



# CAP SIX

## FORM ADV PART 2A BROCHURE

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Cap Six Advisors LLC

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This brochure (the "Brochure") provides information about the qualifications and business practices of Cap Six Advisors LLC ("Cap Six", the "Firm", "we", "us", or "our"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

If you have any questions about the contents of this brochure, please contact us at 281-671-7982 or [info@cap-six.com](mailto:info@cap-six.com). Additional information about Cap Six also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Cap Six has the following material changes to report since the filing of its last updating amendment:

- Various items have been amended to reflect changes to the investment advisory services offered by Cap Six.
- Item 5 has been amended to reflect amendments to the description of the fees charged by Cap Six for its services.



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## Item 4 – Advisory Business

Cap Six Advisors LLC (“Cap Six” or the “Firm”) is a Delaware limited liability company founded in 2023. Headquartered in Houston, Texas, Cap Six maintains an office and investment team in Houston. The Firm is a wholly-owned subsidiary of Cap Six LLC. Cap Six LLC is 100% employee-owned, of which 65% is owned by women.

Prior to Cap Six rendering any investment management services, clients are required to enter into one or more written agreements with Cap Six setting forth the relevant terms and conditions of the advisory relationship with Cap Six (each, an “advisory agreement”).

Cap Six offers various advisory services, each as described in more detail below. Such advisory services are focused on the investment strategies offered by Cap Six, which are described in more detail in Item 8 below.

First, Cap Six offers the opportunity to have clients’ assets managed by Cap Six utilizing its investment strategies. Clients can have Cap Six directly manage their assets utilizing its investment strategies through separately managed accounts.

Cap Six exercises either discretionary or non-discretionary authority when managing Client assets. When exercising discretionary authority over Client assets, Cap Six does not need to obtain prior consent from clients before implementing its investment recommendations. When exercising non-discretionary authority over Client assets, Cap Six must obtain prior consent from clients before implementing its investment recommendations. Separate and apart from exercising discretionary or non-discretionary authority, where agreed-upon by clients, Cap Six may also advise clients on how assets not managed by Cap Six can be deployed in one or more of Cap Six’s strategies at no charge to the client. Nonetheless, a conflict of interest exists when Cap Six makes such recommendations as the Firm has an incentive to recommend its own investment strategies to clients for management of such assets. Clients can either accept or reject Cap Six’s recommendations. If clients accept such recommendations, Cap Six will manage such assets on a discretionary or non-discretionary basis utilizing the investment strategies for compensation described below in Item 5.

In addition to directly managing client assets, Cap Six also offers unaffiliated investment advisers the opportunity to have Cap Six manage their clients’ assets utilizing Cap Six’ investment strategies on a discretionary basis through separately-managed accounts. In such circumstances, the third-party adviser is responsible for determining whether Cap Six’ investment strategies are appropriate for its clients on an ongoing basis. Third-party advisers will enter into an advisory agreement with Cap Six to engage Cap Six to provide such services to the third-party adviser’s clients. The third party adviser’s clients will not have a direct advisory agreement with Cap Six.

In some non-discretionary relationships, Cap Six offers third-party advisers access to its investment strategies where Cap Six will provide model portfolio information relating to such investment strategies to such third-party advisers but will not directly trade assets on behalf of such third-party advisers or their clients. The third-party adviser is solely responsible for determining if Cap Six’s investment strategies are appropriate for itself or its clients. However, Cap Six is responsible for providing continuous and regular supervisory or management services, reviewing trade execution and performance, and ensuring portfolio alignment with objectives regarding concentration and risk.



Clients (or, in the case of sub-advisory arrangements with Cap Six, their advisers) can impose restrictions on Cap Six's management of assets utilizing its investment strategies as mutually agreed upon by Cap Six and such clients.

In addition to the above investment management services, Cap Six also offers third-party advisers access to its investment strategies where Cap Six will provide model portfolio information relating to such investment strategies to such third-party advisers but will not manage assets on behalf of such third-party advisers or their clients. The third-party adviser is solely responsible for determining if Cap Six's investment strategies are appropriate for itself or its clients. The third-party adviser also has sole discretion whether to accept or reject Cap Six's recommendations and to make any desired modifications to the investment strategy recommendations made by Cap Six in implementing such strategies on behalf of itself or its clients.

In this Brochure, the separate accounts as well as the portfolios provided to third-party advisers that are managed or advised by Cap Six are collectively referred to as "Client Accounts."

Cap Six's investment recommendations are generally limited to individual equity securities although advisory agreements for investment management services executed with clients allow Cap Six to utilize other types of securities when managing the client's accounts.

