

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

**June 5, 2017**

**DeGreen Capital Management, LLC**

4800 N. Scottsdale Rd  
Suite 1800  
Scottsdale, AZ 85251  
Phone number 480-609-9900  
facsimile; 480.609.9904  
[www.degrees.com](http://www.degrees.com)

This brochure provides information regarding the qualifications and business practices of DeGreen Capital Management LLC. If you have any questions about the content of this brochure you may contact us at 480.609.9900 or by email at [debey@degrees.com](mailto:debey@degrees.com). The information in this brochure has not been approved or verified by the U.S. States Securities and Exchange Commission or by any state securities authority.

Additional information regarding DeGreen Capital Management, LLC is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Material Changes

On February 29, 2016, Keith DeGreen and DeGreen Capital Management (DCM) filed a Statement of Claim and Demand for Arbitration against Brent and Vickie Pine (husband and wife) and Integrated Wealth Management (IWM). The complaint alleged on behalf of Keith DeGreen and DCM that IWM and Brent Pine breached an expense and profit-sharing agreement with DCM. Client accounts are not involved in this business dispute. On April 19, 2017 an arbitration panel concluded that Pine and IWM had breached its agreement with DeGreen and DCM. The Panel awarded damages to DeGreen and DCM. DeGreen and DCM are now seeking attorneys' fees and related costs from Pine and IWM.

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#### Item 4 Advisory Business

**DeGreen Capital Management (DCM)** is an independent fee-only investment advisor. In cooperation with a portfolio sub-advisor, Efficient Market Advisors LLC (EMA), DCM specializes in low-cost exchange-traded fund (ETF) investing and primarily invests using U.S.-traded exchange-traded funds (ETFs). However, it reserves the right to also invest in publically-traded individual securities and mutual funds. DeGreen Capital Management became registered with the Securities Exchange Commission effective November 1, 2012. From January 1, 2010 through October 31, 2012, DCM was registered with the State of Arizona as an investment advisor. As of June 5<sup>th</sup> 2017 DCM managed \$205,015,344 of assets.

DeGreen Capital Management, LLC (DCM) provides fee-only portfolio management services by selectively allocating Exchange Traded Funds (ETFs), primarily among U.S.-traded equity, alternative, and fixed-income exchange-traded funds (ETF's). It reserves the right to use individual securities and mutual funds.

The firm was founded September 18, 2008. It did not begin marketing its services to outside investors until January, 2010.

Keith P. DeGreen is the firm's sole owner through the **Keith P. DeGreen Sole & Separate Property trust dated 8/30/1993 restated 9/26/2006**

The minimum aggregate account requirement for new accounts is currently \$250,000. DCM intends to raise this minimum requirement to \$500,000 effective July 1, 2017. DCM may make exceptions to this policy on a case by case basis. The minimum for each individual account is \$50,000. Your account does not become ineligible to receive services if your account drops below the initial investment amount due to market conditions.

Upon completion of the DCM General Investment Advisory Agreement, clients sign a limited power of attorney granting DCM discretion as to what securities are purchased and sold, as well as the amount of securities purchased and sold.

DCM has an arrangement with Charles Schwab to provide custodial service for separate client accounts and execute transactions. DCM reserves the right to use other custodial services for its separate client accounts. DCM will not maintain custody of any client funds or securities. All assets of DCM will be custodied by Charles Schwab, or other approved custodians. Clients may pay commissions higher than those obtainable from other brokers in return for products and services. However, as a fee-only advisor, DCM does not participate in transaction commissions charged by Charles Schwab. Currently Schwab charges a commission of \$4.95 per trade; and may charge less for certain Schwab-sponsored products. All fees are discussed and agreed upon in advance, prior to either party entering into the relationship. Clients have the responsibility to review their monthly or quarterly statement(s) in order to assess the investment strategy and performance and call either their financial advisor or DCM to review their concerns and make potential changes.

All accounts managed by DCM are discretionary. As of June 5<sup>th</sup> 2017 the firm managed 565 separate accounts at Charles Schwab, totaling \$205,015,344 as valued by Charles Schwab & Co. Inc. We refer to these assets under management as DCM's Separate Accounts Program.

