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## **Form ADV Part 2A: Disclosure Brochure – Joy Capital LLC**

September 23, 2019

Joy Capital, LLC  
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Suite 12  
Pikesville, MD 21208

This Brochure provides information about the business practices and qualifications of Joy Capital LLC. Joy is an investment advisor firm that provides investment advice to individuals, families and various entities. For any questions about the content of this Brochure, please contact David Reidy at 412-965-5797 or at [dir5029@gmail.com](mailto:dir5029@gmail.com). Additional information about Joy Capital LLC is available on the United States Securities and Exchange Commission (“SEC”) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click the link “Investment Advisor Search” then select “Investment Adviser Firm” and type in “Joy Capital LLC”).

Joy Capital is an investment adviser registered with the SEC. The information in this Brochure has not been approved by the SEC or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

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## Item 2: Material Changes

This filing is an initial filing for registration with The Commission by Joy Capital LLC as a successor to the investment advisory operations of Joy Capital, LLC. is relying on registration as a *successor by application* to the advisory business of The Parkridge Companies, LLC.

Joy Capital will update this document should the information become materially inaccurate. The amendments will be filed with the required regulatory bodies and clients will receive notice of the amended documents within 30 days of the event(s) causing this document to become materially inadequate.

In addition, clients will be provided with an offer to receive a current Brochure at no cost. Joy Capital will provide a copy of this Brochure within seven (7) days of receiving a written request.

## Item 3: Table of Contents

<b>ITEM 2: MATERIAL CHANGES</b>	<b>2</b>
<b>ITEM 3: TABLE OF CONTENTS</b>	<b>2</b>
<b>ADVISORY SERVICES</b>	<b>5</b>
<b>INVESTMENT ADVISORY SOLUTIONS.</b>	<b>5</b>
<b>COMMINGLED VEHICLES</b>	<b>6</b>
<b>NON-ADVISORY SERVICES</b>	<b>6</b>
<b>INVESTMENT SERVICES AND ACCOUNTS</b>	<b>7</b>
<b>INVESTMENT RESTRICTIONS</b>	<b>7</b>
<b>WRAP FEE PROGRAM</b>	<b>7</b>
<b>ASSETS UNDER MANAGEMENT</b>	<b>8</b>
<b>ITEM 5: FEES AND COMPENSATION</b>	<b>9</b>
<b>FEES FOR JOY CAPITAL'S FINANCIAL PLANNING SERVICE</b>	<b>9</b>
<b>FEES FOR ADVISORY SERVICES: INVESTMENT ACCOUNTS</b>	<b>10</b>
<b>SCHEDULE OF FEES</b>	<b>10</b>
<b>CALCULATION AND DEDUCTION OF FEES</b>	<b>11</b>
<b>OTHER FEES AND EXPENSES</b>	<b>11</b>

---

<b><u>CUSTODY AND ADMINISTRATIVE SERVICES</u></b>	<b><u>12</u></b>
<b><u>CONSOLIDATED REPORTING SERVICES</u></b>	<b><u>12</u></b>
<b><u>UNDERLYING FUND FEES</u></b>	<b><u>12</u></b>
<b><u>AVAILABILITY OF SECURITIES AND OTHER INVESTMENTS</u></b>	<b><u>13</u></b>
<b><u>FEES OFFSET FOR EXECUTION CHARGES</u></b>	<b><u>13</u></b>
<b><u>FEE REFUND POLICY</u></b>	<b><u>13</u></b>
<b><u>ITEM 6: PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT</u></b>	<b><u>13</u></b>
<b><u>ITEM 7: TYPES OF CLIENTS</u></b>	<b><u>13</u></b>
<b><u>MINIMUM INVESTMENT AMOUNTS REQUIRED</u></b>	<b><u>13</u></b>
<b><u>ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS</u></b>	<b><u>14</u></b>
<b><u>METHODS OF ANALYSIS</u></b>	<b><u>14</u></b>
<b><u>INVESTMENT STRATEGIES</u></b>	<b><u>15</u></b>
<b><u>RISK OF LOSS</u></b>	<b><u>15</u></b>
<b><u>ITEM 9: DISCIPLINARY INFORMATION</u></b>	<b><u>19</u></b>
<b><u>ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS REGISTERED REPRESENTATIVES OF A BROKER/DEALER</u></b>	<b><u>20</u></b>
<b><u>SPONSOR OF LIMITED LIABILITY COMPANY OR PARTNERSHIPS</u></b>	<b><u>20</u></b>
<b><u>ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING</u></b>	<b><u>20</u></b>
<b><u>ITEM 12: BROKERAGE PRACTICES</u></b>	<b><u>22</u></b>
<b><u>ITEM 13: REVIEW OF ACCOUNTS ACCOUNT REVIEWS AND REVIEWERS</u></b>	<b><u>23</u></b>
<b><u>STATEMENTS AND REPORTS</u></b>	<b><u>24</u></b>
<b><u>ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION</u></b>	<b><u>24</u></b>
<b><u>ITEM 15: CUSTODY</u></b>	<b><u>24</u></b>
<b><u>ITEM 16: INVESTMENT DISCRETION</u></b>	<b><u>25</u></b>
<b><u>ITEM 17: VOTING CLIENT SECURITIES</u></b>	<b><u>25</u></b>
<b><u>ITEM 18: FINANCIAL INFORMATION</u></b>	<b><u>26</u></b>



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## Item 4: Joy Capital, LLC Advisory Business Overview The Firm

### and Principals

Joy Capital LLC, a Maryland limited liability company, was founded in 2019 to provide services to individuals, families and various entities. Joy Capital also provides portfolio management services to other investment advisors, including those registered with the Commission and various states. Additional services include: (i.) Financial Planning advice on a broad array of subjects impacting the finances of individuals and entities; and, (ii.) investment advisory services.

