



Part 2A of Form ADV: Firm Brochure

Item 1. Cover Page

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF CAPITAL MARKETS IQ, LLC (THE “COMPANY”). IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 310.882.6380 EXT. 103 OR PT@CAPITALMARKETSIQ.COM. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “COMMISSION”) OR BY ANY STATE SECURITIES AUTHORITY.

Additional information about Capital Markets IQ, LLC also is available on the SEC website at www.adviserinfo.sec.gov.

Any reference in this Brochure to “*registered investment adviser*” or being “*registered*” does not imply a certain level of skill or training.

This Form ADV, Part 2A is provided to potential and existing investment advisory clients to assist them in understanding the services we provide, our conflicts of interest and the experience of our firm. Any information contained in this Brochure is intended solely for the use of the intended recipient. If you are not the intended recipient of this Brochure, you are hereby notified that you received this in error, and that the taking of any action in reliance on this Brochure is expressly prohibited. Management does not represent that this information is complete or accurate, and it should not be relied upon as such. This document is not a solicitation for the sale of securities.

September 2, 2015

Capital Markets IQ, LLC (the “*Company*”) is an investment advisory firm that is registered with the U.S. Securities and Exchange Commission. The Company provides advisory services to clients through individuals registered in various states as investment adviser representatives (“*IARs*”). Our *IARs* may focus on wealth management, investment consulting, portfolio management, asset allocation, cash management, treasury services, and business and capital planning. Our clients include high net worth families as well as individuals, businesses and institutions.

In addition to the name Capital Markets IQ, one or more of our operating divisions conducts advisory business under the following brand names:

- Accord Capital
- Burros Wealth Management
- Intraline Asset Management
- Dynamic Retirement Solutions
- Longhorn Capital Advisors
- Surety Wealth Management

Clients are under no obligation to act on any of the recommendations of the Company or its *IARs*. If you elect to act on any of our recommendations, you are under no obligation to effect any transaction through us or any other party introduced by us.

Item 2. Material Changes

Since the date of the last annual update of our Brochure, dated March 30, 2015, as amended by our Brochure dated June 30, 2015, the two private funds managed by the Company have continued to reduce their trading activity due to current conditions in the U.S. Treasury and repurchase agreement markets. Specially, the cost of repurchase agreements exceeds the current yield in U.S. Treasury securities in the duration traded by the two funds which limits the funds’ ability to trade profitably. Each fund has reduced its assets which has decreased the Company’s regulatory assets under management. We expect the assets managed in both private funds to continue to decline if current market conditions persist.

This year the Company has been taking steps to improve its profitability and expand its service offering. In connection with these initiatives, four of the Company’s *IARs* (two in California, one in New Jersey and one in Illinois) decided to leave the firm. The majority of the clients served by these *IARs* have moved their accounts to the respective new firms of these *IARs* which decreased the Company’s regulatory assets under management and number of clients served.

The Company is developing a new marketing plan and website to attract new *IARs*. As part of this process, the Company is expressly defining the characteristics of its ideal team members. We believe these efforts will help us engage new *IARs* with an innovation mindset so we may continue to create new products and services to better serve our clients.

On June 11, 2015, the Company entered into a sub-advisory agreement with Associated Professional Advisers, LLC, as sub-adviser. The Company will be paid 25% of the fees collected from clients which utilize the strategy offered by the sub-adviser.

On May 19, 2015, the Company was engaged by Advisers Capital Investments Inc. (“ACI”), a registered investment adviser, to serve as an adviser to ACI with respect to one of our proprietary investment strategies. ACI pays the Company a fee for these services based on the quarter-end asset value of ACI’s client accounts using our strategy. The Company does not have access to visibility to any ACI client account.

On August 25, 2015, the Company entered into a solicitor agreement with Wells Fargo Advisers pursuant to which we will be paid a fee for introducing clients to Wells Fargo. These fees are disclosed to the client in Wells Fargo’s Solicitor/Investment Advisory Representative Disclosure Statement which we provide to the client.

As of the date of this Brochure, the Company is in discussions with two other registered investment adviser firms to serve as a sub-adviser to such firms with respect to one or more of our proprietary investment strategies.

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Disclosure Regarding Forward-Looking Statements

This Brochure contains “forward-looking statements,” which are subject to a number of risks and uncertainties, many of which are beyond our control. Forward-looking statements are typically identified by the words “believe,” “expect,” “anticipate,” “intend,” “estimate” and similar expressions. Although management believes that the plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that such plans, intentions or expectations will be achieved.

All forward-looking statements are expressly qualified in their entirety by these cautionary statements. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those expected. Given these uncertainties, users of the information included in this Brochure, including clients and prospective clients, are cautioned not to place undue reliance on such forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking information will in fact occur. We do not undertake any obligation to update or revise or otherwise notify you of any changes of forward-looking statements. All subsequent written or oral forward-looking statements are expressly qualified in their entirety by these factors.

This Brochure does not constitute an offer to sell or a solicitation of an offer to buy any security. Any such offer or solicitation can only be made when preceded or accompanied by an offering memorandum and other applicable disclosures which comply with all applicable laws. Investments involve various risk factors, conflicts of interest and compensation to advisors. Past performance is not indicative of future results.

Neither the Securities and Exchange Commission nor any state securities administrator has passed on or endorsed the merits of this Brochure. Any misrepresentation to the contrary is unlawful.

IRS Circular 230 Disclosure

Any statements contained herein as to tax matters were neither written nor intended by the Company to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on such taxpayer. If any person uses or refers to any such tax statement in promoting, marketing or recommending a partnership or other entity, investment plan or arrangement to any taxpayer, then the statement expressed above is being delivered to support the promotion or marketing of the transaction or matter addressed, and you should seek advice on your particular circumstances from an independent tax adviser.

U.S. Patriot Act Disclosure

The Company hereby notifies you that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 [signed into law October 26, 2001]) (the “Act”) and other applicable laws, rules and regulations, we may be required to obtain, verify and record information that identifies you. Such information includes your name and address and other

information that will allow us to identify you in accordance with the Act and such other laws, rules and regulations.

Item 4. Advisory Business

The Company is a limited liability company formed in Delaware in March 2005. It registered under the Investment Advisors Act of 1940, as amended, with the Commission in 2009. Management changed the Company's name to Capital Markets IQ, LLC in November 2013. We offer investment advisory, management, supervisory and consulting services to institutional, business and retail clients for compensation. In addition to the name Capital Markets IQ, one or more of our operating divisions conducts advisory business under the following brand names:

- Accord Capital
- Burros Wealth Management
- Intraline Asset Management
- Dynamic Retirement Solutions
- Longhorn Capital Advisors
- Surety Wealth Management

IntralineSM, Dynamic Retirement SolutionsSM and ASAR: Active Strategic Asset RotationSM are registered service marks of the Company.

We operate in a virtual business environment with the support of solid technology vendors such as Advent - Black Diamond, Smarsh, Google, Egnyte, Bill.com and our custodians. Technology allows us to meet with our clients any place they choose, including online. We are a paperless company, equipped with mobile capability to operate from anywhere around the clock.

Our organizational structure is a hub and spoke business model. Our executive team resides in the hub. The hub houses all of our centralized business functions such as accounting and tax, administration, business strategy, compliance, Institutional - sales & marketing, client relations and investment strategies, legal, personnel, product innovation and systems. The spokes hold our decentralized functions such as Retail - client relations, investment strategies, sales & marketing and client trading. Each spoke is an operating division of the Company with its own brand and lead by an IAR. Any decentralized function can be moved to the hub or shared with one or more other divisions. Some of our IARs serving the retail segment have chosen to use the CMIQ brand name. In these cases, their activities are managed in the hub.

