

# Cope Connelly

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Cope Connelly. If you have any questions about the contents of this brochure, please contact us at (888) 336-8402 or by email at: [ldiaz@copecorrales.com](mailto:ldiaz@copecorrales.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.*

*Additional information about Cope Connelly is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Cope Connelly's CRD number is: 311665.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of Cope Connelly on 01/31/2024 are described below. Material changes relate to Cope Connelly' policies, practices or conflicts of interest.

- The firm has updated its existing office location and contact number. (Cover Page)
- The firm has updated its Assets Under Management. (Item 4.E)
- The firm has updated its Outside business activities. (Item 10.C)

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

XPS Capital LLC (hereinafter “Cope Connelly”) is a limited liability company organized in the District of Columbia. The firm was formed in May 2019 and was registered as an investment advisor in November 2020, and the principal owners are Luis Corrales and Joseph Cope.

### B. Types of Advisory Services

#### *Portfolio Management Services*

Cope Connelly offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Cope Connelly creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

Cope Connelly evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Cope Connelly will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Cope Connelly seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Cope Connelly’s economic, investment or other financial interests. To meet its fiduciary obligations, Cope Connelly attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Cope Connelly’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is Cope Connelly’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

## ***Pension Consulting Services***

Cope Connelly offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting may include, but is not limited to:

- identifying investment objectives and restrictions
- providing guidance on various assets classes and investment options
- recommending money managers to manage plan assets in ways designed to achieve objectives
- monitoring performance of money managers and investment options and making recommendations for changes
- recommending other service providers, such as custodians, administrators and broker-dealers
- creating a written pension consulting plan

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

## ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

Investment planning involves working with clients to make sure their investments match their respective risk tolerance and goals. Tax concerns are addressed by working with the client to determine and compare effective tax rates for income, capital gains and other earnings or investments, then attempting to allocate the client's resources accordingly. Life insurance planning entails reviewing the life insurance and/or disability insurance needs of the client, together with any applicable dependents, spouse or other relatives, and assessing appropriate coverage for these individuals. College planning entails helping clients save for higher education, whether for the client or his/her children or other dependents, in the ideal manner to suit the client's overall financial goals and means. Financial planning to address retirement entails making sure clients are financially equipped for retirement in light of the client's anticipated income and expenses, investments, and other assets. Debt/credit planning consists of breaking down client budgets and aiding clients in decision-making as to current debt, anticipated significant expenses and potential debt, and avoiding excessive debt.

## ***Pontera Services***

We provide an additional service for accounts not directly held in our custody, but where we do have discretion, and may leverage an Order Management System to implement tax-efficient asset location and opportunistic rebalancing strategies on behalf of the client. These are primarily = Employer Sponsored Retirement Plans that we do not

custody. We regularly review the available investment options in these accounts, monitor them, and rebalance and implement our strategies in the same way we do other accounts, though using different tools as necessary. This fee will be assessed and billed monthly.

These directly managed accounts are held away, such as 401(k)'s. As it is impossible to directly debit the fees from these accounts, those fees will be debited from the client's taxable account on a pro-rata basis. If the client does not have a taxable account, those fees will be billed directly to the client.

### ***Private Placement Consulting Services***

Cope Connelly also provides advice about certain privately placed securities to clients ("Private Placement Consulting"). The Private Placement Consulting includes:

- advice on the source of funds for the private placement, in respect to their entire financial picture.
- determine individual client suitability of private placement investment and continue to monitor during holding period.
- Conduct due diligence on the Private placement opportunity including reviewing the operators, financials and deal structure.
- Maintain continual communication with fund, fielding questions from clients and providing an intermediary between the fund and client.
- Advice on follow-on funds and coordinate with their unique and specific financial circumstances.
- Capital Call Management.

### ***Subscription Services***

Cope Connelly provides a newsletter only to clients using Cope Connelly's other advisory services and for free; it does not entail an additional fee. It will offer recommendations on purchasing and selling specific securities, sectors, asset classes, or other specific groupings of securities at a stated time, but clients are not obligated to act on the recommendations mentioned in the newsletter. These recommendations are separate and apart from the advisory services of the firm and do not overlap.

### ***Services Limited to Specific Types of Investments***

Cope Connelly generally limits its investment advice to mutual funds, fixed income securities, real estate funds, insurance products including annuities, equities and ETFs. Cope Connelly may use other securities as well to help diversify a portfolio when applicable.