Joy Capital is owned and operated by David Reidy.

David has worked in the securities industry for over 10 years, starting as an analyst in and around New York City. In 2012, he joined a multi-family office, The Parkridge Group, based in Pittsburgh, PA, to develop an in house investment advisory solution to complement the firm's existing consulting business tailored to high and ultra-high net worth families. David's tenure at The Parkridge Group, spanned six years and he rose from an associate at the firm to its Chief Investment Officer and a Partner in the business. Over that time, David was instrumental in building Parkridge's portfolio management business and in gathering over \$200 million in assets under management.

In 2018, David formed The Parkridge Companies to provide similar services to both The Parkridge Group and a broader array of clients. Joy Capital is a successor to The Parkridge Company's business.

David attended The Pennsylvania State University and Fairleigh Dickenson University. He and his family reside in suburban Baltimore, MD.

### Advisory Services

Joy Capital LLC offers services specially tailored to the needs of each client in its **Financial Planning** and **Investment Advisory** divisions.

The **Financial Planning** advisory service includes reviews and advice in subject areas pertinent to client finances including the establishment of investment objectives, allocation of funds to achieve goals and performance review and monitoring. Subjects are developed and prioritized through extensive interviews and data collection, preparation of short- and long-term cash flow projections, and risk tolerance assessment. Joy Capital works closely with financial advisors and other professionals with whom clients may already have relationships to avoid redundancy, vet product pitches, manage processes and add value to those relationships by assuring comprehensive adherence to the client's long-term goals. Joy Capital also assists those clients who choose to implement advice independently do so by, for example, comparing and contrasting client-selected asset allocation models and security selection to other models for performance and cost control purposes, recommending certain investment products which may reasonably be expected to achieve client investment objectives and to tie investment planning into other financial planning

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topics. For example, portfolio allocations and rebalancing are done with an understanding of income tax consequences of various investment vehicles.

Joy Capital also provides, in conjunction with several custodians, an **Investment Advisory Solution** for those clients who choose to delegate responsibility for implementation of Joy Capital's investment planning recommendations to Joy Capital. This involves discretionary investment management and advisory and sub-advisory services through separate accounts, mutual funds, private investment funds and/or collective investment trusts. Joy Capital offers equity, fixed income, alternative, and derivative strategies that clients may choose from to meet their needs. Upon request, Joy Capital will accommodate specific restrictions for accounts.

Advisory accounts for which Joy Capital has expressly agreed to serve as investment advisor pursuant to separate agreement are referred to as "Advisory Accounts" and include: (i) accounts that are managed by Joy Capital and employ various investment management strategies based on clients' stated investment objectives, risk tolerance and financial circumstances, and (ii) accounts that are managed on a discretionary or non-discretionary basis by external investment professionals with the oversight and consultation of Joy Capital based on clients' stated investment objectives, risk tolerance and financial circumstances.

Joy Capital devises proprietary strategies based on client goals to further their interests and executes these strategies with client consent and regular consultation. In addition to trading in securities, Joy Capital may trade in more complex vehicles, such as derivatives, to provide additional benefit to its clients when appropriate. As Joy Capital's client base and their needs are diverse, Joy Capital may advise and manage client investments in private placements and non-traditional or non-market investments when and if these investments will benefit the client and/or at the client's request.

### **Commingled Vehicles**

Joy Capital does not currently serve as an investment adviser for nor sub-adviser to any commingled investment vehicles.

### **Non-Advisory Services**

**Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by a client, Joy Capital *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Joy Capital does not serve as an attorney, accountant, or insurance agent, and no portion of Joy Capital services should be construed as the same. To the extent requested by a client, Joy Capital may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Joy Capital. **Please Note:** If the client engages any such recommended professional and a dispute arises thereafter relative to such engagement the client agrees to seek recourse exclusively from and against the engaged professional.

Some implementation services are provided in-house, where expertise has been

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developed, while some implementation services outsourced to professional firms with various degrees of oversight from Joy Capital. For example, simple income tax returns may be prepared by Joy Capital but most are outsourced to a professional accounting firm where Joy Capital has been able to obtain price discounts and priority servicing due to referral volume and relationship duration. Implementation for estate and other planning that requires legal services is always outsourced to attorneys practicing law in the relevant fields.

Joy Capital's revenue is in part derived from fees for consulting services, which may include an adjustment for investment advisory services, provided by Joy Capital. All clients have the option to pursue investment strategies recommended by Joy Capital through brokers or agents not affiliated with Joy Capital. Joy Capital does not accept performance-based fees of any kind. Joy Capital also accepts no referral fees and no commissions, instead negotiating for lower external provider fees charged to clients where possible.

### **Investment Services and Accounts**

Joy Capital offers investment services and accounts through an agreement with several qualified custodians. These custodians are responsible for performance reporting and, in some cases, brokerage practices, on behalf of Joy Capital's clients.

### **Investment Restrictions**

Clients may impose certain restrictions on the management of Advisory Accounts including restricting particular securities or types of investments provided that Joy Capital accepts such restrictions. The Investment Advisory Agreement entered into between each client and Joy Capital will document any accepted restrictions in writing. Clients should be aware that the overall financial performance of restricted Advisory Accounts might be lower than or otherwise differ from the performance of Advisory Accounts without restrictions. Client accounts will also be reviewed at least quarterly to make sure that stocks and other investments held therein are in accordance with clients' specific investment restrictions and policies.