Ownership

The principal owners of the Company are as follows:

- | | |
|------------------------------|-------|
| • LCM/HPW Trust | 61.0% |
| • Extensor Capital N.A., LLC | 39.0% |

Management

The elected officers of the Company are as follows:

- Kenneth N. Wiseman, II President and CEO
- Penelope Y. Turnbow Vice President, Chief Legal Officer, Secretary and Chief Compliance Officer
- D. Michele Bratcher Controller
- Ibrahim S. Mohammed Chief Marketing Officer & Business Development

Ms. Turnbow, Mr. Mohammed and Ms. Bratcher hold similar positions with Extensor Capital N.A., LLC, an affiliate. Each of Ms. Turnbow and Mr. Mohammed owns 33.3% of Extensor Capital N.A., LLC.

Mr. Wiseman is the founder of the Company and has served as an investment adviser and/or registered representative of a broker-dealer for more than the past 10 years. He has passed the following principal/supervisory exams: Series 7, Series 24, Series 55, Series 63 and Series 65. He holds a Bachelor of Science degree from the University of Texas.

Ms. Turnbow is a licensed attorney and has practiced law for more than the past 10 years. She received a Bachelor of Business Administration degree, *cum laude*, in economics and finance, a Masters of Business Administration and a Juris Doctorate from the University of Memphis.

Ms. Bratcher is a licensed certified public accountant and has served as such for more than the past 10 years. She received a Bachelor of Business Administration degree, *cum laude*, from the University of Texas at Arlington.

Mr. Mohammed has served as a corporate finance adviser and private investor for more than the past 10 years. He received a Bachelor of Science degree from the University of Southern California.

Our Advisory Business

We conduct our business in a legal-centric culture. We believe each client deserves an adviser that understands the legal definition of fiduciary duty and is willing to answer to this higher standard of care. Our executive management team is deeply experienced in building, managing and growing a profitable business. To best serve our clients, we must first understand our own business model and ensure our business sits on a solid foundation. Our purpose is to advise our clients, to the extent we are the appropriate professional adviser, or find and work with the appropriate professional adviser, with respect to every aspect of their financial lives. We use a comprehensive or holistic approach which encompasses the ability to gather relevant information, understand our client's full financial situation and use our intelligence to guide them toward their financial goals.

Managing investments or “money” involves much more than picking a specific security to purchase. In our experience, a client is more concerned about how an investment decision will help them meet their goals and serve their needs. To answer those questions, we need to understand the client’s personal situation, where they came from and where they want to go. One’s full financial situation covers many disciplines such employee benefits, retirement needs, legal matters, tax consequences, estate planning, to name a few. Some of our retail clients are employees of large corporations that provide multiple retirement plans. Some of our clients are highly-regulated institutions with complex investment restrictions, while other clients are small to medium-sized business owners trying to finance working capital needs or set up new employee retirement plans.

Because each client is different and each client needs advice about every aspect of investing and managing their financial situation, we have developed a global network of professionals to assist us and our clients. Our network includes banks, accounting firms, tax professionals, law firms, trust companies, plan administrators, actuaries, insurance providers, investment bankers, private lenders and technology vendors. Our approach is similar to a law firm business model in this respect. In many incidences we are the voice of the client when collaborating with this network of experts.

The Company and its IARs offer advice on various types of investments including, but not limited to, the following:

- Equity Securities – stocks, warrants
- Debt Securities – government, agency, corporate, municipal, structured products
- Repurchase and reverse repurchase agreements
- Hybrids – preferred, convertibles
- Investment companies – open-end and closed-end mutual funds, exchange–traded funds, business development companies
- Options - equity
- Futures – interest rates, currencies
- FOREX
- Alternatives – hedge funds, real estate, minerals, precious metals
- Securitization
- Margin trading
- Securities lending
- Illiquid assets – credit instruments, tangible assets, restricted securities
- Fixed indexed annuities
- Premium financing

We advise with respect to exchange-traded, OTC and foreign securities and derivatives. From time to time, we advise clients with respect to asset-backed loans, private lending, real estate held in special purpose entities and various types of non-financial assets.

We enter into a written investment management agreement with each client which describes the services to be performed. As part of the written agreement, you, our client, complete a client profile, a risk tolerance questionnaire and specify in a written investment

policy the types of investments we are permitted to make on your behalf. Your investment policy is designed to help us tailor our advisory services to address your unique needs, risk tolerance and suitability requirements. In your investment policy, you may impose restrictions on investing in specific securities, types of securities and other investment products. You may also restrict or limit the use of specific trading practices and leverage. Either party may terminate the investment management agreement upon 30 days prior written notice to the other party. In such case, our fees will be paid pro rata through the termination date and we are entitled to be reimbursed by you for all out-of-pocket expenses.

As of June 30, 2015, the amount of client assets managed by the Company was approximately:

Discretionary*	\$514,492,284
Non-Discretionary**	<u>0</u>
Total	\$514,492,284

*Includes private fund assets of \$422,908,634 as of June 30, 2015, and defined contribution plan assets of approximately \$9,000,000 as of June 30, 2015. The private funds execute leveraged strategies, which means the funds' gross assets may fluctuate more than similar funds executing non-leveraged strategies.

**Non-discretionary management means that CMIQ must first receive the client's permission before placing any trades to buy or sell securities in the client's account.

Business Consulting Services

We provide business consulting services, for compensation, to businesses seeking to grow market share, increase their revenue, better manage their costs or solve any number of financial problems. For example, we assist small banks with respect to non-traditional loans and new non-interest income opportunities. These services generally require a consultant that understands the highly regulated nature of operating a bank. We also assist small businesses looking for affordable banking services such as check clearing, merchant services, receivables financing and cash deposits. We work with businesses seeking to develop new products and services that require our expertise. For example, we advise a technology vendor, which is introducing its product into the financial services industry, in connection with regulatory requirements of its target clients.

For businesses, we advise with respect to the types of securities that a business may be able to issue to meet its capital needs (short, medium and long term). A business may consider any and all types of capital sources including issuance of its own debt or equity securities, subject to applicable laws. We navigate the sea of capital sources to help the business narrow the choices and make the decision that meets its needs. Further, we help our business clients assess whether issuing securities is an economically viable option. If so, we assist the client to assemble the participants necessary to offer securities and guide them through the process. The place we add considerable value is building the client a model of its capital choices and the coordinating and collaborating with the many parties necessary to consummate a successful transaction for our client. After the offering, we advise these same businesses concerning management of the offering proceeds.

Sub-Adviser Services

CMIQ provides investment management services to other registered investment advisers (“*primary advisers*”) with respect to our proprietary investment strategies. All sub-adviser arrangements are agreed by writing between the Company and the primary adviser. The primary adviser is the client contact and CMIQ does not interact with the primary adviser’s client, unless instructed to do so by the primary adviser.

The primary adviser is responsible for assessing its client’s financial situation, risk tolerance and investment objectives, among other things, and determining whether the strategy to be executed by CMIQ for such client account meets the client’s needs. The primary adviser may place restrictions on accounts managed by CMIQ, so long as those restrictions do not impair our ability to effectively execute the strategy we have been engaged to execute for the primary adviser. Currently, all of our sub-adviser arrangements are managed on a discretionary basis.

Plan Services

The Company offers investment management services to pension and profit sharing plans for a fee. Pension and profit sharing plans are generally organized as a trust, investing the assets of plan participants. Plan participants are the individuals enrolled in pension or profit sharing plans seeking individualized advice independent of their plans sponsor.

For accounts governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), CMIQ is a fiduciary to the plan under Section 3(38) of ERISA. In providing its services, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

As a registered investment adviser, CMIQ qualifies as an investment manager under Section 3(38) of The Employee Retirement Security Act (“ERISA”), and it is a fiduciary to the plan as defined by ERISA. As a 3(38) investment manager we are authorized by the client to exercise our best judgment in investing, selling and reinvesting securities in the account in its discretion.