Cap Six does not offer investment advisory services through a wrap fee program.

As of December 12, 2024, Cap Six had (i) \$20,598,807 of discretionary assets, and (ii) \$258,776,059 of non-discretionary assets under management. Cap Six calculates assets under management using end-of-the-month figures for established Client Accounts. For Client Accounts that enter intra-month, the starting account value is used.

## Item 5 – Fees and Compensation

For its investment management services, Cap Six charges fees based on the strategy selected, the service provided, the account size and the overall relationship value. Fees do not exceed 72 basis points per year but may be lower depending on the circumstances.

Investment management fees are generally charged quarterly in advance, however, under arrangements, agreements clients may elect to be billed in arrears. Fees will be prorated for partial billing periods where Cap Six provides services only for a portion of such billing period. Fees will also be prorated for additions or withdrawals of assets on a day other than the first day of a billing period. Upon termination of any advisory agreement, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

In consideration for model portfolio services to be delivered to clients by Cap Six, the third-party adviser will pay to Cap Six a fee based on the percentage on the assets managed utilizing any model portfolio not to exceed 0.72% per year, payable quarterly in advance based on the market value of the assets as of the last day of the previous quarter. Cap Six' fees will be prorated for any quarter in which services were not provided for the entire quarter as well as for additions or withdrawals of capital on a day other than the first day of a quarter. Cap Six will invoice each third-party adviser for fees charged for each quarter, and the third-party adviser will pay Cap Six directly for such services.

For both investment management and model portfolio services, Cap Six's advisory fees may be



negotiated within the agreement. Fee schedules are subject to negotiation and may vary from time-to-time based upon numerous factors such as mandate size, types of securities held and portfolio customization. Clients, affiliates and employees of Cap Six may receive a discount on the advisory fees charged by Cap Six for advisory services provided by the Firm.

In addition to the advisory fees charged by Cap Six, Clients will incur, as applicable, certain charges imposed by third parties such as custodians, brokers, third party investment advisers, trust companies, banks, and other financial institutions (collectively “Financial Institutions”). These additional charges could include, as applicable, securities brokerage commissions, other transaction costs, custodial fees, reporting fees, account management/servicing fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of, and in addition to, Cap Six’s advisory fees, and Cap Six does not receive any portion of these commissions, fees, and costs.

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

Cap Six does not charge performance-based fees in connection with its advisory services.

## **Item 7 – Types of Clients**

Cap Six offers investment advisory services to retail investors, high net worth individuals, investment advisers, and other institutions.

For non-institutional clients, Cap Six generally requires a minimum of \$100,000 in assets in order to provide investment management services. For institutional clients, Cap Six requires a minimum of \$1,000,000 in assets in order to provide investment management services. To access specific investment strategies, Cap Six has various minimum mandate sizes, depending on the strategy, although Cap Six may waive the minimum size requirement at its discretion.

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

### **METHODS OF ANALYSIS**

Cap Six combines quantitative analysis with portfolio management experience to create a rigorous, replicable investment process. The objective is to generate attractive returns given the expected exposure to risk.

Investment Process:

Cap Six’s Investment Committee oversees each strategy’s portfolio design and management processes as well as the design and operation of the Cap Six Portfolio Risk Management Tool.

The following provides an overview of Cap Six’s investment process:

Step 1: Analysis of Underlying Data, including back-tested hypothetical portfolios



Step 2: Application of Data Analysis by Cap Six Investment Team to inform stock conviction  
Step 3: Portfolio Construction and Weightings guided by Risk/Sector/Country Parameters  
Step 4: Investment Implementation/Trading  
Step 5: Ongoing Portfolio Review by Investment Committee  
Step 6: Portfolio Rebalancing as Dictated by Strategy

The weightings of the portfolio will be regularly monitored and adjusted according to changing market conditions with the objective that the strategy's portfolio be weighted towards the highest conviction investments.

Cap Six has adopted a metrics-based approach and a long-term investment horizon. Primary emphasis is placed on bottom-up stock selection, with data analysis and stock selection conducted by our investment teams using the data, proprietary algorithms, and Cap Six Portfolio Improvement Tool.

## **INVESTMENT STRATEGIES**

Cap Six offers long-only SMAs in a variety of strategies. All strategies are focused on U.S. equities and are high conviction. The current investment strategies for Cap Six include:

### **Core Value**

The Core Value Strategy offers a portfolio of publicly traded companies with the value and risk profile of the CRSP US Large Cap Value Index. The primary investment objective is long-term capital appreciation through investment in securities that trade in the United States. Management does not include the use of derivatives or margins.