## C. Client Tailored Services and Client Imposed Restrictions

Cope Connelly offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

## D. Wrap Fee Programs

A wrap fee program is an investment program wherein the investor pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. Cope Connelly does not participate in any wrap fee programs.

## E. Assets Under Management

Cope Connelly has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$244,855,224	\$77,750	November 2024

# Item 5: Fees and Compensation

## A. Fee Schedule

### *Portfolio Management Fees*

Total Assets Under Management	Annual Fees
First \$500,000	1.75%
\$500,001 - \$3,000,000	1.30%
\$3,000,001 - \$5,000,000	1.00%
\$5,000,001 - \$10,000,000	0.85%
\$10,000,001+	0.75%

Cope Connelly uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

Fees are negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of Cope Connelly's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice. Cope Connelly does not charge an asset under management fee on annuities. Cope Connelly does not allow the use of margin accounts.

### ***Pension Consulting Services Fees***

#### **Asset-Based Fees for Pension Consulting**

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
All Assets	1.00%

Cope Connelly uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based. Cope Connelly has the ability to negotiate the fee. The fee is determined by various factors based on the client's needs. The final fee schedule will be memorialized in the client's advisory agreement.

Clients may terminate the agreement without penalty for a full refund of Cope Connelly's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the pension consulting agreement immediately upon written notice.

### ***Financial Planning Fees***

#### **Fixed Fees**

The fixed rate for creating client financial plans is between \$99 and \$5,000. The fixed fee is based upon the complexity of the plan, and the estimated amount of time to be used for creating a financial plan. Fixed fees relate to financial plans and financial planning that may include, without limitation: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning, each service as further detailed above. Clients may request additional plans or reports for the same fee. These fees are negotiable.

Clients may terminate the agreement without penalty, for full refund of Cope Connelly's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

### ***Private Placement Consulting Fees and Use of Margin***

Cope Corales provides Private Placement Consulting for a fee ranging from 30-75 bps per annum.



## Private Placement Fee Schedule

Total Assets Under Management	Annual Fees
First \$500,000	0.75%
\$500,001 - \$3,000,000	0.60%
\$3,000,001 - \$5,000,000	0.50%
\$5,000,001 - \$10,000,000	0.40%
\$10,000,001+	0.30%

**\*\*\* These fees are in addition to the regular Cope Connelly AUM fee**  
***Subscription Fees***

Cope Connelly offers a weekly subscription newsletter, "Cope Connelly," the price of which is included in the price of other services such as portfolio management. This newsletter will be provided via postal mail or electronic mail and may be cancelled immediately upon written notice.

### ***Educational Seminars/Workshops***

Cope Connelly provides periodic educational seminars and workshops to invited clients only.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in arrears.

### ***Payment of Pension Consulting Fees***

Asset-based pension consulting fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in arrears.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via wire.

Fixed financial planning fees are paid 100% in advance, but never more than six months in advance.

### *Payment of Private Placement Consulting Fees*

### *Payment of Educational Seminar/Workshop Fees*

Educational seminars and workshops are offered free of charge.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Cope Connelly. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

Cope Connelly collects certain fees in advance and certain fees in arrears, as indicated above. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check, or return deposit back into the client's account.

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

## **E. Outside Compensation For the Sale of Securities to Clients**

Joseph Michael Cope and Luis Alonso Corrales in their outside business activities (see Item 10 below) are licensed to accept compensation for the sale of insurance products to Cope Connelly clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending insurance products for which the supervised persons receives compensation, Cope Connelly will document the conflict of interest in the client file and inform the client of the conflict of interest. Clients always have the right to decide whether to purchase Cope Connelly-recommended products and, if purchasing, have the right to purchase those products through other agents that are not affiliated with Cope Connelly.

Commissions are not Cope Connelly's primary source of compensation for advisory services. Advisory fees that are charged to clients are not reduced to offset the insurance products recommended to clients.

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

Cope Connelly does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client. Therefore, Cope Connelly does not engage in side-by-side management.

## Item 7: Types of Clients

Cope Connelly generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Corporations or Business Entities

There is no account minimum for any of Cope Connelly's services. There are no requirements for opening or maintaining an account.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

Cope Connelly's methods of analysis include Charting analysis and Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. Cope Connelly uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

#### *Investment Strategies*

Cope Connelly uses long term trading and margin transactions.

