

# Miramar Capital LLC

## Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Miramar Capital LLC ("Miramar"). If you have any questions about the contents of this brochure, please contact us at (847) 291-7300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Miramar is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Miramar is available on the SEC's website at [SEC Adviser Info](#). You can search this site by a unique identifying number, known as an IARD number. The IARD number for Miramar is 290909.

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## ITEM 2 – MATERIAL CHANGES

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### Summary of Material Changes

Our last filing of the Form ADV, Part 2A was on September 10, 2018. There are no material changes.

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Robert Kalman at [bk@miramarcap.com](mailto:bk@miramarcap.com) or (847)291-7300.

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

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This Disclosure document is being offered to you by Miramar Capital LLC (“Miramar” or “Firm”) about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

We are an investment management firm located in Northbrook, Illinois. We specialize in investment advisory services for individuals, high net worth individuals, employee sponsored retirement plans, institutions, charitable organizations, trusts and estates. Our Firm became a registered investment adviser in November 2017. Miramar Capital, LLC is a limited liability company formed in Illinois and is owned by Robert Kalman and Max Wasserman.

We are committed to helping clients build, manage, and preserve their wealth, and to provide assistance that helps clients to achieve their stated financial goals. We will offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and Miramar execute an Investment Management Agreement.

### Investment and Wealth Management and Supervision Services

We manage advisory accounts on a discretionary and non-discretionary basis. When constructing individual investment portfolios, we believe the most important step is understanding the client's investment objectives and risk tolerance.

We focus on understanding the client's:

- Return Requirements
- Risk Tolerance

Furthermore, we take into account the client's individual:

- Time Horizon
- Liquidity Needs
- Tax Considerations
- Legal or Regulatory Constraints (where applicable)
- Unique Circumstances

Based on aforementioned, we assist the client in establishing the appropriate asset allocation. Because no two individuals or institutions have exactly the same financial goals we custom tailor each portfolio. Through meetings and analysis, we work with clients to determine the appropriate asset mix for them. When we construct individual portfolios that address their needs, we consider not only the potential return of an investment but also its risk level. This approach requires us to periodically review your portfolio.

It is the client's obligation to notify us immediately if circumstances have changed with respect to their goals. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

If a non-discretionary relationship is in place, recommendation will be communicated, or we will facilitate a trade requested by you and only upon your authorization will any action be taken on your behalf.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with the appropriate written authorization from you. We may also discuss timing and price of the order.

Where appropriate, we provide advice about any type of legacy position held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance, annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). If these accounts can be held at a custodian and no advisory fee is charged to the account, the account will pay ticket charges.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

#### ERISA Section 3(21) Investment Management Services

For employer-sponsored retirement plans with participant-directed investments, Miramar provides its advisory services as an investment advisor as defined under Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

When serving as an ERISA 3(21) investment advisor, the plan sponsor and Miramar share fiduciary responsibility. The plan sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Investment Advisor Agreement between Miramar and the plan sponsor. Miramar provides the following services to the plan sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggests replacement investments when appropriate.

Miramar's goal in identifying the plan's investment options is to provide a range of options that will enable plan participants to invest according to varying risk tolerances, savings time horizons or other financial goals. The plan's investment options may consist of ETFs, CITs, mutual funds, model portfolios, or other similar investment funds. The investment funds from which Miramar will select from will be those that are available on the plan record-keeper's investment platform.

### Financial Planning

Through the Financial Planning process, the Miramar team strives to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each family in mind, the Miramar team will offer wealth planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer and family legacy objectives. Miramar does not provide tax or legal advice. We will work with your independent tax/legal advisor (CPA, Estate Attorney, Insurance broker, etc.) to help create a plan tailored to your specific needs. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets and periodic updates.

Our specific services in preparing your plan include:

- Review and clarification of your financial goals.
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management and estate planning.
- Creation of a unique plan for each goal you have, including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession and other personal goals.
- Development of a goal-oriented investment plan, with input from various advisors to our clients around tax suggestions, asset allocation, expenses, risk and liquidity factors for each goal. This includes IRA and qualified plans, taxable and trust accounts that require special attention.

