

# Disclosure Brochure

August 24, 2015

## **Alcipation Wealth Management, LLC**

*a Registered Investment Adviser*

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

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## **Item 2.      Material Changes**

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

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## Item 4. Advisory Business

Alcipation is an independent registered investment adviser providing its clients with a holistic wealth management offering that includes financial planning, consulting, and investment management services. Prior to the rendering of any of the foregoing advisory services, clients are required to enter into one or more written agreements with Alcipation setting forth the relevant terms and conditions of the advisory relationship (the “Agreement”).

Alcipation was formed in 2014 and is wholly owned by Interim Holdings, LLC. As of the date of this filing, Alcipation does not have any assets under management; however, the Firm reasonably expects to have at least \$100 million under its management within 120 days of SEC approval.

While this brochure generally describes the business of Alcipation, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Alcipation’s behalf and is subject to the Firm’s supervision or control.

### Wealth Management Services

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Alcipation provides clients with wealth management services, which generally include a broad range of comprehensive financial planning and consulting services, as well as the discretionary management of investment portfolios.

Alcipation primarily allocates client assets among various mutual funds, exchange-traded funds (“ETFs”), and individual debt and equity securities in accordance with the investment objectives of its individual clients. In addition, Alcipation may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

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

Alcipation tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles.

Alcipation consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify Alcipation if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Alcipation determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## Item 5. Fees and Compensation

Alcipation offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management. Additionally, certain of Alcipation's Supervised Persons, in their individual capacities, may offer securities brokerage services under a separate commission arrangement.

### Wealth Management Fees

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Alcipation generally provides wealth management services for an annual fee based on the amount of assets under the Firm's management. The fee varies between 50 and 150 basis points (0.50% – 1.50%), depending upon the size of a client's portfolio and the type of services rendered. In more limited circumstances, the Firm may provide wealth management services for a fixed fee.

The annual fee is prorated and charged quarterly, in advance, based upon the average daily value of the assets being managed by Alcipation during the previous quarter.

For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client, as appropriate.

### Fee Discretion

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

### Additional Fees and Expenses

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In addition to the advisory fees paid to Alcipation, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions, including any such institutions recommended by the Firm (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees,

charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions.

### **Fee Debit**

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Clients generally provide Alcipation with the authority to directly debit their accounts for payment of the Firm's advisory fees. The Financial Institutions that act as qualified custodians for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Alcipation.

### **Account Additions and Withdrawals**

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

## **Item 6. Performance-Based Fees and Side-by-Side Management**

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

## **Item 7. Types of Clients**

Alcipation provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

### **No Minimum Account Requirements**

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Alcipation does not impose a stated minimum fee or minimum portfolio value for starting and maintaining a wealth management relationship.

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

### Methods of Analysis and Investment Strategies

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Alcipation generally utilizes technical and cyclical analytical approaches and investment strategies to manage client assets, based on each client's goals, objectives and risk tolerance.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Alcipation will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that Alcipation is recommending. The risks with cyclical analysis are similar to those of technical analysis.

### Risks of Loss

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#### *General Risk of Loss*

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

#### *Market Risks*

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

#### *Mutual Funds and ETFs*

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

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees,

redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

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

### *Use of Private Collective Investment Vehicles*

Alciphion recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and other offering documents explaining such risks prior to investing.

## **Item 9. Disciplinary Information**

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

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

### **Private Investments**

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Certain of the Firm's Supervised Persons may make real estate investments alongside clients, in collective vehicles with clients, or be involved in transactions with clients (such as clients providing a mortgage for property owned by the Supervised Person or a collective investment vehicle owned in part by the Supervised Person). None of the investments involve securities. There is a conflict of interest where the Firm or its Supervised Persons recommend such investments. The terms of the investment,



including the conflicts of interest and any additional compensation (either direct or indirect) received by the Supervised Persons will be specifically disclosed to the client prior to investing.

### **Item 11. Code of Ethics**

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

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

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

- the transaction has been completed;
- the transaction for the Access Person is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

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

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

## Item 12. Brokerage Practices

Alcipation generally recommends that clients utilize the brokerage and clearing services of Schwab Advisor Services™ (“Schwab”) for investment management accounts.

Factors which Alcipation considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables Alcipation to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Alcipation’s clients comply with the Firm’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Alcipation determines that the commissions are 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 Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Alcipation seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Alcipation periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Alcipation in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Alcipation (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Alcipation may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless Alcipation decides to purchase or sell the same securities for several clients at approximately the same time. Alcipation may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Alcipation’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Alcipation’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent

that Alcipation determines to aggregate client orders for the purchase or sale of securities, including securities in which Alcipation's Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Alcipation does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Alcipation may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

### **Software and Support Provided by Financial Institutions**

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

Additionally, Alcipation may receive the following benefits from Schwab through its institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## Item 13. Review of Accounts

### Account Reviews

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

### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. As requested by the client, the Firm may also prepare written or electronic reports, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they may receive from the Firm or an outside service provider.

Those clients to whom Alcipation provides financial planning and/or consulting services will receive reports from Alcipation summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by Alcipation.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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Alcipation is required to disclose any direct or indirect compensation that it provides for client referrals. Alcipation does not have any required disclosures to this Item.

### Other Economic Benefits

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In addition, Alcipation is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

### **Item 15. Custody**

Alcipation's Agreement and/or the separate agreement with any Financial Institution may authorize Alcipation through such Financial Institution to debit the client's account for the amount of Alcipation's fee and to directly remit that advisory fee to Alcipation in accordance with applicable custody rules.

The Financial Institutions recommended by Alcipation have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Alcipation.

### **Item 16. Investment Discretion**

Alcipation is given the authority to exercise discretion on behalf of clients. Alcipation is considered to exercise investment discretion over a client's account because the Firm can effect transactions for the client without first having to obtain the client's consent. Alcipation is given this authority through a power-of-attorney included in the Agreement between Alcipation and the client. Clients may request a limitation on this authority, such as certain securities not to be bought or sold. Alcipation takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

### **Item 17. Voting Client Securities**

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

### **Item 18. Financial Information**

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

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Alcipation Wealth Management, LLC**

Prepared by:



**MARKETCOUNSEL<sup>®</sup>**  
*The Adviser's Advisor<sup>®</sup>*