We do not hold any assets of the plan but rather such assets are held by an independent custodian selected by the client. As investment manager of a plan, it is our duty to create an investment policy statement (selection, removal and replacement of the plan’s investment options), select investments, monitor those investments and provide required reporting to the plan sponsor.

Item 5. Fees and Compensation

The Company executes a written investment management agreement with each of its advisory clients and a consulting agreement with respect to its business consulting clients. All of our fees are negotiable and once agreed are set forth in the respective client investment

management or consulting agreement. We do not have a standard fee schedule because each client is free to negotiate its own fees with us.

Types of Fees and Compensation

While we may agree with a client on any number of fee structures, the most common fee structures we use are as follows:

- Institutional advisory clients – incentive fees based on profits determined under generally accepted accounting principles (“GAAP”) or the cash method of accounting, as agreed with the client. These fees may range from 20% - 50%. We may agree with a client to use a high-water mark for calculating fees. The measurement date for this type of fee is generally the last day of each calendar quarter, unless otherwise agreed with the client. The fees are charged quarterly in arrears. The Company serves as investment adviser to one private investment company of which Extensor Capital N.A, LLC, an affiliate, is the manager under Delaware law. Certain clients of the Company are also investors in the Extensor private investment company.

Retail advisory clients – a percentage of assets under management, which is typically 0% - 2.35% of the client’s portfolio balance. These fees are charged either quarterly or monthly in arrears, as agreed by the client. The client and the respective IAR agrees whether the fee will be calculated on either (i) the total value of the client’s account on the last calendar day of the billing quarter or month, or (ii) the average account balance during the billing quarter or month. If the client does not specify the calculation method, the fee is calculated using the total value of the client’s account on the last calendar day of the billing quarter or month.

A few retail clients have negotiated a progressive fee with us. A progressive fee is a tiered schedule with established thresholds. As the value of account assets increases beyond established thresholds, the fee is reduced for the amount of assets beyond the threshold, which equates to a blended fee. For example, assume a client’s assets under management are \$5,000,000. The first threshold is \$1,000,000 with a fee of 2.0%, the second threshold is \$2,000,000 with a fee of 1.5% and the last threshold is >\$3,000,000 with a fee of 1.0%. The client would pay a blended fee of 1.5%. Related accounts may be aggregated for fee calculation purposes.

- Business consulting clients – hourly rate or percentage of revenue. The Company’s hourly rate is \$350 per hour with a minimum non-refundable retainer of \$5,000. These fees are billed monthly and due upon receipt of an invoice.
 - With respect to new product or service development for consulting clients, the Company is paid an agreed percentage of the revenue derived by the consulting client from the new product or service developed by the Company.

- For consulting services regarding identification of new sources of revenue for business clients, such as non-interest income for small banks or merchant services for a new operating business, we are paid an agreed percentage of new revenue.
- For capital planning services for a business, the Company charges its hourly fee plus a one-time AUM fee based on a percentage of the gross capital received by the client and to be managed by the Company during the one-year period following the date of a closing. Typically, offering proceeds may be invested in permitted investments or used as set forth in the definitive agreements and disclosure materials. The Company may also assist the business with its cash management activities. The Company is only serving as a consultant to the business client and does not act as a broker-dealer, underwriter or placement agent with respect to any client capital raising activity.
- At times, our business consulting clients may also become on-going advisory clients. In such cases, we enter into a separate investment management agreement with these clients for those services.
- Sub-adviser Fees – The Company receives compensation pursuant to its agreements with other registered investment advisers. Our compensation range is 0.50% to 1.25% of the assets under management at the end of a given calendar quarter, but may vary depending on the types of services CMIQ provides.
- Plan Sponsor Fees – Our fee for investment advisory services for plan sponsors varies based on the amount of assets we manage. Typically, fees are a fixed percentage of the assets under management.

One of our IARs serves as a sub-adviser to two small business 401(k) plans of which Fidelity is the plan trustee and/or custodian. Our role is limited to recommending asset allocations to the plan sponsor. At the direction of the plan sponsor, Fidelity pays the Company directly up to 38 basis points of the fee it collects from these plans. These fees are paid quarterly in arrears.

- IARs, with the prior written consent of the Company, may recommend that any client, invest in one or more alternative investments such as private investment pools or “hedge funds,” including the Extensor Capital private investment company mentioned above. The issuer of alternative investments often pays finder fees or commissions to those who introduce clients that actually invest. These fees or commissions may be paid upon initial investment, typically ranging from 1%-7% depending on the issuer, or in the form of a carried interest in the funds ranging from 1% - 30% of net income, as defined by the issuer. The Company does not accept this type of compensation.

If we decide in the future to accept this type of compensation with respect to a retail client, we would waive that client’s fees which are based on a percentage of assets under management. This practice presents a conflict of interest and gives the Company and its IARs an incentive to recommend investment products based on compensation received,

rather than on a client's needs. For these reasons, we expect to discuss this conflict with you and request your written consent before accepting such compensation. Further, performance-based compensation may create an incentive for an IAR to recommend an investment that may carry a higher degree of risk to you.

One of our IARs advises clients with respect to annuities purchased from and held at Fidelity's insurance entity. Our role is limited to responding to client questions and changes to these products when needed. These clients are typically invoiced directly by us for these services, unless other payment arrangements are agreed upon.

For clients subject to ERISA and the Internal Revenue Code (the "*Code*"), the Company's receipt of fees is subject to the restrictions imposed by ERISA and the Code and any applicable exemption thereto. Pursuant to Department of Labor Rule 408(b)(2), as a fiduciary and service provider to ERISA clients, advisers are required to make disclosures about their receipt of direct and indirect compensation. All direct compensation is in the form of advisory fees which are detailed in the investment management agreement with the client. Our general fee structure is outlined above. Indirect compensation, as defined in Rule 408(b)(c), includes items such as the Company's receipt of soft dollars. To the extent permissible under Section 28(e) of the Securities Exchange Act of 1934, as amended, the Company may use soft dollars. Soft dollars is discussed more fully in Item 14 below.

Payment Method

You may choose to pay your fees directly to us upon receipt of an invoice or permit the custodian to debit your account for the amount of our fees when due. At the end of each quarter or month, as applicable, we invoice you directly for the fees due or ask the custodian to debit your account. Invoices are prepared by our controller and sent to you directly or to the qualified custodian, as applicable. Generally, when you become our client you will give the qualified custodian written instructions or permission to deduct from your account the amount of the fees and credit our account with the custodian in the amount of the fees. Our fees are due quarterly or monthly in arrears, unless otherwise agreed in writing with you.

With respect to an arrangement in which CMIQ acts as a sub-adviser to another adviser, we invoice the primary adviser quarterly in arrears. Payment is due upon receipt of the invoice. For accounts opened or closed during the billing period, fees will be prorated to cover only that period which the account was managed by CMIQ.

We do not charge fees in advance. Our fees are non-refundable.

Other Fees and Expenses

You may pay other fees and expenses such as custodian fees (account servicing fees, wire and transfer fees, etc.) and mutual fund expenses. You may incur brokerage and other transaction costs (commissions on trades, transaction costs, ticket charges, early redemption fees, etc.). See Item 12 below for more details of brokerage fees.

As part of our investment advice, we may recommend or select mutual funds for you. In addition to our fees, mutual funds may charge you various management and other fees for investments (sales loads, redemption fees, etc).

Institutional clients may choose to retain third parties to conduct due diligence or review performance and pay fees for these services.

With respect to services surrounding asset-backed loans, private lending and premium financing for clients, the client may pay a loan origination fee and expenses of the lender, a portion of which may only be shared with the Company with the prior written consent of the client. Accepting any compensation from a lender presents a conflict of interest and gives the respective IAR an incentive to recommend a loan arrangement or lender based on the compensation received rather than on a client's needs. We address this conflict with prior disclosure to the client and obtain the client's written consent before the Company accepts such compensation at closing of the loan transaction.

