

**Wrap Fee Program Brochure**

**Form ADV 2A - Appendix 1**

**Item 1 - Cover Page**



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d/b/a**

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**Dated**  
**March 11, 2019**

This Wrap Fee Program Brochure (the "Wrap Brochure") provides information about the qualifications and business practices of Texas Capital Bank Wealth Management Services, Inc. d/b/a Texas Capital Bank Private Wealth Advisors (the "Adviser"). If you have any questions about the contents of this Wrap Brochure, please contact us at (214) 932-6852 or [Steve.Orr@texascapitalbank.com](mailto:Steve.Orr@texascapitalbank.com). The information in this Wrap Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state authority.

Additional information about The Adviser is also available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

**Item 2 - Material Changes**

This Wrap Brochure is a document that the Adviser provides to clients of the Adviser Wrap Program as required by SEC rules. The purpose of Item 2 of the Wrap Brochure is to provide clients with a summary of new and/or updated information that is contained in the remainder of the Wrap Brochure.

There have been no material changes to the Wrap Brochure since the last filing of the Wrap Brochure on November 1, 2018.

The Adviser will provide clients with a new Wrap Brochure as necessary based on changes, new information, or at the request of clients, at any time, without charge.

### Item 3 - Table of Contents

Page

Item 1 - Cover Page .....	1
Item 2 - Material Changes.....	2
Item 3 - Table of Contents .....	3
Item 4 - Services, Fees and Compensation .....	4
Item 5 - Account Requirements and Types of Clients.....	7
Item 6 - Portfolio Manager Selection and Evaluation .....	7
Item 7 - Client Information Provided to Portfolio Managers.....	8
Item 8 - Client Contact with Portfolio Managers .....	8
Item 9 - Additional Information.....	8

#### **Item 4 - Services, Fees and Compensation**

The Adviser was formed in April 2002 and provides financial planning, wealth strategy and family governance consultation and portfolio management services to its clients. Discretionary portfolio management services are generally, though not exclusively, offered through the “Adviser Wrap Program” or the “Program,” which has been designed to simplify the payment of management fees and brokerage expenses.

Texas Capital Bank, N.A. is the sole principal owner of the Adviser.

##### Portfolio Management Services

At the outset of each client relationship, the Adviser spends time with the client, asking questions, discussing the client’s investment experience and financial circumstances, and broadly identifying major goals of the client. Specifically, the Adviser may discuss with the client cash flows, required distributions, significant life events, risk tolerance and return expectations.

Generally, clients engage the Adviser to prepare a financial plan. This written report is presented to the client for consideration. The financial plan will typically lead to a recommendation of an investment strategy. Ideally, upon completion of the plan, clients retain the Adviser to manage the investment portfolio on an ongoing basis. However, there are cases in which clients retain the Adviser solely to prepare a full financial plan.

When retained to manage the investment portfolio, based on its review of the information provided by the client, the Adviser generally develops with each client an understanding of the client’s financial circumstances and goals, and the client’s risk tolerance level (the “Financial Profile”), as well as the client’s investment objectives and guidelines (the “Investment Plan”).

The Financial Profile is a reflection of the client’s current financial situation and a look to the future goals of the client. The Investment Plan outlines the types of investments the Adviser will make on behalf of the client based on the Adviser’s own research and analysis in order to meet those goals. The elements of the Financial Profile and the Investment Plan are discussed periodically with each client, but are not necessarily written documents.

To implement the client’s Investment Plan, the Adviser will manage the client’s investment portfolio on a discretionary or non-discretionary basis pursuant to an investment advisory agreement with the client. As a discretionary investment adviser, the Adviser will have the authority to supervise and direct the portfolio without prior consultation with the client. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Notwithstanding the foregoing, clients may impose certain written restrictions on the Adviser in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in an investment portfolio at the commencement of the relationship. Each client should note, however,

that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of the Adviser.

#### Separate Account Managers

The Adviser may utilize one or more Separate Account Managers, each a "Manager", when appropriate and in accordance with the Investment Plan for a client. Having access to various Managers offers a wide variety of manager styles, and offers clients the opportunity to utilize more than one Manager if necessary to meet the needs and investment objectives of the client. The Adviser will usually select the Manager(s) it deems most appropriate for the client. Factors that the Adviser considers in recommending/selecting Managers generally include the client's stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

The Manager(s) will generally be granted discretionary trading authority to provide investment supervisory services for the portfolio. In most cases, the client will select one or more Managers recommended by the Adviser and enter into separate agreements with such Managers. Under certain circumstances, the Adviser retains the authority to terminate the Manager's relationship or to add new Managers without specific client consent.

In any case, with respect to assets managed by a Manager, the Adviser's role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the Manager(s), and to assist the client in understanding the investments in the portfolio.

#### General Portfolio Management Fee Information

The Adviser Wrap Program fee structure includes the brokerage expenses (*e.g.*, commissions, ticket charges, etc.) of the account, charges for custody services and the management fee paid to the Adviser. Under the Wrap Program, the Adviser will assess one client fee that captures the management, brokerage, custody and administrative portions collectively. The Adviser does not have a minimum portfolio asset value size requirement for participation in the Wrap Program but, in its discretion, may establish one in the future.

Fees paid to the Adviser are exclusive of and distinct from the fees and expenses charged by mutual funds, exchange traded funds ("ETFs") or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from the custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Any portions of the Adviser Wrap Program fees that the Adviser does not pay to third parties in connection with transaction and execution expenses are retained by the Adviser. Because of this, the Adviser may have a disincentive to trade securities in client accounts.

The client should review all fees charged by funds, the Adviser and others to fully understand the total amount of fees paid by the client for investment and financial-related services. Clients participating in the Adviser Wrap Program may pay higher or lower fees than clients purchasing such services separately, depending on the cost of services if provided separately and the level of trading in a particular client's account.

