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Item 1 – Cover Page

Traub Capital Management, LLC

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February 1, 2019

This Brochure provides information about the qualifications and business practices of Traub Capital Management [“TCM”]. If you have any questions about the contents of this Brochure, please contact us at 781-453-3929 or [h.traub@traubcapital.com](mailto:h.traub@traubcapital.com). 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.

Traub Capital Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information, with which you determine to hire or retain the Adviser.

Additional information about Traub Capital Management also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 – Material Changes**

This Brochure, dated February, 2019 is a revision from February 2018.

There are no material changes to note.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year, which ends December 31st. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Heydon Traub, CEO, at 781-453-3929 or [h.traub@traubcapital.com](mailto:h.traub@traubcapital.com). Our Brochure is also available on our website [www.traubcapital.com](http://www.traubcapital.com), free of charge.

Additional information about Traub Capital Management is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with TCM who are registered, or are required to be registered, as investment adviser representatives of TCM.

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#### **Item 4 – Advisory Business**

We are an investment adviser and planning firm that was founded by current owner, Heydon Traub, in 2003. We work with 1) individuals and families, 2) retirement and profits sharing plans, 3) investment companies, and 4) trusts. In addition to many separately managed accounts for individuals, families and retirement plans we also are adviser to a mutual fund.

Our typical investment objective is to seek consistently strong total returns while seeking to control risk. For separately managed accounts, we will work with clients to tailor a given portfolio to suit their specific needs/issues such as income, risk tolerance, and/or tax planning. For accounts that involve individual stock selection, we have a value-oriented and quantitatively based process. This means that we use quantitative analysis to identify potential holdings followed by fundamental analysis. The stock holdings are likely to possess characteristics such as reasonable price multiple levels relative to expected earnings and cash flow growth. They also reflect current interest rates and risk premiums appropriate to the given security. In some cases we will work around a large core holding that the client does not want to sell for tax reasons by avoiding other stocks in the same industry and/or using options. Or similarly, we can work with clients who work in certain industries and may have large amounts of company stock and options, and avoid those industries for diversification reasons. We use mutual funds (as well as ETF's and closed-end funds) to access certain asset classes and for some clients we implement their whole portfolio via funds. On the planning side we work with clients on narrow issues such as college funding or social security claiming, out to the full spectrum covered by a detailed financial plan.

Assets under management as of 1/31/19 were \$104 million, all discretionary.

#### **Item 5 – Fees and Compensation**

For separately managed accounts, the management fees are:

##### ***Portfolios Incorporating Individual Stocks***

##### **First \$1,000,000**

Annual Fee = 1.00%

##### **\$1,000,000 to \$5,000,000**

Annual Fee = .75%

##### **\$5,000,000 and over**

Annual Fee = .50%

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Minimum annual fee is \$4,000 (this translates to minimum account size of \$400,000 at a 1% fee- clients may choose to hire us with less assets, but the minimum fee would apply)

***Portfolios Utilizing Mutual Funds Only***

**First \$1,000,000**

Annual Fee = 0.70%

**\$1,000,000 to \$5,000,000**

Annual Fee = .50%

**\$5,000,000 and over**

Annual Fee = .30%

Minimum annual fee is \$2,800 (this translates to minimum account size of \$400,000 at a 0.7% fee- clients may choose to hire us with less assets, but the minimum fee would apply)

Fees for larger accounts are negotiable.

The specific manner in which fees are charged by the adviser is established in a client's written agreement with Adviser. The Adviser will calculate fees monthly based on month-end values but generally bill its fees on a quarterly basis in arrears. Clients may specifically opt to elect to be billed directly for fees, but otherwise we will directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar month. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, unpaid fees will be due and payable.

For the mutual fund we advise, the fees are 0.5% (net of waiver).

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. We work to minimize these costs and for the most part trade at low electronic commission rates and in some cases can trade at zero commissions. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs. We do not receive any compensation or commissions for a given account beyond the management fee.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

We do not use performance fees.