Business consulting clients that decide to issue securities to meet their capital needs should expect to pay fees and expenses of participants in the transaction, including investment bankers, attorneys, banks and other offering expenses.

Compensation for the Sale of Securities or Other Investment Products

The Company does not receive any compensation from the sale of securities or other investment products.

In addition, six of the Company's IARs hold insurance licenses (Messrs Rasmussen, Koehl, Ficarra, Talbert, Sadri, and Burros). These individuals receive commissions from the respective insurance company for selling insurance products. Insurance sales commissions are generally determined as a percentage of the face amount of the policy or annuity depending on the type of policy/annuity, the term of the policy/annuity and the insurance company. There may be other insurance products available with similar features which would pay a lower commission. Insurance products, including annuities, can be purchased directly by consumers without payment of any commission to an insurance agent. The Company does not receive any compensation upon the sale of insurance products. The Company does not reduce its advisory fee to offset commissions paid to an insurance agent in connection with the sale of insurance products. The Company has no affiliation with any insurance company. The Company holds no insurance licenses.

Some or all of the above practices present a conflict of interest and give the respective IAR an incentive to recommend investment products, including insurance products, based on compensation received, rather than on a client's needs. In such situations and in addition to the disclosure set forth in this Brochure under *Risk of Loss, In General-Insurance*, we have instructed each IAR to disclose these conflicts (actual or perceived) in advance with the client when applicable.

In the case of mutual funds, our IARs may recommend “no load” funds from time to time.

The Company does not reduce its advisory fee to offset commissions or mark-ups paid to a broker-dealer in connection with the sale of securities.

You have the option to purchase investment products and non-investment products that our IARs recommend through other brokers, agents or lenders that are not affiliated with the Company. These other parties may charge you additional fees, lower fees or no fees at all.

Item 6. Performance-Based Fees and Side-By-Side Management

As mentioned in Item 5 above, the Company accepts performance-based fees, that is, fees based on a share of capital gains, on capital appreciation of the assets or profits of a client (such as a client that is a private investment company or qualified client).

We manage accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as a percentage of assets under management (AUM) or an hourly fee. However, retail clients (non-qualified) are charged only one type of fee; AUM fee.

The Company and its IARs may face conflicts of interest by managing accounts with different fee structures at the same time, including that an IAR may have an incentive to favor accounts for which it or the Company receives a performance-based fee. In such situations, we intend to discuss these conflicts (actual or perceived) upfront with you.

While we seek to avoid conflicts of interest with our clients, conflicts exist. We address these conflicts through disclosure so you can make an informed decision as to whether to become or continue as a client of the Company. For example, an IAR may recommend that a suitable client invest in the Extensor private investment company which the Company also serves as investment adviser and receives fees from Extensor. Information regarding fees would be disclosed to you prior to any investment. If the Company receives this type of compensation with respect to a retail client, it waives that client’s AUM fee. All investments by Company clients into the Extensor private investment company require the prior approval of our chief compliance officer.

Item 7. Types of Clients

We offer services to accredited investors, qualified clients, qualified purchasers and retail clients as defined by the federal securities laws. These may include, but are not limited to, the following types of clients:

- Individuals
- High net worth individuals and family offices
- Operating businesses
- Municipalities
- Private investment companies
- Small to mid-sized banks and credit unions

- Sponsors or private company defined contribution plans (qualified and non-qualified)
- Plan participants (403(b), 457, 401(k))
- Trusts
- Non-profit entities
- Non U.S. citizens

The minimum account size of a retail client is \$250,000, unless otherwise agreed by management and the respective custodian.

For retail clients, accounts must be held at a qualified custodian designated for retail clients. The respective custodian has its own account opening, maintenance and compliance requirements. Each account must be approved by the respective custodian.

For institutional clients, the Company may be retained as an investment manager over a client account at a financial institution which the Company may or may not have an existing relationship. The minimum account size for institutional clients is \$1,000,000, unless otherwise agreed by management and the respective custodian.

The Company enters into agreements with other registered investment adviser firms to serve as a sub-adviser. The assets managed are reported as AUM of the primary adviser and not included in our AUM. We may refer to these assets as assets under advisement.

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

Methods of Analysis

In formulating investment advice or managing assets, we use technical and fundamental analysis. The Company also uses proprietary methods developed by its founder and its IARs. Analysis has risk of human error.

The sources of information we use are primarily:

- Financial news
- Research materials published by others (accounting firms, law firms, other advisory companies, broker-dealers, government economic data)
- Reports filed by issuers with the Commission
- Ratings
- News releases
- Bloomberg
- Online trade organizations
- Publications of self-regulatory agencies (SROs)

Investment Strategies

We use several investment strategies to implement investment advice provided to our clients, including but not limited to:

- Long-term purchases (to hold more than one year)
- Short-term purchases
- Trading
- Relative value
- Short sales
- Repurchase and reverse repurchase agreements
- Long/short
- Tactical rotation
- Sector rotation
- Margin transactions
- Arbitrage
- Options writing, including spread strategies
- Futures contracts

Each investment strategy has risk of loss and you should be prepared to bear losses. Each strategy has differing transaction costs and tax consequences. Certain investment strategies are not suitable for certain clients.

Risk of Loss

In General - Securities

An investment in securities involves a substantial degree of risk which you should carefully consider before investing. These risks include, but are not limited to:

- You could lose all of your money in an investment. No investment is risk free.
- Alternative investments are speculative and often illiquid depending upon the lock-up and liquidity provisions in the investment documents, which means you may have to exit such an investment at a price less than you originally purchased. Generally, short-term lock-up and liquidity provisions limit profits.
- The issuers and obligors of securities default from time to time, which means you may lose all of your investment.
- Returns are not guaranteed and you may not receive any returns at all.
- Performance is volatile and dependent at least in part upon services of the asset managers.
- The price of securities fluctuates which changes the value of your investment (e.g., mark-to-market). Fluctuations may be rapid and frequent.

- Lack of liquidity may make it more difficult to resell the securities and obtain market quotations. In addition, the proceeds from sales prior to maturity may be more or less than principal invested due to changes in market conditions.
- Changes in economic conditions, regulations, tax laws, interest rates, yield curves and payment rates affect the value of your investments.
- The use of margin and leverage increases your risk.
- Some investments have restrictions on transfer and redemption such as notice periods and penalties.
- Transactions in securities are subject to substantial fees and expenses, which offset profits.
- Frequent trading of securities can affect investment performance particularly through increased brokerage and other transaction costs (commissions, sales loads, redemption fees, etc.) and taxes.

High Yield Investments

An investment in high yield securities is subject to special risks which you should carefully consider. This Brochure is not intended to be an exhaustive description of the risks involved in any individual security, but rather a general statement of the risks commonly associated with investments of this type. Information has been obtained from sources we believe to be reliable, but we cannot guarantee its accuracy or completeness.

High yield securities are securities that a nationally recognized credit rating organization, such as Standard & Poor's, Moody's or Fitch, has rated below "investment grade" or may be non-rated securities. These securities typically offer a higher yield than investment grade securities, but also present greater risks with respect to liquidity, volatility and non-payment of principal and interest. As a result of being classified as below investment grade, high yield securities present a greater degree of credit risk relative to many other fixed income securities. The following risks are associated with high yield investments:

- *Credit Risk.* An investment grade issue generally has a high capacity to pay interest and repay principal with little susceptibility to adverse changes in economic conditions. Conversely, a high yield security that is not investment grade generally has predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. Therefore, there is greater risk of non-payment of interest and loss of principal. Many issuers of high yield securities have experienced substantial difficulties in servicing their obligations, which has led to defaults and restructurings. Additional risks discussed below may also increase the risk of default for an issuer of high yield securities. Due to these risks, the issuers of these securities generally have to pay a higher rate of interest than that which is available from investment grade securities.