#### *Wrap Program Fee Information*

With the exception of portfolio management provided in relation to various fixed income strategies, the annual fee schedule for portfolio management for portfolios of less than \$5,000,000, based on a percentage of assets under management, is as follows:

Fee Rate	Assets Under Management
1.25%	of the first \$1,000,000
1.00%	of the next \$1,000,00
0.80%	Remaining Balance

With the exception of portfolio management provided in relation to various fixed income strategies, the annual fee schedule for portfolio management for portfolios of \$5,000,000 or more, based on a percentage of assets under management, is as follows:

Fee Rate	Assets Under Management
0.80%	First \$5,000,000
0.60%	of the next \$5,000,000
0.50%	of the remaining Balance
Negotiated	Greater than \$20,000,000

The annual fee schedule for portfolio management for portfolios managed consisting solely of various fixed income strategies, based on a percentage of assets under management, is as follows:

Fee Rate	Assets Under Management
0.60%	\$0-\$2,500,000
0.55%	\$2,500,001-\$5,000,000
0.50%	\$5,000,001-\$10,000,000
0.45%	More than \$10,000,000

The Adviser may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where the Adviser deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from client account(s), unless other arrangements are made.

Either the Adviser or the client may terminate their investment advisory agreement at any time, subject to any written notice requirements in the investment advisory agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to the Adviser from the client will be invoiced or deducted from the client's account prior to termination. Please see **Item 5 - Fees and Compensation** of ADV Part 2A for more information regarding the Adviser Wrap Program fees.

#### *Separate Account Manager Fees*

When one or more Managers are utilized, typically the Manager(s)' fees will be separate from and in addition to the Adviser's fee, regardless of whether the client is participating in the Wrap Program.

### *Planning Fees*

Generally, clients are not charged a separate fee for financial planning services or for consulting on wealth strategy and family governance matters. Instead, these services are treated as part of the overall set of services for which compensation is received by the Adviser through portfolio management fees. In certain cases, however, an additional fee may be charged to clients for financial planning services or for consulting on wealth strategy and family governance matters based on the scope of work required. Any such separate fee would be charged only upon prior written approval from the client as to the amount of such additional fee and the scope of services requested.

### Other Compensation

While not anticipated to be a regular service or product, when requested by a client, the Adviser may provide brokerage and insurance services as a convenience to the client relationship.

*Insurance Disclosure:* Certain employees of the Adviser are also licensed to sell insurance products. In providing advisory services, these individuals may recommend the purchase of products under circumstances where they would be entitled to receive a commission or other compensation in the transaction. In all such circumstances, however, the client will be notified of this payment in advance of the transaction, and under no circumstances will the client pay both a commission to an employee of the Adviser for an insurance product and an advisory fee to the Adviser on the same pool of assets.

*Broker Disclosure:* Certain employees of the Adviser are also Registered Representatives of Chalice Capital Partners, LLC ("Chalice"), a FINRA and SIPC member and registered broker-dealer. As such, these employees are entitled to receive brokerage commissions. In order to protect client interests, the Adviser's policy is to fully disclose all forms of compensation before any such transaction is executed. The Adviser and its employees will not charge the same client account for both brokerage commissions generated for an employee of the Adviser and advisory fees payable to the Adviser. For the avoidance of doubt, this policy will have no effect on transaction fees and/or custody fees charged by the custodian of a client account.

As a result of this relationship, certain Adviser employees may have access to confidential information (e.g., financial information, investment objectives, transactions, and holdings) about the Adviser's clients, even if the client does not establish any account through Chalice. Clients may contact the Adviser for a copy of Chalice's privacy policy.

### ***Item 5 - Account Requirements and Types of Clients***

The Adviser serves high net worth individuals, their families, trusts, foundations, endowments, corporate entities, including, but not limited to, family-operated businesses. The Adviser, in its sole discretion, may establish a minimum portfolio asset value size requirement for participation in the Adviser Wrap Program.

### ***Item 6 - Portfolio Manager Selection and Evaluation***

In order to implement its Wrap Program, the Adviser will utilize a wide variety of investment Managers and strategies. Factors that the Adviser considers in recommending/selecting or recommending the replacement of/replacing Managers generally include the client's stated investment objective(s), investment philosophy, process, team, risk level, reputation, financial strength, reporting, pricing, and research. The Adviser generally considers the investment

performance of Managers but does not calculate their performance. Typically, neither the Adviser nor a third party reviews Manager performance information for accuracy or compliance with presentation standards.

The Adviser also may act as a portfolio manager for the Program. Please refer to additional information found in the following Items of ADV Part 2A, which accompanies this Wrap Brochure: ***Item 4 – Advisory Business; Item 6 – Performance-Based Fees and Side-By-Side Management; Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss; and Item 17 – Voting Client Securities.***

***Item 7 - Client Information Provided to Portfolio Managers***

The Adviser provides information about a client's investment objectives to the applicable Manager(s) under the Wrap Program on a periodic basis. The Adviser will update such information from time to time to the extent it materially changes.

***Item 8 - Client Contact with Portfolio Managers***

The Adviser is the only direct portfolio manager under the Adviser Wrap Program. No restrictions are placed on client's ability to contact or consult with the Adviser.

***Item 9 - Additional Information***

Neither the Adviser nor its management persons have any required disciplinary disclosure. Please see ADV Part 2A for more information in the following areas: ***Item 10 - Other Financial Industry Activities and Affiliations, Item 11 - Code of Ethics, Item 13 - Review of Accounts, Item 14 - Client Referrals and Other Compensation, and Item 18 - Financial Information.***