

Form ADV: Part 2A  
Investment Adviser Brochure



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This brochure provides information about the qualifications and business practices of Capita Financial Network, LLC. If you have any questions about the contents of this brochure, please contact us at 801-566-5058. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Capita Financial Network, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Within this document or in marketing materials, Capita Financial Network, LLC may refer to itself as a "Registered Investment Adviser" or similar language, but that registration does not imply a certain level of skill or training.

## Summary of Material Changes

-As of June 15<sup>th</sup>, 2018, certain supervised persons are no longer dually registered with the unaffiliated registered investment advisor Allegis Investment Advisors, LLC ("Allegis").

-Capita may conduct fixed and life insurance business under the name "Capita Insurance Agency" to comply with some state and local rules and regulations

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## **Item 4 Advisory Business**

Capita Financial Network, LLC (“Capita”) is a newly formed investment adviser filing its initial registration with the Securities and Exchange Commission in January 2018. The principal owner of Capita is Capita Holdings, LLC. The principal owner of Capita Holdings, LLC is MBL Financial LLC, which is owned by Michael and Britney Littledike. Capita provides financial planning and discretionary investment advisory services for retirees and those planning for future retirement. Capita reviews the individual needs of each client as part of the financial planning process and uses the financial plan to tailor its advisory services to the needs of the client. Clients may impose individual restrictions on their accounts. Our investment advisory services include selecting model portfolios and providing other asset management services as detailed below.

### **Model Portfolios**

Capita will review the client’s financial plan and assist the client in setting an appropriate investment objective. Capita has discretion to select a risk based model portfolio sub-advised by a third-party investment adviser (the “Subadvisor”). The Subadvisor is responsible for selecting investments consisting mainly of individual securities, exchange-traded products and mutual funds within a model portfolio and for making changes to the investments selected. The Subadvisor may use other third-party advisors to select investments within the model portfolios. Capita monitors the model portfolios on an ongoing basis and has the ability to make changes to the allocation among the available models.

### **Asset Management Services**

Capita will provide discretionary investment advisory services for separately managed accounts invested in various types of investments, such as mutual funds, exchange traded products, variable annuity subaccounts, equities, and fixed income securities. Capita’s advice is tailored to the individual needs of the client based on the client’s investment objectives. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client’s investment profile.

Capita manages \$316,744,493 on a discretionary basis as of June 22nd, 2018.

## **Item 5 Fees and Compensation**

Capita charges fees based on a percentage of assets under management, payable quarterly in advance as specified in the client’s investment advisory agreement. Fees generally range from 1% to 1.75% annually, but Capita may negotiate fees at its discretion. Capita generally directly debits client fees. However, clients have the option to be billed.

If an advisory agreement is terminated before the end of the quarter, Capita will provide the client with a pro-rated refund of any pre-paid advisory fee.

Certain supervised persons of Capita serve as insurance agents. As part of a financial plan, Capita may recommend the purchase of fixed annuity products and life insurance. Capita may conduct insurance business under the name “Capita Insurance Agency” in order to comply with some states regulations and standards. Capita receives commissions on the sale of these insurance products. No client is under any obligation to purchase a commission product from Capita. Clients may purchase insurance products recommended by Capita through other non-affiliated insurance agents. The sale of commission products creates a conflict of interest because Capita has a financial incentive to recommend these products based on the compensation to be received, rather than on a client’s needs. In addition to disclosing this conflict of interest to clients, all supervised persons of Capita have a fiduciary duty to clients and must abide by a Code of Ethics which requires them to make recommendations only in the best interest of their clients.

Clients will also incur charges for brokerage commissions and transaction fees for effecting certain securities transactions (e.g., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). While Capita generally recommends no-load or institutional share classes for mutual fund investments, Capita may recommend that a client continue to hold previously purchased mutual fund shares which may incur additional fees, such as distribution and redemption fees. Please see Item 12 for additional information regarding Capita’s brokerage practices.

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

Capita does not charge performance-based fees or participate in side-by-side management of accounts.

## **Item 7 Types of Clients**

Capita intends to provide investment advisory services to individuals (including trusts, estates, and IRAs of individuals and their family members), high net worth individuals, 401K plans and small businesses.

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

At the beginning of each client relationship, Capita creates a financial plan tailored to the client’s investment objectives and cash flow needs. Capita provides investment advice based on the client’s goals and risk tolerance. Capita recommends model portfolios, or other asset

management services to meet the client's individual needs. Capita conducts investment analysis which includes reviewing comparisons to applicable benchmarks, standard deviation, beta, active share return, upside and downside capture, and portfolio range.

Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Moreover, some investments may result in the loss of some or all of the capital invested. Past performance is not indicative of future results.

The firms' methods of analysis and investment strategies do not represent any significant or unusual risks; however, all strategies have inherent risks and performance limitations.

### **General Risk**

- **Market Risk** – the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries or segments.
- **Interest Rate Risk** – the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or fixed income fund with a shorter duration.
- **Credit Risk** – the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Business Risk** – the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security.

### **Investment Specific Risk**

- **Mutual Funds**- A mutual fund is an investment vehicle made up of a pool of moneys collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and other assets. Each type has different features and different risks and potential rewards. Generally, the higher the potential return, the higher the risk of loss. Clients should read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks prior to investing
- **Exchange Traded Funds ("ETFs")**- An ETF is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock involved in bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.
- **Equities**- Equity investments generally refer to buying shares of stock in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of

equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environment.

- **Fixed Income** –Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities, as noted above.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties.

There is no assurance that the above is a complete description of all risks of an investment or that there are no other risks that may exist now or that may arise in the future in connection with an investment.

## Item 9 Disciplinary Information

Capita and its management persons do not have any disciplinary information to disclose.

## Item 10 Other Financial Industry Activities and Affiliations

As described in Item 5, Capita is licensed to sell certain types of insurance, and certain supervised persons of Capita serve as insurance agents. As part of a financial plan, Capita may recommend the purchase of fixed annuity products and life insurance. Capita receives commissions on the sale of these products. This creates a conflict of interest because Capita has a financial incentive to recommend the purchase of these products. No client is under any obligation to purchase a commission product from Capita. Clients may purchase insurance products recommended by Capita through other non-affiliated insurance agents. Further, all supervised persons of Capita have a fiduciary duty to clients and must abide by Capita's Code of Ethics which requires them to make recommendations only in the best interest of their clients.

Neither Capita nor any of its related persons are registered or has a registration pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Capita does not receive any compensation from the third-party managers it recommends. A portion of the investment management fee paid by clients is retained by Capita and a portion is paid to the third-party manager.

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

Capita enforces a Code of Ethics (the “Code”) to promote the highest levels of ethical conduct among its supervised persons. The Code includes the following general principles: 1) the duty at all times to place the interests of clients first, 2) the requirement to conduct personal securities transactions in such a manner as to avoid any actual or potential conflict of interest, and 3) the fundamental standard that Capita and its supervised persons exercise independent, unbiased judgment in the investment decision-making process.

Consistent with the foregoing general principles, the Code provides standards of business conduct whereby all supervised persons must: 1) act in the best interests of clients at all times; 2) report their personal securities transactions and holdings periodically for review by the Chief Compliance Officer; 3) comply with applicable federal and state securities laws; 4) report any violations of the Code promptly to the Chief Compliance Officer; and 5) provide Capita with a written acknowledgment of their receipt of the Code and any amendments.

The Code also stipulates that supervised persons are not permitted to use their knowledge of proposed or actual recommendations or transactions to profit personally. The Code also restricts the personal receipt of investment opportunities, perquisites, or gifts from persons doing or seeking business with Capita that could call into question the supervised person’s independent judgment.

Supervised persons are also prohibited from sharing non-public personal information of clients without permission and unless necessary to complete a transaction on the client’s behalf.

Supervised persons of Capita may invest in the same securities it recommends to clients. Supervised persons may also buy or sell securities for their own accounts at or about the same time that they buy or sell the same securities for client accounts. This presents a potential conflict of interest because trading by a supervised person in a personal securities account in the same security on or about the same time as trading by a client could potentially disadvantage the client. Capita addresses this conflict of interest by requiring that supervised persons report certain personal securities transactions and holdings to the Chief Compliance Officer for review. Supervised persons are allowed to participate in aggregated transactions with client accounts and receive the same average price and commissions as clients.

This summary is qualified in its entirety by Capita’s Code. Clients and prospective clients may contact Capita at 801-566-5058 to request a copy of the Code.

## **Item 12 Brokerage Practices**

Capita primarily recommends the brokerage and custodial services of TD Ameritrade Inc. (the “Custodian”). All client transactions are executed through the client’s custodian, including those executed by the Subadvisor. Capita does not receive any soft dollar benefits; however, it



may receive research reports from the Custodian. These research reports are provided to Capita based on the overall relationship between Capita and the Custodian, and are not the result of soft dollar or other arrangements involving the execution of client transactions.