**Investing in securities** involves a risk of loss that you, as a client, should be prepared to bear.

## **B. Material Risks Involved**

### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Use of Margin and Collateral Credit and Loans** can be extended to individuals for securities transactions. While the use of margin borrowing for investments can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio. The Firm's fees for margin transactions are based on the net amount of assets.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. Leverage enhances the ability to acquire assets, but also amplifies net profits and losses and increases transaction costs. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Private Placements.** The Firm recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). A private placement is an offering of unregistered securities to a limited pool of investors. In a private placement, a company sells shares of stock in the company or other interest in the company, such as warrants or bonds, in exchange for cash. They are unregulated and lack liquidity.

Private placements are regulated by a series of U.S. Securities and Exchange Commission rules known as Regulation D, or Reg D. Under Reg D, companies can issue varying amounts of securities based on the type of investor they are selling them to – accredited or non-accredited investors – without registering those securities with the SEC. Risk factors include:

- Use of Private Collective Investment Vehicles
- The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle.
- In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities.

Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond

prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF’s shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Real estate funds** (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt

and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Private Placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Cope Connelly nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Cope Connelly nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Luis Alonso Corrales is a licensed insurance agent and DBA Cope Connelly LLC. and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Cope Connelly always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of Cope Connelly in connection with such individual's activities outside of Cope Connelly. He spends approximately 20% of his time on this outside business activity.

Luis Alfonso Corrales is a managing member at C4M Global Advisors LLC.

Joseph Michael Cope is a licensed insurance agent and DBA Cope Connelly LLC and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Cope Connelly always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of Cope Connelly in connection with such individual's activities outside of Cope Connelly. He spends approximately 20% of his time on this outside business activity.

Joseph Michael Cope is a managing member at C4M Global Advisors LLC.

Hsuan Wang is the treasurer of Experimental Chinese School.



Gregory Edward Averyt is a registered representative. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. XPS Capital LLC always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients always have their right to decide whether or not to utilize the services of any representative of XPS Capital LLC in such individual's outside capacities.

Gregory Edward Averyt is the compliance director of C4M Global Advisors, LLC.

Kevin Patrick Cope is a managing member at C4M Global Advisors LLC.

Clients are in no way required to act on any recommendations made by Joseph Michael Cope or Luis Alonso Corrales in connection with such individuals' activities outside the firm.

Joseph Michael Cope is a General Partner at Prosomnus Sleep Technologies. He handles public relations and devotes 4 hours to business during trading hours. He receives 1 Percent of total yearly compensation from the business.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

Cope Connelly does not utilize nor select third-party investment advisers.

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

#### **A. Code of Ethics**

Cope Connelly has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Cope Connelly's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

Cope Connelly does not recommend that clients buy or sell any security in which a related person to Cope Connelly or Cope Connelly has a material financial interest. If a material

financial interest arises, Cope Connelly will notify the client promptly and disclose any and all conflicts of interest as applicable.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of Cope Connelly may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Cope Connelly to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Cope Connelly will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of Cope Connelly may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Cope Connelly to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Cope Connelly will never engage in trading that operates to the client's disadvantage if representatives of Cope Connelly buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on Cope Connelly's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and Cope Connelly may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in Cope Connelly's research efforts. Cope Connelly will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Cope Connelly will recommend clients to use Schwab Advisor Services, a division of Charles Schwab & Co., Inc.

## ***1. Research and Other Soft-Dollar Benefits***

Cope Connelly has access to research, products, or other services from its broker/dealer in connection with client securities transactions ("soft dollar benefits") consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended, and may consider these benefits in recommending brokers. There can be no assurance that any particular client will benefit from any particular soft dollar research or other benefits. Cope Connelly does not use soft dollar benefits to service client accounts. Cope Connelly will not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate because Cope Connelly does not use soft dollar benefits to service client accounts. Cope Connelly benefits by not having to produce or pay for the research, products or services, and Cope Connelly will have an incentive to recommend a broker dealer based on receiving research or services. Clients should be aware that Cope Connelly's acceptance of soft dollar benefits may result in higher commissions charged to the client.