## Item 5 Fees and Compensation

### Separate Accounts Program

**DeGreen Capital Management, LLC (DCM) provides fee-only portfolio management services by selectively allocating primarily among U.S.-traded equity, alternative, and fixed-income exchange-traded funds (ETF's), in cooperation with it's a sub-advisor, Efficient Market Advisors (EMA). Allocations are made pursuant to proprietary methodologies of DCM and EMA. DCM reserves the right to invest in common stocks and mutual funds offered on major U.S. exchanges. DCM's Separate accounts program assets are currently held at Charles Schwab & Co. Inc.**

### Fees and Expenses

With respect to DCM's Separate Accounts Program at Charles Schwab or other custodians, DeGreen Capital Management, LLC (DCM) charges a quarterly management fee in advance, calculated at up to the maximum rate noted below, based on each client's aggregate assets under management (AUM) at the end of each quarter. The management fee is payable at the beginning of each calendar quarter, and is automatically debited from each clients' account(s) at Charles Schwab. The management fee for the first quarter in which the client opens an account is based on the account value at quarter end and will be prorated if such quarter is less than a full quarter. If a client has multiple accounts, the assets under management will be aggregated to determine a total client relationship. The total client relationship amount will be used to determine the annual fee percentage for all the related accounts. Should a client leave before the end of the quarter the client is entitled to a refund of unused management fees. The refund will be calculated based on the date of termination by dividing the original fee amount by the number of days in the quarter. The product will then be multiplied by the days remaining in the quarter. This amount will be refunded to the client. The refund will take two (2) weeks or less to process.

In addition to the annual fee, clients are also charged transaction fees by the Custodian and not by DCM for all transactions. DCM does not participate in any way in these transaction costs. This amount is charged by the custodian of assets, Charles Schwab, and is currently \$8.95; however, currently, for investors electing e-delivery of confirmations and statements, Schwab's charge for DCM clients is \$4.95 per trade. Charles Schwab has temporarily waived its e-delivery requirement. Therefore, all client transaction costs are currently \$4.95 at Schwab. The custodian's charges are subject to change at any time. The exact amount and frequency of these extra fees will vary. ERISA accounts are not eligible for e-delivery.