### **Wrap Fee Program**

Joy Capital does not currently offer a wrap fee program. Therefore, Joy Capital's clients do not pay commissions, commission equivalents, markups, markdowns and spreads, or other execution charges, in addition to paying Joy Capital's flat consulting fee. Joy Capital has no authority to waive execution charges on transactions in certain securities or investment products or custody fees. In instances when a waiver of execution charges or custody fees is proffered, it is done so at the sole discretion of the custodian or broker through which the transaction is placed. Therefore, clients will continue to pay Joy Capital advisory fees and any other compensation applicable pursuant to their client agreements with Joy Capital.

### **Assets Under Management**

As of the initial filing of this brochure in September 2019, Joy Capital anticipates obtaining total regulatory assets under management of \$110,400,000 across approximately

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55 client accounts. Of this total, approximately \$79,100,000.0 in approximately 46 accounts is to be managed on a discretionary basis.

### **Miscellaneous**

**Fee Differentials.** Joy Capital's advisory fees are currently priced based upon **various objective and subjective factors.** As a result, Joy Capital's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory, financial planning and/or consulting services to be rendered. Because of these factors, the services to be provided by Joy Capital to any client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

### **Client Obligations**

In performing its services, Joy Capital shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Joy Capital if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Joy Capital's previous recommendations and/or services.

### **Non-Discretionary Service Limitations**

Clients that determine to engage Joy Capital on a non-discretionary investment advisory basis **must be willing to accept** that Joy Capital cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event that Joy Capital would like to make a transaction for a client's account and client is unavailable, Joy Capital

will be unable to effect the account transaction (as it would for its discretionary clients) without first obtaining the client's verbal consent.

### **Unaffiliated Private Investment Funds**

Joy Capital may also provide investment advice regarding unaffiliated private investment funds. Joy Capital, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Joy Capital's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Joy Capital calculating its investment advisory fee. Joy Capital 's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and



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consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that Joy Capital references private investment funds owned by the client on any supplemental account reports prepared by Joy Capital, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If no subsequent valuation post-purchase is provided by the Fund Sponsor, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date), or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than original purchase price. The client's advisory fee shall be based upon reflected fund value(s).

## **Investment Risk**

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 (including the investments and/or investment strategies recommended or undertaken by Joy Capital) will be profitable or equal any specific performance level(s).

## **Item 5: Fees and Compensation**

Joy Capital LLC generally charges a flat annual fee to its clients based on the scope of services and size of the client's relationship with Joy Capital. Generally, these advisory fees range from 0.50% to 1.50% of assets under management. In all cases, the scope of Joy's fees are outlined in its agreement with the client.

### **Fees for Joy Capital's Consultation Service**

For its Consultation Service, Joy Capital charges fees based on the complexity and time requirement of each client's individual needs. Fees may be negotiated at a fixed annual rate (retainer), computed as a percentage of assets under management, charged hourly, or some combination of the above depending on the services rendered. Joy Capital intends to charge retainer fees of between \$3,000 and \$50,000 annually, depending on services rendered. Generally, hourly fees range between \$250 and \$500 depending on services rendered and the experience level of the professional performing the service.

Joy Capital's Consulting Service fee generally includes the following services in addition to others specifically agreed upon by Joy Capital and its clients: the collection and analysis of the client's financial data, the compilation of comprehensive financial projections and recommendations designed to accomplish client goals, tax and estate planning services,

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risk management evaluations, real estate and other services as needed, and limited asset management services.

### **Fees for Advisory Services: Investment Accounts**

Joy Capital offers a Core Portfolio Management (PM) service to its clients. Joy Capital's Core PM offering includes such services as implementation of asset allocation plans, security selection, and periodic review and rebalancing of client accounts. For this service, Joy Capital charges its clients an advisory fee that is separate from the fee Joy Capital charges for its Consultation Service. Details on this fee are available below (under the heading "Schedule of Fees").

Joy Capital offers supplementary portfolio management solutions to clients in addition to its Core PM service. These services are boutique in nature and may cost more or less than Joy Capital's Core PM service. Clients may elect to participate any or all of Joy Capital's offered services.

Clients are separately responsible for the cost of trade commissions and other costs (such as those incurred on margin accounts and custody fees) charged by the custodian and/or broker for the use of its brokerage and custodial services. These costs are outlined in the client's separate agreement with the broker/custodian. Joy Capital neither shares in the proceeds of, nor affects the cost of activity in the clients' account on the custodian or broker's platform.

### **Schedule of Fees**

Joy Capital charges fixed fees for its PM service based on the value of the client's account as well as the scope of the client's total relationship with Joy Capital. Joy Capital's fees generally range between 0.50% and 1.75% of the client's account per annum. Please note that this schedule of fees is a broad outline and fees are determined on a client-by-client basis and outlined in an addendum to the client's agreement with Joy Capital. (For more information on how Joy Capital calculates and deducts these fees, please see the next section, "Calculation and Deduction of Fees").

### **Calculation and Deduction of Fees**

Clients may elect to have Joy Capital's advisory fees deducted from their custodial account. Both Joy Capital's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Joy Capital's investment advisory fee and to directly remit that management fee to the Joy Capital in compliance with regulatory procedures. In the limited event that the Joy Capital bills the client directly, payment is due upon receipt of Joy Capital's invoice. Joy Capital shall deduct fees and/or bill clients quarterly based upon the balance of the client's account at the beginning of each quarter.

