all proxies and related shareholder communications for the securities maintained in the account. You will maintain exclusive responsibility for determining all proxy voting decisions in your account.

If the account is maintained on behalf of a plan subject to ERISA, you understand that proxy voting is considered to be a plan asset and that United Capital Management, as the investment manager, has the obligation to make certain all proxies are voted unless the plan document (not this Agreement) states that the right to vote proxies has been reserved to the plan trustees. In such instances, you represent that the plan document reserves to the plan trustees the right to vote proxies and that you will maintain exclusive responsibility for determining all proxy voting decisions.

### **Item 18 – Financial Information**

This item is not applicable to this brochure. United Capital Management does not require or solicit prepayment of more than \$500 in fees, six months or more in advance. Therefore, we are not required to include a balance sheet for our 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, United Capital Management has not been the subject of a bankruptcy petition at any time

*Please refer to Information Required by Part 2B of Form ADV: Brochure Supplement for more information.*

## 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. United Capital Management does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

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

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

- Information reported by the client on applications or other forms the client provides to United Capital Management
- Information about the client's transactions implemented by United Capital Management 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 United Capital Management to provide access to customer information within the firm and to nonaffiliated companies, such as the qualified custodian, with whom United Capital Management has entered into agreements with. To provide the utmost service, United Capital Management may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on our behalf.

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

Since United Capital Management shares nonpublic information solely to service client accounts, United Capital Management does not disclose any nonpublic personal information about United Capital Management's customers or former customers to anyone, except as permitted by law. However, United Capital Management 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.