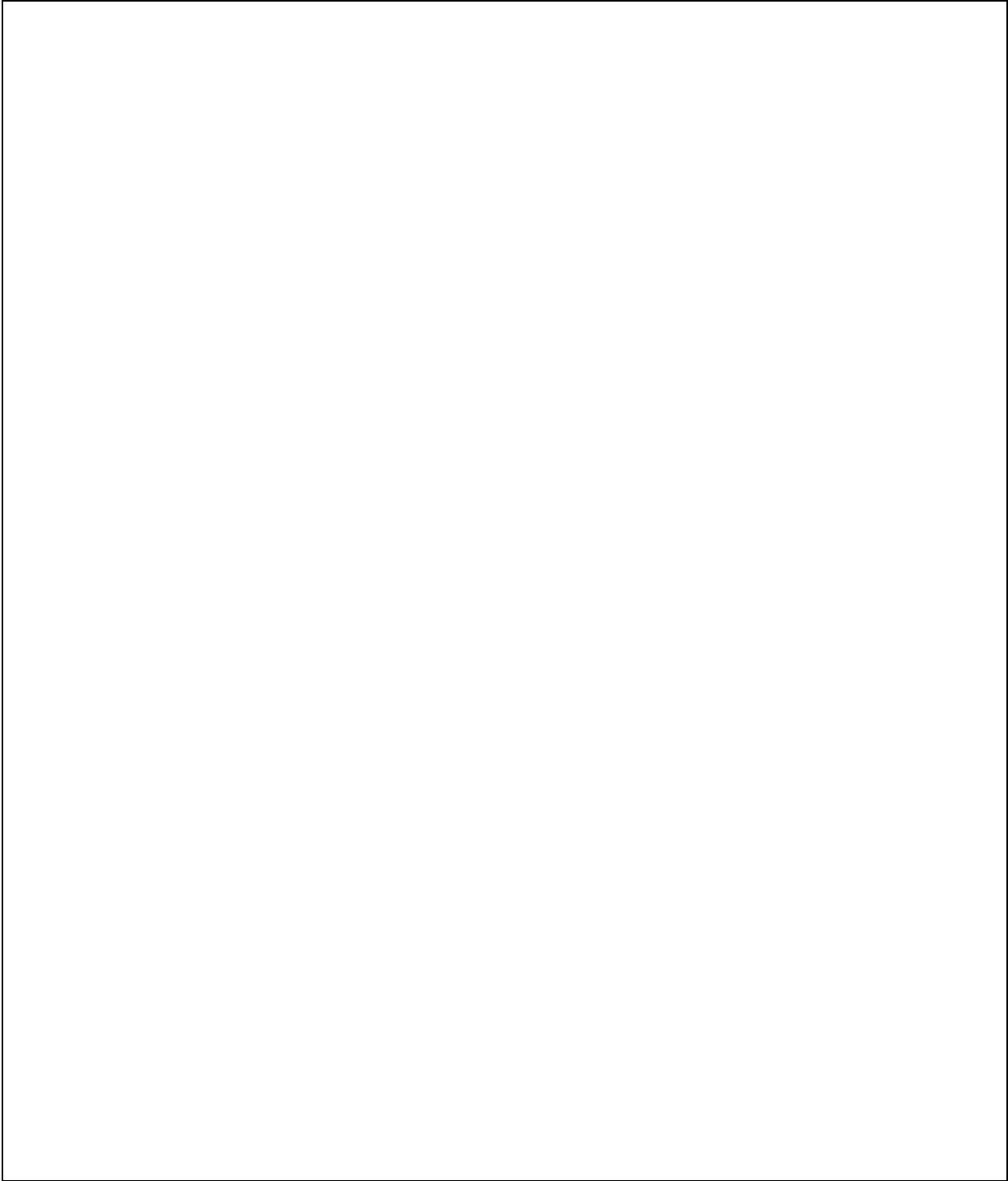
DCM reserves the right under certain circumstances, to reduce its fees depending on the size and nature of an investor's accounts. DCM does not have authority to change transaction fees charged by Schwab or by any custodian. Fees are deducted directly from client(s) accounts held at Charles Schwab or other custodian. Should a client terminate their investment advisory contract during the quarter the client will receive a refund of unused advisory fees. DeGreen Capital Management, LLC (DCM) does not charge performance-based fees for its Separate Accounts program.

### DeGreen Direct Maximum Fees

<u>Value of Client Accounts</u>	<u>Maximum Annual Fee Percentage</u>
\$250,000- \$499,999	1.59%
\$500,000 - \$999,999	1.49%
\$1,000,000 - \$1,999,999	1.35%
\$2,000,000 - \$2,999,999	1.19%
\$3,000,000 - \$4,999,999	1.00%
\$5,000,000 - \$ 9,999,999	.85%
\$10,000,000+	.75%

Brokerage commissions charged by Schwab are in addition to DCM's maximum annual investment advisory fees, which are disclosed in the Fees and Compensation disclosure above. DCM does not participate in any brokerage commissions that are associated with its investment management program.

**Example of DCM Fees.** A client with aggregate assets under management with DCM of \$1,000,000 would pay DCM a management fee of 1.35% annually. Fees are deducted from client accounts quarterly based on their annual fee and based on each client's assets under management at the close of trading on the last day of each calendar quarter. Assuming the amount each quarter remained constant at \$1,000,000, a quarterly management fee of \$3,375.00 would be deducted.



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

**No Performance Fees.** DCM is a fee-only advisor. Fees are expressed as a percentage of assets under management and are deducted from client accounts quarterly, as explained above. DCM does not charge performance- based fees for its Separate Accounts Program.

**Potential Conflict of Interest and Privacy.** DeGreen Capital Management's Policies and Procedures prohibit the front-running of transactions to benefit any client or employee of the firm, including Mr. DeGreen. DCM does not maintain other investment programs that might conflict with its Separate Accounts Program. DCM and DCM's officers and employees are governed by DCM's strict Code of Ethics and Privacy Policy. All clients receive a copy of DCM's privacy policy. A copy of DCM's Code of Ethics is available on request.