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## Other Fees and Expenses

For advisory accounts at an unaffiliated custodian or broker, the custodian or broker may impose execution charges for Equities, Fixed Income, and other securities, which will be charged to the client in addition to the fees charged by Joy Capital and outlined above. **Joy Capital does not share in execution charges imposed by unaffiliated third parties, and clients may pay more or less than similar clients are charged for identical transactions executed by other brokerage services.** A description of the different types of execution charges that clients may pay is provided in the chart below:

Execution Charge	Description and Applicability
<b>Commissions</b>	The amount charged by a broker for purchasing or selling securities or other investments, as an agent for the client, as disclosed on the client's trade confirmations. Commissions may be charged in connection with transactions involving equities, fixed income securities, master limited partnerships, exchange-traded funds, listed options on equities, and any other securities traded as an agent.
<b>Commission Equivalents</b>	The amount charged by a dealer for purchasing or selling securities or other investments in certain riskless principal transactions—transactions in which a dealer, after receiving an order to buy or sell from a client, purchases or sells the security from another person to offset the transaction. Commission equivalents may be charged in connection with transactions in equities, listed options on equities, and master limited partnerships.
<b>Spreads</b>	The difference between the current bid price—or the price, which someone is willing to pay—and the current ask price—the price at which someone is willing to sell. The spread is included in the price of the security. The spread widens or narrows in response to the supply and demand for the security. Spreads are generally included in transactions involving fixed income, structured products, and commodities.
<b>Markups/ Markdowns</b>	A markup is the price charged to a client, less the prevailing market price, which is included in the price of the security. A markdown is the prevailing market price of a security, less the amount a dealer pays to purchase the security from the client, which is included in the price of the security. Markups/Markdowns may be included in transactions involving fixed income securities, structured products, and currencies.

Any of the above execution charges will be included in net charges for the execution of advisory transactions as disclosed to the clients.

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## **Custody and Administrative Services**

Clients may pay fees for operational and administrative support for their advisory accounts including but not limited to fees for wire transfers and other client services. The amount of these fees varies based on the custodian's fee schedule for the specific service required. Joy Capital does not charge any additional fee to clients in order to assist the client or custodian in these client services.

## **Consolidated Reporting Services**

The Custodian Platform provides consolidated statements and tax reporting for advisory accounts it holds. Joy Capital does not charge any fee to the client for this level of service though the client may pay its proportional share of the standard expenses of any exchange traded (ETFs) or mutual fund in which it invests through the custodian platform.

## **Underlying Fund Fees**

Clients invested in pooled investment vehicles pay all fees and expenses applicable to an investment in the funds, including asset-based, performance-based, carried interest, incentive allocation, and other compensation payable to the managers in consideration of the managers' services to the funds and fees paid for advisory, administration, distribution, shareholder servicing, sub-accounting, sub-transfer agency, and other related services, or "12b-1" fees. All of these fees shall be paid to the fund managers directly. Joy Capital will collect no fees in association with outside fund relationships.

Clients who invest in a fund-of-funds vehicle also bear a proportionate share of the fees and expenses of each underlying investment fund. All fees and charges, including execution charges, should be paid to the fund manager and not to Joy Capital unless Joy Capital participates in a Wrap Fee program that is outlined in both an update of this brochure and in the client agreement covering the clients' participation in the fund of funds. In addition, a manager of a private investment fund may receive deal fees, sponsor fees, monitoring fees, or other similar fees for services provided to portfolio companies. The fees and expenses imposed by a private investment fund may offset trading profits and, therefore, reduce returns.

## **Availability of Securities and Other Investments**

Certain securities and investment products that Joy Capital recommends or selects for advisory accounts may not be available through the client's broker or custodian or may incur a lower fee if purchased externally. In such cases, the client will be responsible for fees and other items billed by the third party provider.

## **Fees Offset for Execution Charges**

Joy Capital will not adjust its annual retainer or advisory fees in order to offset execution charges.

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## Fee Refund Policy

Joy Capital's standard investment advisory contract contains a termination clause which states that any client account may be terminated upon thirty (30) days prior written notice by either party, and any prepaid fees for the period in which the investment advisory contract is terminated are refundable on a *pro rata* basis. Any prorated balance of \$100 or less is not refundable.

### Item 6: Performance Based Fees and Side by Side Management

Joy Capital does not currently charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client); however, performance-based fee agreements may be considered in the future and, if so, an updated Disclosure Brochure and applicable client investment advisory agreements will be provided. Joy Capital is not engaged in any side-by-side arrangements.

### Item 7: Types of Clients

Joy Capital's client base is made up primarily of individuals and families as well as their personal investment vehicles (trusts and businesses). The qualification of a client for Joy Capital's services is determined on a case-by-case basis by Joy Capital based on a judgment of necessity and the ability to provide benefit to the client. In addition, Joy Capital provides its services to the following types of entities when applicable:

- Endowments, Foundations, and Trusts
- Pooled Investment Vehicles
- Separately Managed Accounts
- Investment Advisors and Financial Planning Firms

### Minimum Investment Amounts Required

Generally, Joy Capital's minimum account size is \$500,000 USD. Joy Capital reserves the right to waive or increase its minimum investment amount on a case by case basis.

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

In providing discretionary investment management services and in providing recommendations to non-discretionary clients, Joy Capital uses various investment strategies and methods of analysis, as described below. Sources of information include, among others, investment publications and databases, research from securities firms and brokerage houses, company representatives, and contacts with other investment professionals. Joy Capital also utilizes both public and proprietary research tools to evaluate the risk and benefit of a particular investment in the management of its clients' assets. The experience of Joy Capital's principals and published research by professional analysts determines the suitability of a strategy for a particular client. **Despite Joy Capital's best efforts to mitigate risk, investing in securities involves a risk of loss that clients should be prepared to bear.**

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It is not possible to identify all of the risks associated with investing and the particular risks applicable to each account will depend on the nature of the account, its investment strategy or strategies, and the types of securities held. While Joy Capital seeks to manage accounts so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to mitigate risks fully. Any investment includes the risk of loss, and there can be no guarantee that a particular level of return will be achieved. **Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.**

### Methods of Analysis

Joy Capital develops short-term liquid and longer-term strategic asset allocation strategies for our clients based on their needs (**need based strategic plans**) employing long-term cash flow analyses and Joy Capital's professionals' top down views of markets, asset classes, sectors, and/or securities. An integral part of the process is consulting with clients to determine their risk tolerance and subjective goals so that a personal plan can be developed. The process of preparing cash flow analyses, gathering as much detail as possible as to income and expenses and preparing an exhibit reflecting short- and long-term cash needs, affords us the opportunity to identify financial assets that should be invested very conservatively, typically an amount equal to three to ten years of cash needs, and which, if any, to invest for longer- term growth. This approach minimizes short-term timing risks inherent in financial markets by assuring ample secure funds exist to meet cash needs for periods of time when financial markets may experience severe volatility. Longer-term growth investments are allocated based upon a composite of models available from wire houses, academia, and other public sources, each tactically altered at the discretion of Joy Capital's professionals, often with client input, for macro economic factors including government policies, taxes, inflation, demographics, and industry trends.