A written evaluation of each client's initial situation or Financial Plan is typically provided to the client. An annual review will be provided by the Adviser, if indicated by the Client and Advisor per the Financial Planning Agreement. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

### Consulting Services

We also provide clients investment advice on a more-limited basis on one-or-more isolated areas of concern such as variable sub-account management, estate planning, real estate,

retirement planning, or any other specific topic. Additionally, we provide advice on non-securities matters about the rendering of estate planning, insurance, real estate, and/or annuity advice or any other business advisory / consulting services for equity or debt investments in privately held businesses. In these cases, you will be required to select your own investment managers, custodian and/or insurance companies for the implementation of consulting recommendations. If your needs include brokerage and/or other financial services, we will recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies or other financial professionals ("Firms"). You must independently evaluate these Firms before opening an account or transacting business and have the right to effect business through any firm you choose. You have the right to choose whether to follow the consulting advice that we provide.

#### Wrap Fee Program

We provide services on a wrap fee basis as a wrap program sponsor. Under our wrap program, you will receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the client more or less than purchasing such services separately. The terms and conditions of a wrap program engagement are more fully discussed in our Wrap Fee Program Brochure. Because wrap program transaction fees and/or commissions are being paid by Miramar to the account custodian, we could have an economic incentive to minimize the number of trades in the client's account. This creates a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any potential conflict of interest a wrap fee arrangement may create.

Non-Discretionary assets are not executed on a wrap fee basis. These accounts will be responsible for all transaction fees and custodial charges.

#### Regulatory Assets Under Management

As of December 31, 2018, we have \$194,155,078 in discretionary assets under management and \$11,609,417 in non-discretionary assets under management.

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### ITEM 5 - FEES AND COMPENSATION

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#### Investment Management Fees and Compensation

Our Firm charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade entry, investment supervision, and other account-maintenance activities. For non-wrap accounts, our custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. The client will pay these fees. See Additional Fees and Expenses below for additional details.

The fees for investment management are based on an annual percentage of assets under management and are applied to the household asset value on a pro-rata basis and billed quarterly in advance. The quarterly fee will be calculated on the quarter end balance of the account. The market value will be determined as reported by the Custodian. Fees are assessed on all assets under management, including securities, cash and money market balances. Margin account balances are not included in the fee billing.

Listed below is our standard fee schedule for managed accounts. We may negotiate fees.

Equity/Balanced Accounts/Fixed

- 1.40% per annum for accounts less than \$1,000,000.
- 1.25% per annum for accounts \$1,000,001 - \$4,000,000;
- 1.00% per annum for accounts \$4,000,001 - \$7,000,000;
- 0.8% per annum for accounts \$7,000,001-\$10,000,000
- negotiated for accounts over 10,000,000

The specific advisory fees are set forth in your Investment Management Agreement. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts are charged a reduced fee for our services.

Unless otherwise instructed by the Client, we will aggregate related client accounts for the purposes of determining the account size and annualized fee. The common practice is often referred to as “house-holding” portfolios for fee purposes and may result in lower fees than if fees were calculated on portfolios separately. Our method of house-holding accounts for fee purposes looks at the overall family dynamic and relationship. When applicable and noted in **Appendix A** of the Investment Management Agreement, legacy positions will also be excluded from the fee calculation.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement to you on a monthly basis indicating all the amounts deducted from the account including our advisory fees.



Either Miramar or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the month in which the cancellation notice was given and the fee will be refunded to your account. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, Miramar will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

#### Financial Planning Fees

Financial Planning Fees are included in the Investment Management Fee described above.

#### Employee Sponsored Retirement Plan Fees

We charge an annual fee as negotiated with the client and disclosed in the Employer Sponsored Retirement Plans Investment Advisory Agreement. The compensation method is explained and agreed upon in advance before any services are rendered. Fees range from 0.10% to 1.25% annually.

Plan advisory services begin with the effective date of the Investment Advisory Agreement, which is the date you sign the Investment Advisory Agreement. For that calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective. Our fee is billed in either arrears or in advance on the last business day of the calendar quarter, as indicated on the Advisory Agreement **Appendix A**. For Plans where our fee is billed to the custodian, the fee is deducted directly from the participant accounts. Written authorization permitting us to be paid directly from the custodial account is outlined in the Investment Advisory Agreement.

Either party may terminate the Investment Advisory Agreement at any time upon immediate notice. You are responsible to pay for services rendered until the termination of the agreement.