Item 7      Types of Clients

DeGreen Capital Management, LLC accepts the following as clients:

1.      Individuals
2.      Pension and Profit Sharing Plans and other employer-sponsored ERISA plans
3.      Trusts, Estates and/or Charitable Organizations
4.      Corporations or business entities other than those listed above

**Proprietary Valuation Protocols.** DeGreen Capital Management LLC (DCM) applies proprietary valuation protocols in connection with the following securities analysis methods:

1. Fundamental analysis
2. Technical analysis
3. Cyclical analysis

**DeGreen and Efficient Market Advisors.** DCM works closely with Efficient Market Advisors LLC (EMA) which serves as sub-advisor in the management of DCM client portfolios. EMA maintains 15 low-cost risk-adjusted exchange-traded fund (ETF) portfolios offered through DCM. EMA has historically claimed compliance with GIPS standards in the reporting of returns. As of March 31, 2016, all EMA portfolios had performance tracks records of at least ten years. DCM matches the needs of each client with the appropriate EMA portfolio. DCM provides input to EMA's investment committee regarding allocation and ETF selection based on DCM's proprietary analysis method. DCM's method may best be described as a modified "growth at a reasonable price" calculation. This methodology was developed by Keith DeGreen, originally as a way to manage his own portfolio. Mr. DeGreen actively participates as an investor in DCM's Separate Accounts Program through EMA. He therefore invests as our clients invest. More information about EMA's investment approach may be found at [www.efficient-portfolios.com](http://www.efficient-portfolios.com). More information about DCM's investment approach may be found at [www.degreen.com](http://www.degreen.com).

**Seeking "Downside Protection".** DCM believes that each client's best method of investment "downside protection" is the appropriate and thoughtful selection of the risk-adjusted EMA portfolio best suited to the client's needs. Portfolios should be selected based on the range of shorter-term volatility each client can accept in pursuit of their longer-term investment objectives. EMA does not employ defensive strategies beyond the risk-adjusted allocations within its 15 portfolios, which it may change based on market conditions. However, DCM may apply additional defensive strategies as market conditions warrant. There is no guarantee that these additional defensive strategies can or will protect investors from steep market declines, or that they will enhance investor returns.

**"Growth" and "Wealth Preservation".** DCM makes frequent use of the terms "growth" and "wealth preservation" ("WP") when assisting clients in determining the level of risk and volatility appropriate for them. DCM uses those terms as they are conventionally defined, and in a broad manner as part of the process of helping clients determine the level of volatility and risk appropriate for them. For example, Mr. DeGreen may ask clients questions to help them define the extent to which they believe their portfolio should be allocated toward "growth" or "wealth preservation". From there, the concepts of "growth" and "WP" are discussed in relation to asset classes such as stocks, bonds and alternatives; and from there Mr. DeGreen helps clients drill down into the precise portfolio allocations among those asset classes that best represents the most appropriate mix of "growth" and "WP" for that client.

**Neutrality and Client Circumstances.** Because DCM is a fee-only advisor, it is neutral as to the allocation/portfolio that each client selects; except that it strives to ensure that the allocation is appropriate for each client. Clients are encouraged not to change their allocations due to market headlines, but instead to base their requested changes on changes in their personal circumstances. DCM maintains a high level of contact with clients through emails and client events in and during which

clients are frequently encouraged to contact DCM if they have concerns about the appropriateness of their current allocation.

**Performance.** The published performance of all portfolios reflects the unhindered net total returns of portfolios at the EMA level, and does not reflect changes in performance caused by the intervention of DCM. EMA claims compliance with GIPS reporting standards. DCM defensive intervention may vary by individual client, client category, portfolio category, or specific portfolio. It is therefore not practical to track aggregate performance at the DCM level.

**Suitability Interviews and Personal Involvement.** Keith DeGreen meets personally with each prospective DCM client to conduct a thorough Investment Suitability Interview, using forms and questions developed by Mr. DeGreen during the past 30 years. Clients are required to submit certain information in advance, and to bring certain information with them. Spouses are required to attend except in rare circumstances. Each interview is designed to determine that specific client's needs, volatility and risk tolerance, experience, investment temperament, and objectives. Interviews typically take between 90 minutes to two hours.