- *Liquidity.* The markets in which high yield securities are traded are more limited than those in which investment grade securities are traded. This lack of liquidity may make it more difficult to resell these securities and obtain market quotations. In addition, the proceeds from sales prior to maturity may be more or less than principal invested due to changes in market conditions or changes in the credit quality of the issuer.
- *Call Risk.* High yield securities may be subject to call by the issuer, providing the issuer the right to redeem, fully or partially, before the scheduled maturity date of the security. In the event a security is called, you may be unable to reinvest the proceeds from such redemption, in an investment with similar return and risk characteristics. In many situations, reinvesting may occur in a lower interest rate environment when compared to the original issuance date of the high yield security that was called.
- *Interest Rate Risk.* Generally, a rise in interest rates may negatively affect the price of market traded bonds, because bond prices tend to move counter to the direction of rates. Therefore, rising rates may cause bond prices to decline. Additionally, bonds with longer maturities may be more sensitive to such interest rate movements.
- *Volatility Risk.* The market value of high yield securities tends to be sensitive to developments involving the issuer and to changes in economic conditions. Consequently, high yield securities have greater price volatility than investment grade securities.
- *Downgrade Risk.* Downgrades in the credit rating of high yield bonds by rating agencies are generally accompanied by declines in the market value of these bonds. In some circumstances, investors in the high yield market may anticipate such downgrades as a result of these credits being placed on “credit watch” by rating agencies, causing volatility and speculation of further credit deterioration.
- *Economic Risk.* Relates to the general vulnerability of a security due to a downturn in the economy. In difficult economic environments, high yield bonds may be more susceptible to price volatility as investors may reevaluate holdings in lower-quality bonds in favor of investment-grade bonds. This is often referred to a “flight to quality.” The concern is often associated with the underlying credit issuer’s ability to repay interest and principal if an economic downturn negatively impacts the business.
- *Event Risk.* This includes any of a variety of events that can adversely affect the issuer of a high yield security, and therefore the issuer’s ability to meet obligations to repay principal and interest to bond holders. Event risk may pertain to the issuer specifically, the industry or business sector of the issuer, or generally upon the overall economy. For example, the issuer may have a change in management, poor earnings, or difficulty obtaining additional credit to support operations. The issuer’s industry sector may be experiencing financial difficulties due to increased competition, rising costs, or a changing regulatory environment. Lastly, there may be adverse geopolitical or global economic news such as a recession, changes in fiscal or monetary policies, or adverse market conditions having a direct or indirect impact on the issuer and their outstanding debt.

Inverse and leveraged funds

Leveraged and inverse mutual funds are complicated instruments that should only be used by sophisticated investors who fully understand the risks involved. Due to the effect of compounding, operating expenses, and daily resets, the performance of a leveraged or inverse fund can differ significantly from the performance of the underlying index or benchmark over longer periods of time. The magnitude of this disparity is particularly high in volatile markets.

Leveraged and inverse funds that are subject to daily resets are attempting to achieve their objectives on a daily basis, not over a longer period. As a result, you should not expect the performance of these types of leveraged and inverse funds to resemble the performance of the underlying index or benchmark over an extended period of time. For instance, an investor in a 2x leveraged fund that tracks a stock market index (such as the S&P 500®) should not expect returns over one month to be 20% if the S&P 500 increases 10% over that same period of time.

You should be aware that portfolio managers who invest in such funds often do so as part of active trading or asset allocation strategies. These strategies often call for frequent trading to take advantage of anticipated changes in market conditions, which can increase portfolio turnover. Leveraged and inverse funds also generally have higher operating expenses as a percentage of assets than other funds.

When authorizing us to purchase a leveraged and inverse fund, you should understand the associated risks and their impact on long-term performance. As mentioned above, leveraged and inverse mutual funds are not an appropriate part of a buy-and-hold strategy and are typically not intended to be held for more than a day or two since the daily rebalancing process may have a negative impact on returns.

In addition, one should only purchase an inverse mutual fund if you understand the risks associated with shorting and the principles of inverse performance, where the investment goals of the mutual fund are inverse to the performance of its benchmark, a strategy that is the opposite of how most mutual funds are managed.

As with any mutual fund, investors in leveraged and inverse mutual funds should obtain and carefully read the applicable prospectuses before investing or permitting these types of investments by an IAR.

In General - Insurance

Insurance products are promoted as safe investments. However, certain insurance products involve a substantial degree of risk which you should carefully consider before purchasing.

Fixed Indexed Annuities

If you are replacing existing securities with a fixed indexed annuity contract, you should consider the following:

- Your return with respect to the annuity may be more or less than the return on the securities you are replacing and returns may be capped in an annuity.
- The annuity may be less liquid than the securities you are replacing.
- The cost to purchase an annuity may be more than the cost of securities.
- The annuity may have a substantial surrender penalty.
- Your overall investment portfolio may be less diversified when you replace securities with an annuity.
- The credit quality of the annuity may be greater or less than that of the securities you are replacing.
- The cost of owning the annuity may be greater or less than that of owning the securities you are replacing.
- The tax consequences of annuities and securities are different, and you may owe taxes arising from the disposition of the securities you are replacing with the annuity.
- You may incur a loss when you sell your securities.
- You may lose some or all of your investment in the annuity or your investment in securities.

Other important elements of the fixed indexed annuity you should consider include, but are not limited to:

- *Early Withdrawal Penalty or Surrender Charges.* A fixed indexed annuity may impose a penalty (a surrender charge) for early withdrawals from the annuity. The surrender charge schedule of the proposed annuity begins at a set percentage and usually declines over a number of years. If you need funds from a fixed indexed annuity prior to its maturity date in excess of any free withdrawal amounts each year, you may incur surrender charges and may suffer losses on your investment. You will possess limited rights to withdraw funds from the annuity, and any withdrawals in excess of the amounts permitted under the annuity may incur a substantial surrender charge until such time as surrender charges disappear. You should purchase an annuity only with funds which you are not likely to need for your current or future expenses or other cash flow needs during the surrender charge period.
- *Limitations on Credit for Index Returns.* The credit given to you for index returns during each period:
 - Does not include dividends which would have been received by an index fund tied to that index and which would otherwise have been reinvested in that index. Historically, the dividend rate for the S&P 500 Index has been approximately 3.6% (over the last six decades) and at times has exceeded 6%. If in the future dividend payout rates are higher due to changes in tax policy, or due to other factors (such as shareholder demand for payment of dividends,

versus retention thereof), the index returns you are eligible to participate in (subject to participation rates, caps, and deductions for administrative charges, discussed below) could be further significantly impaired.

- Is further limited by a cap of a certain percentage on the amount of interest credited to your annuity. The insurance company reserves the right to lower such caps, which would negatively affect your returns. In the past insurance companies have lowered caps on index returns.
 - Is further limited by the participation rate. The participation rate determines how much of the increase in the index will be used to calculate index-linked interest. The insurance company reserves the right to lower the participation rate, which would negatively affect your returns. In the past insurance companies have lowered the participation rate with respect to the index returns.
 - Is further limited by the imposition annually of administrative charges. The insurance company reserves the right to increase the administrative charges, which would negatively affect your returns. In the past insurance companies have increased administrative charges.
- *Credit Risk of the Insurance Company.* The funds used to purchase an annuity from the insurance company are part of the insurer's general account and subject to the general claims of the insurance company's creditors. Unlike a mutual fund or variable annuity sub-account, your annuity funds are not segregated and therefore your funds are not protected in the event of insolvency of the insurance company. The ability of the insurance company to make payments to you, throughout the term of the annuity and upon termination of the annuity, is dependent upon the financial strength of the insurance company. This investment is not insured by any federal or state government agency against loss of principal due to default by the insurance company.
 - *Tax Consequences.* You should consult your tax adviser concerning the tax consequences of owning an annuity. Generally, any withdrawals from the annuity of gains within the annuity will be taxed at your ordinary income tax rates. Gains are distributed prior to the return of principal. You will not receive more favorable long-term capital gain treatment which would have been available through a tax-efficient or tax-managed equity mutual fund, and as a result you will likely pay higher income taxes on any gains inside the annuity (in comparison to tax efficient equity mutual funds). If you, are under the age of 59 ½, withdrawals from the annuity would likely be subject to a 10% federal tax penalty, in addition to income tax which may be due.