Broad allocation categories include stocks (large U.S., medium U.S., small U.S., foreign and emerging markets), fixed income (bonds and cash equivalents), and alternative investments (hedged, real, and private equity). Each category is assessed, where possible, by historic return and risk data and paired with others in various percentages to minimize risk for a certain expected return, or to maximize return for a certain expected risk. For these purposes, risk is measured by standard deviations from the expected returns. However, because all data used in these models is historic, there are no assurances that future results will match expectations. This is why the tactical alteration of historic models based on current events and judgment of experience is important.

In addition, Joy Capital will analyze the fundamental financial condition and competitive position of a company before recommending its stock. Joy Capital will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position among its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively affect the security.

Further, Joy Capital will utilize its technical analysis, which involves the analysis of past



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market data rather than specific company data, in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment, rather than the fundamentals of the company. The primary risk in using technical analysis is that identifying historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Joy Capital will be able to predict such reoccurrence accurately.

## Investment Strategies

Joy Capital LLC advises clients to use **short-term liquid** strategies in order to minimize short-term market risk. These strategies include cash in banks, certificates of deposit (CDs), money funds, and Joy Capital's Liquid Variance Swap Strategy for twelve to twenty-four month cash needs. Joy Capital's Liquid Variance Swap program is an in house managed derivative strategy that seeks to generate short term yield and capital appreciation while providing near term liquidity and preserving capital.

When allocating client assets to **longer-term strategic allocations**, Joy Capital uses a diverse array of investment vehicles including, but not limited to, mutual funds and ETF's, individual securities, options, and/or commodities. Selections are made based on where such investments fit within an appropriate strategic allocation model, Joy Capital uses compiled information and its professionals' experienced view of macroeconomic market conditions to make conservative projections as to the risk potential based on the structure of the security. Should a particular security fit the needs of Joy Capital's clients, it will be added to the portfolio only in a percentage appropriate to maintain the client's determined risk tolerance objective.

Joy Capital creates investment portfolios based on the investment objectives, risk tolerance and individual financial circumstances of each client. Joy Capital's need-based investment strategies consider clients' short- and long-term financial objectives, retirement horizons, life expectancies and tolerance for risk. Joy Capital periodically reviews changes in clients' needs, as well as economic and market conditions. When recommending any investment, Joy Capital is sensitive to expenses and fees as they relate to added value and return. The strategies and asset classes that Joy Capital may use include:

*Equities:* Joy Capital invests in the full spectrum of equities including individual stocks, index funds/ETFs and actively managed funds. US stocks are diversified by style and size of companies, as well as management methodology. Foreign stocks include both developed and emerging markets.

*Bonds:* There are a number of bond categories that Joy Capital may recommend at various times including: U.S. Government, inflation protected, municipal, floating rate, adjustable agency, mortgage-backed, convertible, asset-backed, corporate and foreign;

- From high quality and investment grade to high yield and distressed; and,
  - Durations may include ultra-short, short, intermediate and long-term bonds;
- Individual bonds may be laddered, actively managed, or indexed and held individually or in separately managed accounts, mutual funds, ETFs, and/or ETNs.

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*Hard Assets:* Hard assets may benefit from rising prices and may perform better in an inflationary environment. Joy Capital utilizes hard assets to further diversify portfolios and as an inflation hedge. Categories may include:

- Diversified commodities indexes, as well as actively managed companies that hold, produce, and/or distribute commodities;
  - Real estate investment trusts; and,
  - Futures contracts;
- Hard assets may be held individually or in separately managed accounts, mutual funds, ETFs, and/or ETNs.

*Alternative Investments:* Joy Capital attempts to provide clients with further portfolio diversification through a variety of asset classes that may offer returns not highly correlated with US or foreign stocks, bonds, or hard assets. These may include managed futures, merger arbitrage, long-short, interest rate hedges and diversified strategies which may include relative value, event-driven, directional, pairs trading, multi-strategy and multi-manager strategies.

*Cash and Cash-equivalents:* These are short-term in nature, set aside for future cash needs and for ultra-conservative allocations. These may include money market funds, bank deposits, certificates of deposit, commercial paper and/or treasury bills.

## **Risk of Loss**

Capital develops investment policy based on a combination of the client's stated goals and needs considered in tandem with Joy Capital's proprietary strategic asset allocation outlook. In general, Joy Capital invests in both short term liquid assets as well as long term strategic ones in order to develop a risk parity approach and manage risk across the client's needs based and risk constraints.