### **Enfra Income**

The Enfra Income strategy offers a portfolio of publicly traded energy midstream and utility securities with a targeted yield and lower relative volatility. The investment objective consists of current income and capital appreciation. The strategy invests in some non-U.S. securities that trade outside of the United States. Management does not include the use of derivatives or margins.

### **Large Cap**

The Large Cap Strategy offers a portfolio of publicly traded large and mega-cap companies. The primary investment objective is long-term capital appreciation through investment in securities that trade in the United States. Management does not include the use of derivatives or margins.

### **Large Cap Growth**

The Large Cap Growth Strategy offers a portfolio of publicly traded large and mega-cap companies with the growth profile of the NASDAQ 100. The primary investment objective is long-term capital appreciation through investment in securities that trade in the United States. Management does not include the use of derivatives or margins.

### **Mid Cap**

The Mid Cap Strategy offers a portfolio of publicly traded mid-sized companies, generally between \$2B and \$10B. The primary investment objective is long-term capital appreciation through



investment in securities that trade in the United States. Management does not include the use of derivatives or margins.

### **Tejas**

The Tejas Equity strategy offers a portfolio of publicly traded securities with a nexus to Texas via domicile, historical connection, revenues or operations within the state. The primary investment objective is long-term capital appreciation. The strategy may occasionally invest in non-U.S. securities that trade in the United States. Management does not include the use of derivatives or margins.

### **Small Cap**

The Small Cap Strategy offers a portfolio of publicly traded smaller sized companies, generally between \$250M and \$2B. The primary investment objective is long-term capital appreciation through investment in securities that trade in the United States. Management does not include the use of derivatives or margins.

### **Market Income**

The Market Income strategy offers a portfolio of publicly traded stocks with a dividend yield target of the Dow Jones US Dividend 100 Index and performance target of the S&P 500 Index. The investment objectives are current income and long-term capital appreciation through investment in securities that trade in the United States. Management does not include the use of derivatives or margins.

### **Market Quality**

The Market Quality strategy offers a portfolio of publicly traded stocks with high free cash flow and stable or growing dividends. The investment objective is long-term capital appreciation through investment in securities that trade in the United States. Management does not include the use of derivatives or margins.

## **RISK OF LOSS**

***Clients should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. Clients are responsible for appropriately diversifying their assets to guard against the risk of loss in any one asset type. Cap Six expects that the assets it manages do not represent all the client's assets.***

The following is a summary of the material risks for Cap Six, its investment strategies, security types and investment techniques. The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy. Rather, it is a general description of the nature and risks of the strategies and securities that clients may include in their investment guidelines.





## Common Stock Risk

The marketplace for publicly traded equity securities is volatile, and the price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic circumstances. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock held by a Client Account. A common stock may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive circumstances within an industry. The value of a particular common stock held by a Client Account may decline for a number of other reasons which directly relate to the issuer, such as management performance, financial leverage, the issuer's historical and prospective earnings, the value of its assets and reduced demand for its goods and services. Also, the price of common stocks is sensitive to general movements in the stock market and a drop in the stock market may depress the price of common stocks to which a Client Account has exposure. Common stock prices fluctuate for several reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or when political or economic events affecting the issuers occur. In addition, common stock prices may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase. Common stock in which a Client Account may invest is structurally subordinated to preferred stock, bonds and other debt instruments in a company's capital structure and is therefore inherently more risky than preferred stock or debt instruments of such issuers.

## Concentration Risk

If Cap Six concentrates its investments in issuers within the same country, state, industry or economic sector, an adverse economic, business or political development may affect the value of a Client Account's investments more than if such Client Account's investments were not so concentrated. Also, to the extent Cap Six invests a larger percentage of a Client Account in a relatively small number of issuers; it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by a Client Account may affect the overall value of the account more than it would affect an account that holds more investments.

## Counterparty Risk

A Client Account may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets.

## Currency Risk

A Client Account may also hold investments denominated in currencies other than the currency in which the Client Account is denominated. Currency exchange rates can be extremely volatile and a variance in the degree of volatility of the market or in the direction of the market from Cap Six's targets may produce significant losses to a Client Account. Cap Six may or may not attempt to hedge all or any portion of the currency exposure of a Client Account. However, even if Cap Six does attempt to hedge the currency exposure of a Client Account, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of the securities denominated in any particular currency. Such fluctuations could have a material adverse effect on a Client Account.