The principal factors that Capita considers in selecting or recommending broker-dealers and in determining the reasonableness of their compensation include industry reputation, financial stability, research services, operating history, fee and commission structures, and client service. In selecting or recommending broker-dealers, Capita does not consider whether it receives client referrals from a broker-dealer or third party.

Capita routinely requires that client accounts be held at the Custodian and executes all transactions through the client's custodian. Not all advisers require their clients to direct brokerage to their custodian. By directing brokerage, Capita may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money.

Clients may direct Capita to use a specific broker for their account. If a client directs brokerage, Capita may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money.

Where appropriate, Capita may combine client transactions if it decides to purchase or sell the same securities for several clients at approximately the same time. Capita combines such orders to: 1) obtain "best execution", 2) negotiate more favorable commission rates, or 3) allocate differences in prices and commissions or other transaction costs equitably across client accounts. Employee transactions may be combined with client orders. If Capita does not combine transactions when it has the opportunity to do so, clients could pay higher brokerage costs.

The Subadvisor is responsible for execution of trades in the model portfolios. The Subadvisor executes all transactions through the client's Custodian and does not combine client transactions. If the Subadvisor does not combine transactions when it has the opportunity to do so, clients could pay higher brokerage costs.

## **Item 13 Review of Accounts**

Capita reviews client financial plans annually to determine if there have been changes to the client's risk tolerance, cash flow needs, and income taxes, among other things. Based on this review of the client's financial plan, Capita then reviews the client's account to determine if changes to the investment recommendations are needed.

With respect to model portfolios, the Subadvisor is responsible for reviewing the investments and executing transactions within the account. Capita has the ability to change the allocation between investment models. On a quarterly basis, Capita reviews the performance of model portfolios. For asset-allocation accounts, Capita also reviews the accounts on a quarterly basis.

Account reviews are conducted by Capita's investment adviser representatives, including Michael Littledike, President, Zaccary Call, Vice President, and Tyler Williamson, Partner. Additional information about Messrs. Littledike, Call and Williamson is available in brochure supplements to this brochure and on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Clients and prospective clients are encouraged to review this additional information.

Capita will also review a client's account if there is a client event which changes their financial situation, such as retirement. Clients are urged to contact Capita if there is a change in their financial situation. Capita may also conduct an additional review of client accounts if there is a large market fluctuation.

Capita does not provide regular reports to clients. Clients receive periodic reports directly from their custodians, and clients may log in directly to the Custodian website for up-to-date account information, statements, confirmations, and tax reports. In addition to the Custodian's website, Capita provides a client portal to view current asset allocations, account holdings, performance reports, and account balances.

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

Capita does not receive any economic benefit from a non-client for providing investment advisory services.

Capita may refer clients to other professionals such as accountants and attorneys. Capita does not receive compensation for these referrals. However, these professionals may also refer clients to Capita. Capita does not compensate for these referrals.

Capita may also receive client referrals from third-party insurance agents. If these clients purchase insurance products through a supervised person of Capita, Capita may share a portion of the commission with the third-party insurance agent. While these clients may also become investment advisory clients, Capita does not compensate any third parties for investment adviser client referrals.

## **Item 15 Custody**

Capita has constructive custody of client accounts solely as a result of its ability to directly debit investment advisory fees. All client accounts are maintained at qualified custodians. Clients will receive a statement at least quarterly from their custodian and are urged to carefully review those statements.

## **Item 16 Investment Discretion**

Capita accepts discretionary authority to manage accounts on behalf of clients. This authority is granted in the client's written investment advisory agreement.

## **Item 17 Voting Client Securities**

Capita has policies and procedures to ensure that client securities are voted in the best interest of the client and to address conflicts of interest. When authorized to vote client securities, it is Capita's policy to vote in accordance with management recommendations. Capita engages an independent third-party shareholder service firm to handle the administrative functions associated with the voting of proxies. Clients cannot direct Capita on how to vote regarding particular issues.

Capita seeks to ensure that its proxy voting decisions are in the best interest of its clients and are not the product of a conflict of interest. A conflict could occur due to business or personal relationships that Capita maintains with persons having an interest in the outcome of the votes. To mitigate any potential conflicts of interest, Capita votes in accordance with management recommendations.

If a client does not authorize Capita to vote securities, clients receive their proxies directly from the custodian or, in the case of mutual fund shares, the fund's transfer agent. Clients may contact Capita directly with any questions about a particular solicitation.

To obtain information regarding Capita's proxy voting policies and procedures and how Capita voted a proxy, contact Lucas Allen at 801-566-5058 or [lucas@capitaonline.com](mailto:lucas@capitaonline.com).

## **Item 18 Financial Information**

Capita does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has Capita been the subject of a bankruptcy petition.