In General - Borrowing

Purchasing securities with borrowed funds or pledging securities as collateral for loans involves a substantial degree of risk which you should carefully consider before borrowing.

Margin

Margin is investing with borrowed money. The use of margin amplifies a portfolio's performance. It makes losses and gains greater than they would have been if the investment had been made on a cash-only basis. The primary risk is the price of the security may fall resulting in a margin call and higher interest costs for you. If you receive a margin call, you will be required to deposit additional assets into your brokerage account. If you fail to meet a margin call by depositing additional assets, your broker may sell off some or all of your investments until the required equity relationship is restored.

All securities in your brokerage account are held as collateral for a margin loan. The margin maintenance requirement varies from broker to broker, security to security and portfolio to portfolio. It is possible to lose more than you invest when using margin. You will be legally responsible for paying any outstanding debt you may have to your broker even if your portfolio is completely wiped out. The interest rate charged by your broker on margin balances is subject to immediate change.

Loans

Pledging unencumbered securities you own as collateral for purpose or non-purpose loans has risks. The primary risk is the price of the security pledged may fall below the loan amount resulting in a default under the terms of the loan and the sale of your pledged securities by the lender. Such sale could create unexpected tax consequences for you. You will be legally responsible for paying any outstanding loan you may have to your lender even if your pledged collateral is completely wiped out.

Hypothetical Performance

The performance results for some of our proprietary strategies represent hypothetical results during the measurement time period. Hypothetical performance results reflect the reinvestment of dividends but do not reflect other earnings or brokerage commissions and custodian expenses because the performance was derived from back-tested results and does not reflect actual performance. Hypothetical results are net of ETF expenses and may not reflect the maximum adviser fee that would have been charged by the Company during the measurement period. These results may differ materially from actual results based upon various factors and past performance may not be indicative of future results. Therefore, no client should assume that future performance will be profitable, equal the hypothetical performance results reflected for our proprietary strategies, or equal the corresponding historical benchmark.

The historical benchmark performance results reflect reinvested dividends, but do not reflect the deduction of transaction and custodial charges, or the deduction of an adviser fee, the incurrence of which would have the effect of decreasing the historical results. The historical benchmarks performance results are provided for comparison purposes only, so as to provide general information to assist a client in determining whether a proprietary strategy hypothetical performance meets the client's investment objectives. Historical results do not reflect the impact

of taxes. It should not be assumed that account holdings will correspond directly to any such comparative benchmark. Further, the comparative benchmark may be more or less volatile than the proprietary strategies.

A proprietary strategy's results may reflect hypothetical, back-tested results that were achieved by means of the retroactive application of a back-tested strategy and, as such, the corresponding results have inherent limitations, including, but not limited to, the following:

- The results do not reflect the results of actual trading by the Company or use of client assets, but were achieved by means of the retroactive application of each of the referenced underlying investments, each of which was chosen with the benefit of hindsight.
- Back-tested performance results may not reflect the impact that all or any material market or economic conditions might have had on use of the strategy, if the strategy had been used, during the measurement period.
- For various reasons, our clients may have experienced investment results if they used the strategy, either positive or negative, during the measurement period that may have been materially different from those reflected by the strategy's hypothetical performance results. For example, variances in client account holdings, investment management fees incurred, the date on which a client began using the strategy, client account contributions or withdrawals and general market conditions, may have caused the performance of a specific client's account to vary substantially from the hypothetical performance results.

Any hypothetical performance results have been compiled by the Company, and have not been independently verified. Different types of investments and investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or strategy will be either suitable or profitable for a client.

Item 9. Disciplinary Information

None

Item 10. Other Financial Industry Activities and Affiliations

Ms. Turnbow, an officer of the Company, owns 33.3% of Extensor Capital, N.A., LLC and serves in similar roles at Extensor. Ms. Turnbow is legal counsel to Extensor Capital and its subsidiaries and affiliates. As legal counsel, Ms. Turnbow could face a conflict if the interests of the Company become adverse to the interests of her other clients. In such case, the Company would retain separate counsel. The Company's controller, Ms. Bratcher, serves in a similar role at Extensor and its subsidiaries and affiliates. She is also a CPA. Mr. Mohammed, an officer of the Company, owns 33.3% of Extensor Capital, N.A., LLC and serves in similar roles at Extensor.

The Company serves as investment adviser for one Extensor Capital private investment company. Our IARs are permitted to recommend that a qualified client of the Company invest in

this company. We disclose potential conflicts to clients considering any such recommendations. The offering materials for this company also contain disclosures regarding conflicts.

Mahran Sadri holds California insurance producer licenses for property, casualty, life, accident & health products and variable contracts. There is no business relationship between the Company and the insurance companies for which he produces. Mr. Sadri faces conflicts of interest by managing client accounts at the same time he is selling insurance products, including that he may have an incentive to favor insurance products over securities as investments for clients for which he receives greater compensation. In such situations, we have instructed him to discuss these conflicts (actual or perceived) upfront with his clients when applicable.

Samuel Talbert holds Arkansas insurance producer licenses for annuities, property, casualty, life, accident & health products and variable contracts. There is no business relationship between the Company and the insurance companies for which he produces. Mr. Talbert faces conflicts of interest by managing client accounts at the same time he is selling insurance products, especially fixed annuities, including that he may have an incentive to favor insurance products over securities as investments for clients for which he receives greater compensation. In such situations, we have instructed him to discuss these conflicts (actual or perceived) upfront with his clients when applicable.

Jason Rasmussen holds Texas insurance producer licenses for fixed index annuities, fixed annuities and fixed index VUL policies. There is no business relationship between the Company and the insurance companies for which he produces. Mr. Rasmussen faces conflicts of interest by managing client accounts at the same time he is selling insurance products, especially fixed annuities, including that he may have an incentive to favor insurance products over securities as investments for clients for which he receives greater compensation. In such situations, we have instructed him to discuss these conflicts (actual or perceived) upfront with his clients when applicable.

Glenn Koehl holds Texas insurance producer licenses for fixed index annuities, fixed annuities and fixed index VUL policies. There is no business relationship between the Company and the insurance companies for which he produces. Mr. Koehl faces conflicts of interest by managing client accounts at the same time he is selling insurance products, especially fixed annuities, including that he may have an incentive to favor insurance products over securities as investments for clients for which he receives greater compensation. In such situations, we have instructed him to discuss these conflicts (actual or perceived) upfront with his clients when applicable.

David Ficarra holds Michigan insurance producer licenses for fixed annuities, disability, health, life, employee benefits and long-term care policies. Mr. Ficarra faces conflicts of interest by managing client accounts at the same time he is selling insurance products, especially fixed annuities, including that he may have an incentive to favor insurance products over securities as investments for clients for which he receives greater compensation. In such situations, we have instructed him to discuss these conflicts (actual or perceived) upfront with his clients when applicable. There is no business relationship between the Company and any of the insurance companies that Mr. Ficarra does business with.

In addition, Mr. Ficarra provides tax preparation services, accounting services and business consulting for some of his clients. There is no business relationship between the Company and Mr. Ficarra's tax, account and consulting business.