#### Consulting

Miramar provides consulting services for clients who need advice on a limited scope of work. Miramar will negotiate consulting fees with you. Fees may vary based on the extent and complexity of the consulting project. Fees will be billed as services are rendered. Either party may terminate the consulting agreement at any time. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you as described above.

#### Administrative Services Provided by Orion Advisor Services

We have contracted with Orion Advisor Services (“Orion”) to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Orion will have access to client accounts, but Orion will not serve as an investment advisor to our clients. Miramar and Orion are non-affiliated companies. Our Firm is charged an annual fee for each account administered by Orion. Please note that the fee charged to the client will not increase due to the annual fee Miramar pays to Orion, the annual fee is paid from the portion of the management fee retained by Miramar.

#### Additional Fees and Expenses:

In addition to the advisory fees paid to our Firm, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges may include securities, transaction fees, custodial fees, fees charged by the Independent Managers, 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. Miramar’ brokerage practices are described at length in **Item 12**, below. Neither our Firm nor its supervised persons accept compensation for the sale of securities or other investment products. Further, our firm does not share in any of these additional fees and expenses outlined above.

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#### ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees) nor engage side by side management.

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#### ITEM 7 - TYPES OF CLIENTS

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We provide investment management services to:

- Individuals (primarily those with a high net worth) and their related accounts such as retirement accounts (IRAs), trusts, partnerships, and businesses;
- Retirement plans such as 401(k) and profit-sharing plans;

- Business Accounts;
- Charitable foundations and other not-for-profit organizations.

While we have no stated minimum requirements we typically manage relationships with \$1,000,000 or greater.

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Overview

We strive to provide consistent, tailored advice and service, along with a proven track record of sound investment selection. We emphasize preserving and growing wealth to ensure that our clients take advantage of the asset allocations that will succeed in a variety of market scenarios. We believe that rising equity values are created by sustained, profitable growth in a company's earnings and cash flow.

### Investment Strategies

#### **Equities**

We believe that earnings growth and dividends are the primary drivers for total return. Therefore, we focus our efforts on investing in high-quality, growth common stocks with strong fundamentals and a history of paying dividends. Dividends have historically been a key component of total equity investment returns, having represented approximately 43% of the average annualized total return generated by the S&P 500 Index from 1926 to 2010.

We believe that investing in growth companies with dividends offers the following benefits:

- Significant Source of Total Return
- Lower Relative Volatility
- Downside Protection During Turbulent Market Cycles
- Higher Returns Regardless of Interest Rate Movements.

We look for companies that have the following characteristics:

- Strong earnings potential
- Strong Free Cash Flow
- Solid Dividend Policy
- Below Average Debt
- Solid Management Teams
- Valuation That Offers a "Margin of Safety"

#### **Philosophical Tenets**

- Over the long-term, we believe share prices follow earnings growth and dividends.

- High quality businesses with strong franchises and solid fundamentals (high free cash flow, low debt, strong ROE, and solid management)
- Companies with greater earnings stability offer a "Margin of Safety" as they tend to outperform in declining markets.
- Diversify stock portfolios among 5-7 different sectors (Technology, Health Care, Consumer Staples, Consumer Discretionary, Industrials, Financials, Energy and Materials) reduces risk.
- We believe investing in 20-30 individual large/mid-capitalization dividend paying companies offers further growth and diversification.
- For further diversification, we may utilize Exchange Traded Funds (ETFs) such as S&P 400 Mid Cap, S&P 600 Small Cap, EAFE and the Emerging Markets (EEM) where appropriate.
- Where we deem appropriate we utilize low-cost/no-load mutual funds to further enhance the overall diversification of the over portfolio.

### **Fixed Income Investment Philosophy**

We believe in adding value by actively managing fixed income securities, building on a disciplined, research-driven framework. Our investment process is based on historical data that demonstrates that excess returns are driven by four distinct decisions;

1. Duration
2. Shape of the Yield Curve
3. Sector Allocation
4. Security Selection

Our active management approach to fixed income securities are aimed at adding value over the market rate of return by focusing on:

Changes in interest rates  
 Changes in the shape of the yield curve  
 Changes in yield spreads among bond market sectors  
 Security Selection

We construct individual bond portfolios by investing in individual short-to-intermediate, taxable and tax-exempt bonds based on the client's individual tax constraints. We believe that most investors utilize fixed income investments first and foremost for capital preservation, income and overall risk reduction to an investment portfolio. Therefore, we invest in investment grade fixed income securities among the various economic sectors to enhance capital preservation.