**ETFs.** Each EMA portfolio is allocated across various asset classes and may include U.S.-traded ETFs that invest in markets, sectors and asset classes inside and outside the U.S. Investing in markets outside the U.S. may involve additional risk. (See below.). EMA reserves the right to use ETF mutual funds when appropriate.

**Data, and Strategic and Tactical Allocations.** Throughout each trading day, DCM and EMA convert world market data received from Bloomberg Professional Services and other sources into their calculations, and use that data in their analyses. Our goal is to identify the world's most promising asset classes, markets and sectors at any given time. Allocations involve strategic allocations (weighting) across asset classes, including equities, fixed income, alternatives (such as commodities, real estate, pipelines, etc.), and cash. While DCM typically accesses these markets, or rotates among them, using U.S.-traded exchange-traded funds, it reserves the right to invest in individual companies, bonds, or mutual funds.

**Other Information.** DCM may also obtain information to be used for investment purposes through conferences, periodicals, research reports, books and online resources, and through travel, including international travel.

**Risks.** Although DCM only invests in U.S.-traded securities, some securities may represent investments in foreign markets. Emerging and or international markets may involve risks not commonly associated with the purchase and sale of investments in the United States. These risks include, but may not be limited to:

1. Risk of nationalization and expropriation of assets of confiscatory taxation
2. Social, economic, and political uncertainty
3. Dependence on exports and the corresponding importance of international trade and commodities prices
4. Less liquidity of securities markets
5. Potentially higher rates of inflation including hyper-inflation
6. Decisions to discontinue support for economic reform programs and imposition of centrally planned economies
7. Less stringent laws regarding the fiduciary duties of officers and directors and protection of investors

While DCM primarily uses ETFs (Exchange Traded Funds) to invest in various markets and sectors, it may also use other investment vehicles such as common stock and mutual funds at its discretion.

DCM has historically used the term “Marktors” to describe its investment philosophy. “Marktors” combines two words: Markets and sectors.

Item 9      Disciplinary Information

The firm has not been subject to any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

Keith DeGreen is licensed to practice law in Arizona & Ohio. His status is “inactive” in Ohio, and “Active” in Arizona. However, he does not practice law in either state. .

Keith DeGreen has a life & disability insurance license in Arizona; however, he does not market or sell insurance.

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

DeGreen Capital Management, LLC (DCM) has adopted a Code of Ethics by which its officers and staff are required to abide. Officers and staff members are required to provide DCM with a written acknowledgement regarding the Code of Ethics. The Code of Ethics covers the following areas:

1. Definition of Terms
2. Standard of Conduct & Statement of General Fiduciary Principles
3. Protecting Inside Information
4. Restrictions on Personal Investing
5. Reporting Personal Securities Transactions and Accounts
6. Monitoring Personal Securities Transactions
7. Administration of Code of Ethics and Violations
8. Acknowledgement of Code of Ethics

DCM currently attaches a complete copy of the "Code of Ethics" with this brochure.

In all cases where clients and DCM, or its related persons, may own an interest in the same security, certain rules are observed as guidelines:

1. The interest of the client will always have priority over the interest of DCM in any and all transactions wherein both parties hold a mutual interest. While DCM endeavors at all times to put the interest of the clients first as part of its fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of Applicant when making recommendations.
2. Neither related persons, nor DCM may purchase or sell securities ahead of clients. All trades for related persons are to be conducted in compliance with DCM's Code of Ethics. Whenever possible, an average price will be used whereby clients and related-person trades will be placed in the account, at an average price per share, and all parties shall receive the same average price per share.

Item 12 Brokerage Practices

DeGreen Capital Management, LLC (DCM) uses Charles Schwab and Company Inc. for the custody of client assets within its Separate Accounts Program, but may elect to use other custodians. Within the Schwab program, separate accounts are maintained for each client, DCM's management. Charles Schwab, as custodian, assesses transaction costs for all trades that occur within a client's separately managed account(s). DCM does not participate in, or profit from, these charges. These costs, which are also incurred within mutual funds, but which are reflected in their total returns but not separately reported, are normal and customary expenses. These transaction costs are assessed in addition to DCM's management fees, and in addition to the other advisors' asset management fees, if any.