David Burros holds Colorado insurance producer licenses but is not registered as an agent of any insurance agency. He is not currently selling insurance products. If in the future he decides to sell insurance products, he will face conflicts of interest by managing client accounts at the same time he is selling insurance products, including that he may have an incentive to favor insurance products over securities as investments for clients for which he receives greater compensation. In such situations, we have instructed him to discuss these conflicts (actual or perceived) upfront with his clients when applicable.

We have entered into an indemnification agreement with each officer of the Company that provides him/her with rights to indemnification and expense advancement to the fullest extent permitted by Delaware law. We believe that the terms of the agreements with the mentioned parties and officers were made on terms no less favorable to the Company or you than could have been otherwise obtained from unaffiliated third parties.

All future transactions involving the Company, its officers, affiliates and principals are expected to be on terms no less favorable to the Company or you than could be obtained from unaffiliated third parties.

We have entered into a selling agreement with The Pacific Financial Group. Under this agreement, we recommend TPF's advisory services to clients and receive compensation from TPF. This relationship creates a conflict of interest. To address this conflict, we deliver a written Solicitor/Investment Advisory Representative Disclosure Statement to the client disclosing the relationship between the Company and TPF and the compensation paid to each party.

We have entered into a solicitor agreement with Wells Fargo Advisers. Under this agreement, we recommend Wells Fargo's advisory services to clients and receive compensation from Wells Fargo. This relationship creates a conflict of interest. To address this conflict, we deliver a written Solicitor/Investment Advisory Representative Disclosure Statement to the client disclosing the relationship between the Company and Wells Fargo and the compensation paid to the Company.

We have entered into an investment management agreement with Quartermaster Wealth Management LLC. Quartermaster utilizes one of the Company's proprietary equity strategies for its clients. We advise Quartermaster with respect to the execution of the strategy for certain of its clients. Quartermaster pays the Company a fee equal to an agreed percentage of assets under management in each account which utilizes our strategy.

We have entered into a sub-adviser agreement with Advisers Capital Investments Inc. in which the Company serves as sub-adviser to ACI with respect to one of our proprietary equity strategies. We advise ACI with respect to the execution of the strategy for certain of its clients.

ACI pays the Company a fee equal to an agreed percentage of assets under management in each of its client accounts which utilizes our strategy. In addition, the agreement provides that from time to time ACI may refer other investment advisers, adviser firms, financial advisers and broker-dealers to the Company for its sub-adviser services. If the Company enters into an agreement with such referred persons, the Company will pay ACI a fee of 20% of the revenue collected by the Company from these persons.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have adopted a written code of ethics pursuant to SEC Rule 204A-1. This code contains customary policies regarding:

- A standard of business conduct that is required of each IAR which reflects our fiduciary obligations and those of our IARs.
- Compliance by IARs with applicable federal securities laws.
- Periodic reporting by certain persons to the Company regarding their personal securities transactions and holdings.
- Reporting by IARs of violations of the code of ethics promptly to our chief compliance officer.
- Delivery of copies of the code of ethics and any amendments to IARs and acknowledgment of receipt.

We will provide a copy of our code of ethics to any client or prospective client upon request.

As previously stated in this Brochure, the Company is an adviser to one Extensor Capital private investment company. The Company is paid a fee of 20% of net profits resulting from the Company's advice to this company. Our IARs may recommend that qualified clients consider investing with Extensor which is a conflict of interest that will be disclosed to clients prior to investing.

Further, most of our related persons are investors in mutual funds and publicly-traded stocks and bonds through 401(k) plans with prior employers, individual IRA accounts or as direct investors. The IARs that manage the Company's proprietary investment strategies for clients do invest their own money in the same strategies on the same terms as the clients. It is possible that an IAR of the Company could recommend a mutual fund, stock or bond in which one of our related persons owns a position.

The Company has adopted a written compliance manual to assist related persons to avoid conflicts of interests which could arise when buying or selling securities for their own accounts at or near the same time an IAR may be buying and selling those same securities for a client. Each IAR prepares a record and these records are reviewed by our chief compliance officer for possible conflicts involving related persons. The Company addresses such conflicts, if any, through disclosure to the client.

Item 12. Brokerage Practices

Custodian and Brokers

The Company is independently owned and operated and is not affiliated with any qualified custodian.

We do not maintain custody of your assets that we manage or on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account to pay our fees. Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank.

Client-Directed Brokerage Arrangements

You may engage in directed brokerage by designating a particular brokerage firm for all or a portion of your executions. Most of our clients utilize a broker-dealer as custodian for their securities. Clients who establish custodial accounts with a broker-dealer typically direct us to effect all portfolio transactions through that broker-dealer at a rate agreed to between the client and broker. Clients are free to choose or change broker-dealers at their discretion.

If you direct use of a particular broker-dealer, such as your custodian, for all or a specific portion of your trades you may lose the possible advantage which may be available to non-directing clients. Some of the issues that you should consider when directing the use of particular broker-dealers:

- If you direct us to use a specific broker you may pay higher commissions on some transactions than might be obtainable by us, or may receive less favorable execution of some transactions, or both;
- You may not be able to participate in an allocation of shares of a new issue if those new issue shares are provided by another broker;
- You may forego any benefit from savings on execution costs that we could obtain for our clients through negotiating volume discounts on block orders for purposes of execution with orders for the same security for other accounts we manage; and
- We will not attempt to negotiate execution costs on your behalf.

Adviser-Directed Brokerage Arrangements

We recommend that our retail clients use Fidelity or TD Ameritrade as the qualified custodian. However, each client is free to disregard our recommendation and select another custodian. The custodian holds your assets in a brokerage account and will buy and sell securities when we or you instruct them to do so. While we recommend that retail clients use Fidelity or TD Ameritrade as custodian, you will decide whether to do so and will open your account by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Fidelity or TD Ameritrade, we can still use other brokers to execute trades for your account as described below.

The Company participates in the Fidelity RIA program, the Fidelity Smart Connections Program and the Fidelity Separate Account Network. Fidelity is a member FINRA and SIPC. Fidelity is an independent and unaffiliated SEC registered broker-dealer. Fidelity offers to investment advisors services which include custody of securities, trade execution, clearing and settlement of transactions. We receive some benefits from Fidelity through our participation in these programs. See Item 14 below.

Some of our clients have become our clients as the result of introductions of new IAR candidates by Fidelity who eventually become IARs of the Company. When one of these IAR candidates joins our firm, their client accounts may be held at Fidelity and one or more other qualified custodians. We may be directed by the client to effect brokerage transactions through their Fidelity, their existing custodian, or other broker-dealers. Alternatively, we may direct brokerage for the client accounts. In cases where we direct brokerage, we may have a conflict of interest between our duty to the client to obtain best execution under the circumstances and our desire to obtain future IAR candidate introductions from Fidelity.

The Company also participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("*TD Ameritrade*"), member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC registered broker-dealer. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. The Company receives some benefits from TD Ameritrade through its participation in the program. See Item 14 below.

We recommend that our institutional clients use as a qualified custodian, a prime broker or clearing firm which is a member of Fixed Income Clearing Corporation ("*FICC*"). For institutional clients, it is important that the custodian be capable of clearing, settling and reporting all types of securities transactions and providing securities financing, including repurchase agreements.

The Company has a clearing arrangement with Industrial and Commercial Bank of China Financial Services LLC ("*ICBCFS*"). The Company may recommend that an institutional client select ICBCFS as custodian. ICBCFS is a member of FINRA and the Securities Investor Protection Corporation (*SIPC*) and is a registered broker-dealer. The firm maintains custody of clients' assets and effects trades in client accounts. The Company is not affiliated with ICBCFS.

How We Select Brokers

It is our intention to use a custodian and broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades

- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Financing capability and rates
- Availability of prime brokerage services
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, repo rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below.