Our approach to fixed income portfolio management emphasizes safety and stability with minimal credit or interest rate risk.

Diversified High Credit Quality Bond Portfolios. For portfolios of municipal (tax-exempt) bonds we look for strong underlying credit rating regardless if the bond is “AAA” rated by the way of insurance. For portfolios of taxable bonds, we typically focus on high quality corporate bonds, U.S. Treasuries and government agencies.

## Options

On occasions we may use option transactions in conjunction with our day-to-day management of clients’ equity investments. We generally only will sell covered calls to enhance income potential and to further reduce portfolio risk.

## Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Investors should be aware that accounts are subject to the following risks:

***Market Risk*** — Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

***Foreign Securities and Currency Risk*** — Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

***Capitalization Risk*** — Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.

***Interest Rate Risk*** — In a rising rate environment, the value of fixed-income securities generally declines and the value of equity securities may be adversely affected.

**Credit Risk** — Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.

**Securities Lending Risk** — Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

**Derivative Risk** — Derivatives are securities, such as futures contracts, whose value is derived from that of other securities or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will achieve the desired results.

**Exchange-Traded Funds** — ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

**Performance of Underlying Managers** — We select the mutual funds and ETFs in the asset allocation models. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

**Equity Risk** — Equity prices can be volatile and unpredictable over short periods of time. Unexpected external influences such as economic and political events can significantly impact equity prices. Certain equities may be illiquid and the sales price might be impacted if the holder has to sell before he or she intended. Investors holding common stock of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.

**Company Risk** — There is always a level of company or industry risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company will perform poorly or that its value will be reduced based on factors specific to it or its industry.

**Options Risk** — Options on securities are subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.

**Fixed Income Risk** –Fixed income security prices can be volatile and unpredictable over short periods of time. Unexpected external influences such as economic and political events can significantly impact fixed income prices. Certain fixed income securities may be illiquid and the sales price might be impacted if the holder has to sell before he or she intended. Rating changes will impact fixed income security prices. The actual or perceived financial health of the issuer will impact fixed income security prices.

**Management Risk** – Investments also vary with the success and failure of the investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

**Tax Harvesting Risk** – One trading strategy employed in client accounts is tax harvesting. The intent of this trade is to sell an ETF or mutual fund at a taxable loss and replace those positions with a holding whose historical performance and expected future performance are similar, thereby having little impact on the overall strategic allocation, but capturing the tax loss. Because past performance is no indication of future performance, there is potential for the future performance of the replacement position to deviate from that of the initial holding. This type of strategy may also incur an increase in the frequency of trading and amount of transaction costs.

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#### ITEM 9 - DISCIPLINARY INFORMATION

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We do not have any legal, financial or other “disciplinary” item to report.

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#### ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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We have no other financial activities or affiliations.

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#### ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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Our Firm and persons associated with us are allowed to invest for their own accounts or to have a financial investment in the same securities or other investments that we recommend or acquire for your account and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Miramar, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

We have established the following restrictions in order to ensure our firm's fiduciary responsibilities:

1. A director, officer or employee of Miramar shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of Miramar shall prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Miramar.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
5. Any supervised employee not in observance of the above may be subject to termination.

#### Investment Policy

None of our associated persons may effect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; Attn: Chief Compliance Officer.

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#### **ITEM 12 - BROKERAGE PRACTICES**

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We have relationships with TD Ameritrade Institutional and Fidelity Institutional Wealth Services ("Fidelity"). TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") and Fidelity Institutional Wealth Services ("Fidelity") are both members



FINRA/SIPC. TD Ameritrade and Fidelity (custodian(s)) are independent and unaffiliated SEC-registered broker-dealers. These custodians offer services to independent investment advisors that include custody of securities, trade execution, clearance and settlement of transactions. Miramar participates in the TD Ameritrade Institutional program. Miramar receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

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 our participation in the program that are typically not available to any other independent investment advisors participating in the program. 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 advisor 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; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. The custodians may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by the custodians through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at the custodians. Other services made available by our custodians are intended to help us manage and further develop our business enterprise. The benefits received by Miramar or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to the custodians. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by Miramar or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of custodians for custody and brokerage services.