## **Item 7 – Types of Clients**

TCM provides portfolio management services to individuals, high net worth individuals, corporate retirement and profit-sharing plans, registered mutual funds, and trusts. As noted in Item 5, the effective minimum account size is \$400,000. For the mutual funds we advise, the minimum is \$5,000.

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

As discussed in Item 4, for accounts that involve individual stock selection, we have a value-oriented and quantitatively based process. This means that we use quantitative analysis to identify potential holdings and the stock holdings are likely to possess characteristics such as reasonable price multiple levels relative to expected earnings and cash flow growth. They also reflect current interest rates and risk premiums appropriate to the given security.

When investing in mutual funds, we analyze expense ratios and sales charges as well as past performance and our expectation of future results based on our qualitative analysis of the fund manager's approach. We also utilize closed-end funds and ETFs (exchange traded funds) where an additional key factor is the premium or discount the fund trades at relative to its underlying assets.

Investing in securities involves risk of loss that clients should be prepared to bear.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of TCM or the integrity of our management. We have no disciplinary events to report.

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

*None to report.*

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### **Item 11 – Code of Ethics**

We allow personal trading of similar securities that we transact in for our clients. However, personal trades cannot be done until client trading in the same securities is complete.

TCM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at TCM must acknowledge the terms of the Code of Ethics annually, or as amended.

In circumstances where TCM must execute new trades for advisory clients, the resulting purchase or sale of securities in which TCM and/or clients have a position of interest (direct or indirect) may benefit.

TCM's employees and persons associated with TCM are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of TCM may trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of TCM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between TCM personnel and its clients.

TCM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Heydon Traub.

It is TCM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. We will also not cross trade between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from or sells any security to any advisory client.

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### **Item 12 – Brokerage Practices**

TCM has the authority to select brokers to execute trades. We do not use soft dollars and thus look to minimize the overall transaction costs for our clients. The majority of trades are executed with the broker affiliated with our custodians (primarily Fidelity or Schwab). This is done because it eliminates any extra ticket charges that in many cases would be larger than the commissions charged. In general, TCM does not usually aggregate trades as we find that the potential savings on trading costs would be minimal given our firm size and our already extremely low trading costs. Commissions on stocks or ETF trades are typically \$5 per trade or less (slightly higher for certain accounts requiring paper statements) while mutual fund commissions are mostly free, but in some cases are \$25 or \$50 per trade.

### **Item 13 – Review of Accounts**

Reviews of accounts are done on an ongoing basis without a specific timeframe, but are done at least monthly. Reasons accounts would be reviewed outside of the monthly cycle could include: a stock that a client holds becomes a sell candidate (or a stock they don't own becomes a "buy"), a fund they hold becomes a "sell", a cash flow, a change in our outlook for a given asset class, and/or a client's situation changes in terms of income or risk aversion. Reviews are done by Heydon Traub.

In terms of reporting, for separately managed accounts the custodian provides a statement each month summarizing holdings and transactions. TCM provides a quarterly performance report that has specific results for each client as well as a market summary and outlook.

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

TCM does not currently pay referral fees.

### **Item 15 – Custody**

For the mutual fund, there is an independent custodian and administrator who provide all the fund's records and statements.

For separately managed accounts, clients receive monthly statements from the qualified custodian (currently Fidelity or Schwab) that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the quarterly reports that we provide to you. Our statements may vary



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from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

As noted in Item 4, TCM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, TCM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to TCM in writing.

#### **Item 17 – Voting Client Securities**

Unless otherwise instructed, we vote proxies for all of our clients. In general, our votes support efforts that we think will maximize shareholder value. In any cases where the client's interest may conflict with our firm's interest we will vote based on what we think is in the best interest of the client.

Clients may obtain a copy of our complete proxy voting policies and procedures upon request. Clients may also obtain information from us about how we voted any proxies on behalf of their account(s).

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. TCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.