## Cybersecurity Risk

A Client Account, Cap Six or its service providers may be susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that Cap Six and its service providers use to service Cap Six and its Client Account's operations; or operational disruption or failures in the physical infrastructure or operating systems that support a Client Account, Cap Six or its service providers. Cyberattacks against or security breakdowns of Cap Six or its service providers may adversely impact a Client Account, Cap Six or its service providers, potentially resulting in, among other things, financial losses; the inability of Cap Six or its service providers to transact business and Cap Six or its service providers to process transactions; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. Cap Six may also incur additional costs for cybersecurity risk management purposes. While Cap Six has adopted cybersecurity policies and procedures, including an incident response plan, Cap Six and its service providers have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, such plans and systems have inherent limitations due in part to the ever-changing nature of technology and cybersecurity attack tactics, and there is a possibility that certain risks have not been adequately identified or prepared for. Furthermore, Cap Six cannot control any cybersecurity plans or systems implemented by its service providers.

Cyber security risks may also impact issuers of securities in which a Client Account or Cap Six invests, resulting in material adverse consequences for them which may cause a Client Account's or Cap Six's investment in such issuers to lose value. There can be no assurance that a Client Account or Cap Six will not suffer losses relating to cyberattacks or other information security breaches in the future.

## Dependence on Key Personnel

Client Accounts may rely on certain key personnel of Cap Six. The departure of any such key personnel or their inability to fulfill certain duties may adversely affect the ability of Cap Six to effectively implement the investment programs of Client Accounts.

## Environmental Risk

Assets may be subject to numerous laws, rules and regulations relating to environmental protection. Under various environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of or was responsible for the presence of hazardous materials. The presence of these hazardous materials on a property could also result in personal injury or property damage or similar claims by private parties. Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person. The Client Accounts may be exposed to substantial risk of loss from environmental claims arising in respect of its investments and such loss may exceed the value of such investments. Furthermore, changes in environmental laws or in the environmental condition of a portfolio investment may create liabilities that did not exist at the time of acquisition of an investment and that could not have been foreseen.



## Equity Securities Risk

Equity securities represent an ownership interest in an issuer, rank junior in a company's capital structure to debt securities and consequently may entail greater risk of loss than debt securities. Equity securities are subject to the risk that stock prices may rise and fall in periodic cycles and may perform poorly relative to other investments. This risk may be greater in the short term.

## Foreign Investing

Foreign issuers are usually not subject to the same accounting and disclosure requirements that U.S. companies are subject to, which may make it difficult for Cap Six to evaluate a foreign company's operations or financial condition. A change in the value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that foreign currency and in the value of any income or distributions a Client Account may receive on those securities. The value of foreign investments may be affected by exchange control regulations, foreign taxes, higher transaction and other costs, delays in the settlement of transactions, changes in economic or monetary policy in the United States or abroad, expropriation or nationalization of a company's assets, or other political and economic factors. These risks may be greater for investments in developing or emerging market countries.

## Inflation Risk

Inflation could directly and adversely affect the Client Accounts' investments. If a portfolio investment is unable to increase its revenue in times of higher inflation, its profitability and ability to distribute dividends may be adversely affected. Many of the entities in which the Client Accounts invest may have long-term rights to income linked to some extent to inflation, whether by government regulations, contractual arrangement or other factors. Typically, as inflation rises, the entity will earn more revenue, but will incur higher expenses; as inflation declines, the entity may not be able to reduce expenses in line with any resulting reduction in revenue.

## Legal, Tax and Regulatory Risks

Cap Six and certain Client Accounts are subject to legal, tax and regulatory oversight. In the future, there may be legislative, tax and regulatory changes that may apply to the activities of Cap Six that may require material adjustments to the business and operations or have other material adverse effects on Client Accounts. Any rules, regulations and other changes may result in increased costs and reduced investment and trading opportunities, all of which may negatively impact the performance of Client Accounts.

## Market Risk

The value of the instruments in which a Client Account invests may go up or down in response to the prospects of individual companies, particular industry sectors or general economic conditions.

## Market Disruption and Geopolitical Risk

Client Accounts are subject to the risk that war, terrorism, and related geopolitical events as well as pandemics may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of Client Accounts' investments. War, terrorism, and related geopolitical events as well as pandemics have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and non-U.S. economies.



and markets generally. Those events as well as other changes in U.S. and non-U.S. economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of Client Accounts' investments. At such times, Client Accounts' exposure to a number of other risks described elsewhere in this section can increase.