In the event you request us to recommend a broker/dealer custodian for execution and/or custodial services, we generally recommend your account to be maintained at TD Ameritrade or Fidelity. We may recommend that you establish accounts with one of these custodians to maintain custody of your assets and to effect trades for your accounts. You are under no obligation to act upon any recommendations, and if you elect to act upon any recommendations, you are under no obligation to place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of

products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

#### Brokerage for Client Referrals

Our Firm does not receive client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

#### Aggregation and Allocation of Transactions

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client investment advisory agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

If we do not receive a complete fill for an aggregated order, we will allocate the order on a pro-rata basis. If we determine that a pro-rata allocation is not appropriate under the particular circumstances, we will base the allocation on other relevant factors, which may include:

1. When only a small percentage of the order is executed, with respect to purchase allocations, allocations may be given to accounts high in cash;
2. With respect to sale allocations, allocations may be given to accounts low in cash;
3. We may allocate shares to the account with the smallest order, or to 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;
4. We may allocate to one account when that account has limitations in its investment guidelines prohibiting it from purchasing other securities that we expect to produce similar investment results and that can be purchased by other accounts in the block;
5. If an account reaches an investment guideline limit and cannot participate in an allocation, we may reallocate shares to other accounts. For example, this may be due to unforeseen changes in an account's assets after an order is placed;
6. If a pro-rata allocation of a potential execution would result in a de Minimis allocation in one or more accounts, we may exclude the account(s) from the allocation.
7. We will document the reasons for any deviation from a pro-rata allocation.

#### Trade Errors

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting

from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

#### Directed Brokerage

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. We typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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### ITEM 13 - REVIEW OF ACCOUNTS

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#### Account Reviews and Reviewers – Investment Supervisory Services

Our Investment Adviser Representatives will monitor client accounts on a regular basis and perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Geopolitical and macroeconomic specific events may also trigger reviews.

#### Statements and Reports

The custodian for the individual client's account will provide clients with an account statement at least quarterly.

Reports may also be provided at every client meeting. Communication to clients will be done on an as needed basis with a minimum of 1 contact per calendar year.

You are urged to compare the reports provided by Miramar against the account statements you receive directly from your account custodian.

Consulting clients (i.e. those who have no assets under management with us in our advisory program) will receive no regular reports from the Firm.

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### ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

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Our firm neither accepts nor pays fees for referrals. As disclosed under Brokerage Practices, we participate in Fidelity's and TD Ameritrade's institutional customer program and we may recommend one of these custodians to you 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

our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. 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 advisor 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; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. The custodians may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by our custodians through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at Fidelity or TD Ameritrade. Other services made available by our custodians are intended to help us manage and further develop our business enterprise. The benefits received by Miramar or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to the custodians. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by Miramar or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade or Fidelity for custody and brokerage services.

Miramar also receives from TD Ameritrade certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Orion Advisers Services, a Portfolio Management; Redtail Technology, a CRM; Thomson Reuters, a research provider; eMoney, a data aggregation provider. TD Ameritrade provides the Additional Services to us in its sole discretion and at its own expense, and we do not pay any fees to TD Ameritrade for the Additional Services. Miramar and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

Our receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Miramar, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Miramar, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to our Clients that the assets under management by Miramar be held in custody with TD Ameritrade and to place transactions

for your accounts with TD Ameritrade. Our receipt of Additional Services does not diminish its duty to act in the best interests of our Clients, including to seek best execution of trades for Client accounts.

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#### ITEM 15 – CUSTODY

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We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities.

For all accounts, our firm has the authority to have fees deducted directly from client accounts. Our firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from Miramar. When you have questions about your account statements, you should contact Miramar or the qualified custodian preparing the statement.

Please refer to **Item 5** for more information about the deduction of advisor fees.

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#### ITEM 16 – INVESTMENT DISCRETION

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For discretionary accounts, prior to engaging Miramar to provide investment advisory services, you will enter a written Agreement with us granting the firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable Miramar, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any investment company registered under the Investment Company Act of 1940 and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by Miramar for you are:

1. For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.

2. Any limitations on this discretionary authority shall in writing as indicated on the investment advisory Agreement, Appendix B. You may change/amend these limitations as required.

Research products and services received by us from custodians will be used to provide services to all our clients.

In some instance, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

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#### ITEM 17 – VOTING YOUR SECURITIES

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We will **not** vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular solicitation by phone at (847)291-7300.

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#### ITEM 18 – FINANCIAL INFORMATION

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We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.