Charles Schwab currently offers a substantial discount on most transaction fees provided that the client accepts e-delivery of trade confirmations and monthly email statements from Schwab. To qualify, the client must elect e-delivery on the account application and/or sign up for e-delivery on Schwab's website. However, Schwab has temporarily waived this requirement. ERISA accounts are not eligible for e-delivery.



**Separate Accounts Program**

Within DCM's Separate Accounts Program, and as more fully disclosed in DCM's Investment Advisory Agreement, each client is responsible for advising DCM whether their allocation and portfolio selection remains suitable for them. Through frequent emails to clients and through client events, clients are encouraged to contact DCM if they have questions, or if their personal circumstances change. Review meetings are scheduled at the request of clients, and are encouraged. Therefore, the frequency of such reviews depends on the client.

Compliance supervisory reviews are conducted by DCM's designated compliance officer, Donald R. Ebey. Each client account is reconciled by Charles Schwab and Company Inc., on a monthly basis, prior to issuance of each client's monthly portfolio summary. Compliance supervisory reviews are generally conducted on a quarterly basis; however, the occurrence of other circumstances may necessitate more frequent reviews.

DCM is pleased to provide clients with a suite of reports on request, based on each client's needs. Clients also have the ability to receive daily reports on-line through Charles Schwab, or may obtain performance reports through EMA's website. Additionally, they receive monthly statements from Charles Schwab, as custodian.

DCM does not prepare financial plans, or provide comprehensive financial planning. It is therefore ultimately the client's responsibility to notify DCM of changes in their investment objectives or investment suitability. DCM maintains a continuous outreach program to encourage clients to communicate with the firm if they have questions.

Item 14      Client Referrals and Other Compensation

At this time DCM does not maintain a formal referral relationship with other advisors. It is not uncommon, however, for DCM to informally refer clients to other professionals such as accountants or attorneys, upon request.

**Separate Accounts Program**

Charles Schwab provides all custodial services for Client accounts within DeGreen Capital Management's (DCM's) Separate Accounts Program. However, DCM reserves the right to establish other custodial relationships.

DCM is named as Advisor on all client accounts. DCM may select other custodians in its sole and absolute discretion. At no time does, or will, DCM have, or exercise custody over, Client account(s).

DCM may assist Clients in transferring assets from existing accounts to investment account(s) under the management of DCM. However, DCM does not at any time take custody of Client's funds. DCM is not responsible for any activity in the accounts from which funds are being transferred.

The selected Custodian(s) shall value the securities in Client's account(s) in accordance with commonly accepted securities industry practices.

Item 16 Investment Discretion

**Separate Accounts Program**

DeGreen Capital Management, LLC (DCM) manages client accounts on a discretionary basis only. DCM's discretion shall be limited to the purchase and sale of publicly-traded investments, available on U.S. exchanges. Client grants DCM a Limited Power of Attorney (LPOA) for said purpose. This LPOA also authorizes DCM to deduct management fees from their account(s). DCM is granted complete and unlimited trading authority on the securities in which DCM invests. DCM may not remove funds from client accounts, other than its fees. The termination of the Power of Attorney shall constitute the termination of the Investment Advisory Agreement. The Investment Advisory Agreement must be signed by the client and accepted by DCM before any transactions are made on behalf of a client.

Item 17      Voting Client Securities

Except as may be requested or required for certain accounts by the Employee Retirement Income Security Act of 1974 ("ERISA"), DCM shall be under no obligation to take action with respect to proxy votes or class-action lawsuits in connection with the securities held in Client's account(s). No proxy voting will be conducted unless authorized by the client, and agreed to in writing by DCM.

Item 18 Financial Information

This section is not applicable to DeGreen Capital Management, LLC.

Item 19 Requirements for State-Registered Advisers

This section is not applicable to DeGreen Capital Management, LLC.