Charles Schwab & Co., Inc. Advisor Services provides Cope Connelly with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For Cope Connelly client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to Cope Connelly other products and services that benefit Cope Connelly but may not benefit its clients' accounts. These benefits may include national, regional or Cope Connelly specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Cope Connelly by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Cope Connelly in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate

payment of Cope Connelly' fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Cope Connelly' accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to Cope Connelly other services intended to help Cope Connelly manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to Cope Connelly by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Cope Connelly. Cope Connelly is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

## ***2. Brokerage for Client Referrals***

Cope Connelly receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

Cope Connelly may permit clients to direct it to execute transactions through a specified broker-dealer. Clients must refer to their advisory agreements for a complete understanding of how they may be permitted to direct brokerage. If a client directs brokerage, the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to Cope Connelly to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the client may be unable to participate in block trades (unless Cope Connelly is able to engage in "step outs"); and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If Cope Connelly buys or sells the same securities on behalf of more than one client it will aggregate or bunch, to the extent permitted by applicable law and regulations, the securities to be purchased or sold for multiple clients in order to seek more favorable prices, lower brokerage commissions or more efficient execution. Cope Connelly would never choose not to aggregate orders when it has the opportunity to aggregate orders. In such case, Cope Connelly would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades

would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. Cope Connelly would determine the appropriate number of shares to place with brokers and will select the appropriate brokers consistent with Cope Connelly's duty to seek best execution, except for those accounts with specific brokerage direction (if any). When Cope Connelly does not or cannot aggregate trades, clients may receive less favorable prices, pay higher brokerage commissions, or experience less efficient trade execution. Cope Connelly may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for Cope Connelly's advisory services provided on an ongoing basis are reviewed at least Quarterly by Joseph Cope, Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels. All accounts at Cope Connelly are assigned to this reviewer.

There is only one level of review for subscription services, which is Cope Connelly's review prior to rendering the subscription advice.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Joseph Cope, Chief Compliance Officer. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for the same fee as described in Item 5.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, Cope Connelly's services will generally conclude upon delivery of the financial plan.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of Cope Connelly's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and

calculation of fees. This written report will come from the custodian. Cope Connelly will also provide at least quarterly a separate written statement to the client, which will include the formula used to calculate the fee, the time period covered by the fee, and the amount of assets under management on which the fee was based.

Cope Connelly does not provide reports relating to its subscription services.

Each financial planning client will receive the written financial plan upon completion.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Cope Connelly does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Cope Connelly's clients.

With respect to Schwab, Cope Connelly receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For Cope Connelly client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Cope Connelly other products and services that benefit Cope Connelly but may not benefit its clients' accounts. These benefits may include national, regional or Cope Connelly specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of Cope Connelly by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Cope Connelly in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of Cope Connelly's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and

client reporting. Many of these services generally may be used to service all or some substantial number of Cope Connelly's accounts. Schwab also makes available to Cope Connelly other services intended to help Cope Connelly manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Cope Connelly by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Cope Connelly. Cope Connelly is independently owned and operated and not affiliated with Schwab.

Schwab has eliminated commissions for online trades of equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at [schwab.com/aspricingguide](http://schwab.com/aspricingguide).

## **B. Compensation to Non - Advisory Personnel for Client Referrals**

Cape Corrales does not compensate non-advisory personnel (solicitors) for client referrals.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, Cope Connelly will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. Clients will also receive statements from Cope Connelly and are urged to compare the account statements they received from custodian with those they received from Cope Connelly.

The Advisory Agreement and/or the separate agreement with any Financial Institution authorize Cope Connelly to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Cope Connelly. Cope Connelly will send informational invoices to clients concurrent with the fee deduction to include the amount of the fee, assets on which the fee is based, and the time period for which the fee is being deducted. In



addition, as discussed in Item 13, Cope Connelly will also send, or otherwise make available, periodic supplemental reports to clients. We also have Standing Letters of Authorization. Cope Connelly also has custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the following steps (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

## **Item 16: Investment Discretion**

Cope Connelly provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, Cope Connelly generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. Clients with discretionary accounts will execute a limited power of attorney to evidence discretionary authority. Clients cannot impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

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

Cope Connelly will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security. Clients may still contact Cope Connelly with questions about proxies by emailing Greg Averyt at [gaveryt@copecorrales.com](mailto:gaveryt@copecorrales.com).

## **Item 18: Financial Information**

### **A. Balance Sheet**

Cope Connelly neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.



## **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Cope Connelly nor its management has any financial condition that is likely to reasonably impair Cope Connelly's ability to meet contractual commitments to clients.

## **C. Bankruptcy Petitions in Previous Ten Years**

Cope Connelly has not been the subject of a bankruptcy petition in the last ten years.