*Risks Applicable to all Advisory Accounts.* This brochure does not disclose every potential risk associated with an investment strategy or all of the risks applicable to a particular Advisory Account, and these risks may apply to assets held at or away from Joy Capital. Rather, this is a general description of the nature and risks of the strategies, securities and other instruments in which the advisory accounts may invest. Except as otherwise expressly agreed in writing, Joy Capital does not assume any duties to take action pursuant to recommendations, advice, or financial planning strategies that Joy Capital may provide to clients, which ultimately remain the client's obligation. Advisory clients are not required to implement their financial plans through advisory accounts or external accounts, and Joy Capital is not responsible for mitigating any of these risks for clients implementing their investment strategies. The following risks are applicable to all strategies:

**Market/Volatility Risk** – This is the risk that the value of the assets in which an Advisory Account invests may decrease (potentially dramatically) in response to the prospects of individual companies (particularly industry sectors or governments), general economic conditions, interest rates, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events



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and policies. Past performance may not be indicative of future results.

**Operational Risk** – This is the risk of loss arising from shortcomings or failures in internal processes or systems of Joy Capital, external events affecting those systems, and human error. Operational risk can arise from many factors ranging from routine processing errors to major systems failures.

**Liquidity Risk** – This is the risk that an Advisory Account may not be able to monetize investments either because those investments have become less liquid or illiquid in response to market developments or adverse investor perceptions.

**Concentration Risk** – This is the risk of loss associated with not having a diversified portfolio. Investments concentrated in a geographic region, industry sector, or issuer will experience greater loss due to an adverse economic, business, or political development affecting the region, sector, or issuer than an account that is diversified and therefore has less overall exposure to that region, sector, or issuer.

**Tax, Legal and Regulatory Risks** – This is the risk of loss due to increased costs and reduced investment and trading opportunities resulting from unanticipated legal, tax, and regulatory changes.

*Equity Risks.* All investing entails risk. There is no guarantee that the investment methodologies described here will work under all markets conditions. Investing with Joy Capital is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any government agency. Individual products should not be relied upon as a complete investment program. There can be no assurance that a client's portfolio will achieve its investment objectives. In fact, clients should understand that there will definitely be periods in which these investment methods will not produce the desired returns. Risk comes in many forms and investors should be sure that they understand the possible downside to equity investing. Some types of risk are summarized here:

**Stock Risk** - Stock prices have historically risen and fallen in periodic cycles. U.S. and foreign stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.

**Market Risk** - The value of the instruments in which Joy Capital invests may go up or down in response to the prospects of individual companies, particular industry sectors, or governments and/or general economic conditions.

**Investment Style Risk** - Different investment styles (*e.g.*: "growth" or "value") tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. One portfolio may outperform or underperform other portfolios that invest in similar asset classes but employ different investment styles.

**Market Capitalization Risk** - Investments in mid-capitalization and small-capitalization companies involve greater risks than investments in larger, more established companies. Mid- and Small-Cap securities may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

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**Non-Diversification Risk** - Non-diversified or concentrated means that a portfolio may invest a larger percentage of its assets in fewer issuers than a diversified portfolio. For these portfolios, there is a greater risk that a material event, which negatively affects one or more of the securities, could have a meaningful negative impact on the performance of the entire portfolio. In addition, because of the limited number of holdings in the portfolio, there is the risk over shorter periods of time that the portfolio's performance may differ noticeably from its benchmark indexes.

**Option Writing Risk** - Writing (selling) call options limits the opportunity to profit from an increase in the market value of stocks in exchange for up-front cash (the premium) at the time of selling the call option. In a rising market, the fund could significantly underperform the market. Furthermore, the fund's call option writing strategies may not fully protect it against market declines because the fund will continue to bear the risk of a decline in the value of its portfolio securities. In a sharply falling equity market, the fund will likely also experience sharp declines in its market value.

**Foreign Risk** - Foreign securities may be subject to risk of loss because of less foreign government regulation, less public information, and less economic, political and social stability in these countries. Loss may also result from the imposition of exchange controls, confiscations, and other government restrictions, or from problems in registration, settlement, or custody. Foreign risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which the fund has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods.

**Emerging Countries Risk** - The securities markets of most Central and South American, African, Middle Eastern, Asian, Eastern European, and other emerging countries are less liquid, are especially subject to greater price volatility, have generally smaller market capitalizations, have less government regulation, and are not subject to as extensive and frequent accounting, financial, and other reporting requirements as the securities markets of more developed countries.

**Management Risk** - A strategy used by Joy Capital may fail to produce the intended results. Joy Capital attempts to execute a complex strategy for client portfolios using proprietary investment models. Investments selected using these models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). There is no guarantee that the Joy Capital's use of these quantitative models will result in effective investment results for client portfolios. Additionally, commonality of holdings across money managers with similar strategies may amplify losses.

**Portfolio Turnover Rate Risk** - A high rate of portfolio turnover (100% or more) involves correspondingly greater expenses, which must be borne by all portfolios in the strategy, and is likely to result in short-term capital gains.

**Mutual Fund and Exchange Traded Fund and Note Risk** - An investment in a mutual fund, ETF or ETN involves risk, including the loss of principal. Shareholders are

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necessarily subject to the risks stemming from the individual issuers of the funds' underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as funds are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs and ETNs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF and ETN shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based funds and more frequently for actively managed funds. Certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. Also, there is no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, a fund only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF or ETN, a shareholder may have no way to dispose of such shares.

**Options Risks** - Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer, which may be unwilling or unable to perform its contractual obligations.

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

**General Risk of Loss** - Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events taken by any regulatory authority, government agency, or industry or trade group against Joy Capital, its principal, or any of its supervised persons.

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

### **Registered Representatives of a Broker/Dealer**

Joy Capital's business involves providing investment advice. Neither Joy Capital nor any of its management persons are registered or are seeking registration as representatives of a broker dealer or serve as a broker dealer. No management persons of Joy Capital are registered or have pending an application to register as a futures commission merchant, a commodity pool operator, a commodity-trading advisor, or an associated person of the foregoing entities.