Your Brokerage and Custody Costs

For our client accounts that Fidelity maintains, Fidelity generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your account. Fidelity's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$30 million of their assets in accounts at Fidelity. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise.

In addition to commissions, Fidelity may charge you a flat dollar amount or "trade away" fee for each trade that we execute by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we expect to have Fidelity execute most trades for client accounts at Fidelity. We believe that having Fidelity execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

ICBCFS may charge brokerage commissions and transaction fees in connection with certain securities and repo transactions for our two private investment company clients. Both clients use leveraged trading strategies. Fox Chase, a registered broker-dealer clearing through Pershing and acting as principal, is one of the broker-dealers that executes trades for the client accounts at ICBCFS. The Company pays Fox Chase 50% of the Company's performance fee, if any, paid by these clients. When ICBCFS serves as counterparty to a repurchase agreement with a client, it charges a repo rate. Details of these commissions and fees are disclosed in the client's account documentation with ICBSFS, its repurchase agreement and its investment management agreement with the Company. Neither ICBCFS nor Fox Chase is an affiliate of the Company.

By directing Fox Chase to execute transactions for these two client accounts, we may be unable to achieve most favorable execution of the client transactions, and that could cost the clients more money. On the other hand, not directing Fox Chase to execute trades for these clients may cause the client to pay higher brokerage commissions because we are unable to

aggregate orders to reduce transaction costs or the client may receive less favorable prices. Given the totality of the repo agreements and the volume of trades, we believe having Fox Chase streamline execution is the best execution of these trades.

Products and Services Available to Us from Custodians

The Company has an arrangement with Fidelity through which Fidelity provides the Company with its "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like the Company in conducting business and in serving the best interests of their clients but that may benefit the Company. The availability of these services from Fidelity benefits us because we do not have to produce or purchase them.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to the Company, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by the Company (within specified parameters). These research and brokerage services are used by the Company to manage accounts for which we have investment discretion. Without this arrangement, we might be compelled to purchase the same or similar services at our own expense.

Fidelity offers other services intended to help us manage and further develop our business. These services include:

- Educational conferences and events
- Consulting on technology, compliance and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants and insurance providers
- The Smart Connections Program, which provides us access to other members of the Fidelity RIA platform
- The Separate Account Network, which provides clients of other members of the Fidelity RIA platform access to our proprietary investment strategies.

Fidelity may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Fidelity may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Fidelity may provide us with other benefits, such as occasional business entertainment of our personnel.

As a result of receiving such services for no additional cost, the Company may have an incentive to continue to use or expand the use of Fidelity's services. We examined this conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of the Company's clients and satisfies its client obligations, including our duty to seek best execution. You may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by the Company will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. The Company and Fidelity are not affiliates.

As disclosed above, the Company participates in TD Ameritrade's institutional customer program and we recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research related products and tools
- Consulting services
- Access to a trading desk serving our participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to the Company by third party vendors.

TD Ameritrade may also pay for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Company but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are

intended to help us manage and further develop our business enterprise. The benefits received by us or our related persons through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of our fiduciary duty to clients, we endeavor at all times to put the interests of its clients first. You should be aware, however, that the receipt of economic benefits by the Company or its related persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services. We do not believe the receipt of general platform services will diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

Any qualified custodian, a prime broker or clearing firm selected by our institutional clients will likely provide us benefits similar to those provided by Fidelity and TD Ameritrade and described above.

We may perform block stock and bond trades for client accounts held at our custodians to obtain more favorable pricing and better execution on trades. Block trades will be allocated in each participating client account. Allocation quantities are based upon each individual portfolio circumstances including client risk tolerance, stated investment objectives and tax situation. On partially filled orders, our aggregation policy is to pro-rate the number of shares/bonds to each participating account on an equal percentage basis. An exception to a straight proration on partial executions may occur under certain circumstances where shares/bonds are allocated to one account over another account when building a new position versus adding to an existing position. In all cases, affected accounts will receive the same average price obtained in the block transaction.

Item 13. Review of Accounts

Your account is reviewed at least monthly by your IAR. You may review your account online with the custodian at any time. The monthly review focuses primarily on positions held and valuation. The individual IARs track client data to ensure your objectives are being achieved. Accounts may be reviewed more frequently upon request by you.

From time to time, your account is reviewed by our president and our chief compliance officer. These reviews focus on suitability, trends and risk. Our chief compliance officer reviews the personal accounts of our supervised persons and may review your account for unusual activity or conflicts of interest. Accounts may be reviewed more frequently upon request by you or an IAR.

We use software provided by our custodians to download client account activity and use it to generate written quarterly reports for our clients using Black Diamond portfolio software and Microsoft Excel. The contents of the quarterly reports include:

- Quarterly Asset Allocation – actual vs. investment policy allocation
- Quarterly Performance Review – current quarter and year-to-date
- Quarterly Portfolio Statement – current positions

Quarterly reports are generally distributed to clients no later than 30 days after quarter end.

Item 14. Client Referrals and Other Compensation

We receive an economic benefit from qualified custodians, in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at the custodians. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12. The availability to us of these products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

As previously stated in Item 10, the Company has entered into a sub-adviser agreement with ACI, which among other things provides that from time to time ACI may refer other investment advisers, adviser firms, financial advisers and broker-dealers to the Company for its sub-adviser services. If the Company enters into an agreement with such referred persons, the Company will pay ACI a fee of 20% of the revenue collected by the Company from these persons. These ACI fees will be disclosed to such persons prior to entering into an agreement with them.

As stated in Item 10 above, the Company has entered into a solicitation agreement with TPFPG pursuant to which we are paid a fee for introducing clients to TPFPG. These fees are disclosed to the client in TPFPG's Solicitor/Investment Advisory Representative Disclosure Statement which we provide to the client.

As stated in Item 10 above, the Company entered into a solicitor agreement with Wells Fargo Advisers pursuant to which we will be paid a fee for introducing clients to Wells Fargo. These fees are disclosed to the client in Wells Fargo's Solicitor/Investment Advisory Representative Disclosure Statement which we provide to the client.

Item 15. Custody

While our custodians for clients are Fidelity, TD Ameritrade and ICBCFS, the Company maintains brokerage relationships with several brokerage and clearing firms and banks and may add other qualified custodians.

Under government regulations, we may be deemed to have custody of your assets if, for example, you authorize us to instruct the qualified custodian to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account, the custodian maintains actual custody of your assets. You will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address you provided to the custodian. You should carefully review those statements promptly when you receive them. We urge you to compare the account statements from the custodian to the quarterly report you receive from us.

Item 16. Investment Discretion

In your investment management agreement, the Company accepts discretionary authority to manage accounts on behalf of clients. In such situations, the Company may hold a power of attorney or limited trading authorization from you to execute transactions on your behalf in accordance with your customized written investment policy. For such trades, the Company may direct the selection of the brokers and the execution of the trades. We only conduct trades with broker-dealers which are creditworthy counterparties. Commission rates are standard market rates charged by the broker-dealers to their clients.

Pursuant to the power of attorney or limited trading authorization, you authorize the Company to take the following actions without obtaining your specific consent:

- Determine the types of securities to be bought and sold
- Determine the amount of securities to be bought and sold
- Select the broker-dealer to be used for any transactions
- Agree to commission rates to be paid

Any power of attorney or limited trading authorization is revocable by you at any time.

Item 17. Voting Client Securities

The Company does not accept authority to vote client securities.

You will receive your proxies and other solicitations from the custodian or the transfer agent of the issuer and not from the Company. You may contact the Company by telephone, mail or email (see cover page for details) with questions about a particular solicitation but you are not obligated to vote in any manner suggested or implied by the Company or any of its IARs.

Item 18. Financial Information

Not applicable.

Item 19. Requirements for State-Registered Advisers

Not applicable.



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