If, in the future, a sale of a recommended brokerage security of an affiliate occurs, a conflict of interest may exist where such independent contractors or registered representatives earn commissions for the sale of those products, which may create an incentive to recommend such products. Joy Capital requires that all independent contractors or registered representatives disclose this conflict of interest when such recommendations are made. In addition, Joy Capital requires independent contractors or registered representatives to disclose that clients may purchase recommended products from other broker/dealer-registered representatives not affiliated with Joy Capital. For more information, please read **Item 11**.

### **Sponsor of Limited Liability Company or Partnerships**

In the future, Joy Capital may recommend that certain qualified clients and other potential investors purchase interests in a limited liability company, partnership, or other investment fund or entity, for which Joy Capital may serve as investment manager. No such limited liability companies or partnerships exist presently and this Disclosure Brochure will be updated accordingly before any such sales.

### **Conflict of Interest**

Presently, Joy Capital has no conflicts of interest to report.

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

Joy Capital has adopted a Code of Ethics ("Code") based on the firm's commitment to ethical conduct and to govern a number of potential conflicts of interest that may arise during the course of providing advisory services to clients. This Code is designed to ensure that Joy Capital meets its fiduciary obligation to clients (or prospective clients) and to ensure a culture of compliance within Joy Capital. An additional benefit of the Code is to detect and prevent violations of securities laws, including the obligations owed to clients. The Code is comprehensive, is distributed to each employee at the time of hire, and available annually thereafter. The Code is supplemented with annual training and continuous monitoring of employee activity. The Code includes the following:

- Requirements related to the confidentiality of client account information;

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- Prohibitions on:
    - Insider trading;
    - Spreading rumors;
    - The acceptance of gifts and entertainment that exceed policy standards;
  - Reporting of gifts and business entertainment;
  - Pre-clearance of employees' personal securities transactions;
  - On-going reporting of personal securities transactions; and,
  - Annually requiring employees to re-certify to the Code, identify members of their household and any account(s) to which they have a beneficial ownership (where they "own" the account or have "authority" over the account), identify all securities held in certificate form, and identify all securities they own at that time.

As an overriding policy, Joy Capital requires that each principal, director, officer, and employee place the interests of clients ahead of their own and avoid conduct that could create a realized or potential conflict of interest. The Code does not prohibit personal trading by employees because we like to follow our own advice. Accordingly, employees may purchase or sell the same or similar securities at the same time as clients. Such transactions by employees may create a potential conflict of interest. For example, an employee may have an incentive to take advantage of the market effect of a client trade. Similarly, the market effect of a trade by an employee may negatively affect the price in a subsequent trade for a client. Accordingly, the Code addresses these potential conflicts by containing provisions restricting personal trading as follows:

- Restrictions on investing in private placements;
- Prior written clearance of all non-exempt trades;
- Prohibition against purchasing or selling a non-exempt security within seven days before or after the date on which a transaction in the same security is effected for a client;
- Prohibition against short-term trading in securities held or being considered for clients accounts;
- Regular reporting of personal trades; and,
- Prohibition against trading while in the possession of material non-public information.

Joy Capital allows employees to effect transactions in non-exempt securities in commingled vehicles based on a determination that such transactions do not present a material conflict with client interests. This determination is made based on industry standards and best practices. Consistent with its fiduciary duty, no person employed by Joy Capital shall prioritize his or her own interest over that of any client or make personal investment decisions based on the investment management activities of clients. Joy Capital will provide a copy of the Code to any client or prospective client upon request. Requests should be directed to Joy Capital's Managing Partner, David Reidy, by phone at 412-965-5797 or by mail at 7 Church Lane, Suite 12, Pikesville, MD 21208.

As noted in **Item 4**, Joy Capital both manages client funds and acts as a client advocate with outside advisers in order to execute asset allocation strategies devised by Joy Capital at its clients' behest. Joy Capital acts on a non-discretionary basis in the management of its clients' assets and executes buy and sell orders at their direction. Further, Joy Capital may

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trade in more complex securities and derivatives at client request when appropriate, as determined by a consensus between the client and Joy Capital. As Joy Capital has devised proprietary strategies for hedging risk and maximizing return through such practices, its management may engage in such trading strategies, at times, for their own benefit only when no material conflict of interest is present.

## **Item 12: Brokerage Practices**

In the event that the client requests that Joy Capital recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Joy Capital to use a specific broker-dealer/custodian), Joy Capital generally recommends that investment management accounts be maintained at one of the brokers with which Joy Capital has a custodial relationship. Prior to engaging Joy Capital to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Joy Capital setting forth the terms and conditions under which Joy Capital shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Joy Capital considers in recommending any broker-dealer/custodian to clients include historical relationship with Joy Capital, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Joy Capital's clients shall comply with Joy Capital's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Joy Capital determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although Joy Capital will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Joy Capital's investment management fee. Joy Capital's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

**Please Note:** If a client directs Joy Capital to use a broker-dealer/custodian other than the one recommended by Joy Capital, the client will be responsible to negotiate terms and arrangements for their account with that broker-dealer, and Joy Capital will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Joy Capital. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

## **Research and Additional Benefits**

Although not a material consideration when determining whether to recommend



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that a client utilize the services of a particular broker-dealer/custodian, Joy Capital may receive from another broker-dealer/custodian, investment manager, platform or fund sponsor without cost (and/or at a discount) support services and/or products, certain of which assist Joy Capital to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Joy Capital may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Joy Capital in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Joy Capital in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Joy Capital to manage and further develop its business enterprise.

Joy Capital's clients do not pay more for investment transactions effected and/or assets maintained at Joy Capital's recommended broker as a result of this arrangement. There is no corresponding commitment made by Joy Capital to its custodians, or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**David Reidy remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

## **Item 13: Review of Accounts**

### **Account Reviews and Reviewers**

Account reviews are made on a regular basis during a calendar year. Joy Capital's Managing Partner reviews all transactions regularly, with other internal professionals providing support. Joy Capital's investment professionals will review client accounts frequently based on client agreements or at a client's request. Reviews are conducted with clients and/or outside investment consultants, managers, and custodians as appropriate. Reviews will evaluate performance, identify investment needs and challenges, and develop responses to these as necessary.

Additionally, Joy Capital will review client accounts when any of the following occur:

- A significant change in the investment environment;
- A significant change in investment performance that is inconsistent with the investment's goals and a client's risk parameters; and/or,
- A major change in a client's financial situation or assets under management when

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notified by a client.

Further, Joy Capital will endeavor to be responsive to any insight or concern expressed by its clients or their external advisers. Contact with clients is maintained through telephone calls, meetings, and various electronic means to keep all informed about the investment strategy being used to implement investment objectives.

## Statements and Reports

Clients are provided with transaction confirmation notices and regular account statements directly from the qualified custodian. Additionally, Joy Capital may provide performance reports upon request. Joy Capital may furnish each client with written reports regarding their portfolio, which includes holdings, transactions, investment performance, and strategy. Joy Capital reports are provided as requested by clients who are encouraged to compare any reports or statements provided by Joy Capital, a sub-adviser, or third-party money manager against the account statements delivered from the qualified custodian. When clients have questions about an account statement, they should contact the Joy Capital and/or the qualified custodian preparing the statement.

## Item 14: Client Referrals and Other Compensation

To date, Joy Capital has not compensated any person, directly or indirectly, for client referrals. Further, the only compensation received from advisory services is the fees charged for providing investment advisory services as described in **Item 5** of this Disclosure Brochure. Joy Capital receives no other forms of compensation in connection with providing investment advice.

In the future, Joy Capital may compensate employees and unrelated third parties for client referrals in accordance with the rule detailed in the Investment Advisors Act of 1940, as amended (Rule 206(4)-3). The compensation paid to any employee or third party would typically consist of a cash payment stated as a percentage of the advisory fee. All clients whose accounts would be subject to referral fees would be fully informed in writing of the terms and conditions of the referral fees to be paid and would acknowledge such terms and conditions in writing. In no case would a referral fee payment result in any increase in the fee paid by the client.

Please see **Item 5**, Fees and Compensation, **Item 10**, Other Financial Industry Activities and Affiliations and **Item 12**, Brokerage Practices, for additional discussion concerning other compensation.

## Item 15: Custody

Under Rule 206(4)-2 of the *Investment Advisers Act of 1940*, as amended (the “Advisers Act”), Joy Capital does not maintain custody of client funds or securities by reason of the fact that Joy Capital has no authority to debit its fees directly from the client’s account, as set forth in **Item 5**. Joy Capital does not physically possess client funds or securities; custody of client assets will always be maintained with an independent qualified custodian.



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Clients or an independent representative of the client will direct, in writing, the creation 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. Clients should carefully review those statements and are urged to compare the statements against reports received from Joy Capital. When clients have questions about their account statements, they should contact Joy Capital or the qualified custodian preparing the statement.

With the cooperation of the custodian, Joy Capital receives daily electronic files containing the holdings and transactions for client custody accounts and reconciles these records against Joy Capital's accounting records. In this way, the accuracy of accounting records is ensured, errors promptly corrected, and discrepancies resolved. If the custodian is not able to send an electronic file, Joy Capital will reconcile accounts monthly using the hard copy reports received from the custodian.

As described in **Item 13**, clients should receive statements at least quarterly from the custodian.

Joy Capital shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker dealer/custodian or program sponsor for the client accounts. Joy Capital may also provide a written periodic report summarizing account activity and performance. To the extent that Joy Capital provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Joy Capital with the account statements provided by the custodian. The custodian does not verify the accuracy of Joy Capital's advisory fee calculation.

#### **Item 16: Investment Discretion**

The investment advisory agreement between Joy Capital and its clients sets forth the limits, if any, on Joy Capital's permission to purchase or sell securities on behalf of clients. For discretionary accounts, Joy Capital generally has full permission, or discretion, as to which securities to buy and sell and the amount of such securities. However, as noted above, Joy Capital does not seek discretionary authority over client's assets but will do so if requested. Clients may limit Joy Capital's discretionary authority by specifying, for example, individual securities or industries that are not to be purchased or by limiting portfolio weights in a specific security or industry.

Alternatively, clients may enter into a non-discretionary arrangement with Joy Capital, under which limited permissions are granted. In addition to the limitations clients may place on the account described above, non-discretionary client accounts may choose to accept only Joy Capital's investment recommendations and maintain control over the investment decisions, or clients could require that Joy Capital receive approval prior to executing a recommended investment transaction. The terms of Joy Capital's investment advisory agreements will vary from client to client and from time to time.

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### **Item 17: Voting Client Securities**

Joy Capital does not have the authority to vote client securities. Clients should have access to all assets managed directly by Joy Capital or indirectly by other advisers and will thus be able to obtain proxy information on their own. Therefore, it is the responsibility of clients to vote all proxies for securities held in accounts. Proxies will be received directly from the qualified custodian, company, or transfer agent; Joy Capital will not provide proxies. Clients are encouraged to read the information provided with the proxy-voting documents and make a determination based on that information. As with any investment issue, clients are encouraged to contact Joy Capital with questions about proxy statements or solicitations.

### **Item 18: Financial Information**

Joy Capital does not have a financial condition that would impair our ability to meet contractual commitments to our clients and has never been the subject of a bankruptcy proceeding.

**ANY QUESTIONS: Joy Capital's Managing Partner remains available to address any questions regarding this Form ADV Part 2A.**

**End of ADV Part 2A**