### Model Risk

The data and proprietary algorithms used by Cap Six help generate suggested client portfolios. Human errors or system errors could impede the accuracy of the portfolios and affect the implementation. As market dynamics change over time, a previously highly realistic model could become outdated or inaccurate, perhaps without our algorithms or Investment Committee recognizing the change before further recommendations are made. Further, the portfolio construction process might trigger a rebalance to a Portfolio during a period of heightened market volatility. Changes made within the models may not always have the desired or intended effects. The simulations are forward-looking projections based primarily on historical data. They are inherently uncertain and there is no guarantee that any portfolio will meet its objectives.

### Natural Resources Risk

The market value of Natural Resources Securities may be affected by numerous factors, including commodity prices, events occurring in nature, inflationary pressures and international politics. For example, events occurring in nature (such as earthquakes or fires in prime natural resource areas) and political events (such as coups, military confrontations or acts of terrorism) can affect the overall supply of a natural resource and the value of companies involved in such natural resource. Political risks and the other risks to which foreign securities are subject may also affect domestic natural resource companies if they have significant operations or investments in foreign countries. Rising interest rates and general economic conditions may also affect the demand for natural resources.

### Operational Risk and Catastrophic and Force Majeure Events

The long-term profitability of assets, once they are constructed, is partly dependent upon the efficient operation and maintenance of the assets and asset-owning companies. Inefficient operation and maintenance may reduce the profitability of an investment. Notwithstanding their proper and efficient operation and maintenance, the use of infrastructure assets may be interrupted or otherwise affected by a variety of events outside Cap Six, its affiliates or the Client Account's control, including serious traffic accidents, natural disasters (such as fire, floods, earthquakes and typhoons), man-made disasters, defective design and construction, slope failure, bridge and tunnel collapse, road subsidence, toll rates, fuel prices, environmental legislation or regulation, general economic conditions, labor disputes and other unforeseen circumstances and incidents.

In addition, investments in infrastructure assets may involve significant strategic assets (assets that have a national or regional profile and may have monopolistic characteristics). The nature of these assets could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. Insurers have significantly reduced the amount of insurance coverage available for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events. A terrorist attack involving the property of a portfolio investment, or property under control of a portfolio investment, may result in liability far in excess of available insurance coverage. A terrorist attack on a portfolio investment may also have adverse consequences for all portfolio investments of that type.



### Recent Market Events

General market uncertainty and consequent re-pricing of risk have led to market imbalances of sellers and buyers, which in turn have resulted in significant valuation uncertainties in a variety of securities and significant and rapid value decline in certain instances. Additionally, periods of market volatility remain, and may continue to occur in the future, in response to various political, social and economic events both within and outside of the United States. These circumstances resulted in, and in many cases continue to result in, greater price volatility, less liquidity, widening credit spreads and a lack of price transparency, with many securities remaining illiquid and of uncertain value. Such market circumstances may make valuation of some of Client Account securities uncertain and/or result in sudden and significant valuation increases or declines in its holdings.

### Reliance on Third-Party Information

Cap Six conducts its analyses using data obtained from third parties. We rely on current and historical data regarding markets, securities, other financial instruments, collective investment funds, and other matters from unaffiliated data providers. Although we believe they are generally reliable, there may be inaccuracies or discrepancies in the data they provide. Cap Six's recommendations are also based on the information and data provided by the issuers or securities. Although the firm, through its proprietary algorithms, evaluates such information and data, Cap Six is not in a position to confirm the completeness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

### Technology Risk

We generate investment recommendations with our proprietary algorithms (with data analysis and stock selection conducted by our investment teams using the data, proprietary algorithms, and Cap Six Portfolio Improvement Tool referenced in Item 8) that utilize(s) our formulas. Such quantitatively-generated recommendations, like all systematic investment recommendations, may be subject to system errors. We make no guarantee or representation that the investment recommendations will be successful. In addition, the operation of the software might be subject to human errors, processing or communication errors or system failures. We might override the systematic investment recommendations made by our software if they appear to be erroneous or if we believe it is in the best interest of clients to do so.

## **Item 9 – Disciplinary Information**

Neither Cap Six nor any of its executive officers, members of its investment committee, or other “management persons” as defined in the Form ADV instructions has been subject to the legal or disciplinary events related to this Item or otherwise required to disclose any event required by this Item.

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

Cap Six does not have any activities or affiliations to disclose in response to this item.



## Item 11 – Code of Ethics

Cap Six has a fiduciary duty to act in the best interest of the Client. All Cap Six's employees are subject to policies and procedures regarding confidential or proprietary information and personal trading. In addition, Cap Six has adopted a Code of Ethics ("the "Code") that applies to all of its officers and employees and monitoring procedures relating to activities by Cap Six employees that Cap Six believes may involve potential conflicts between Cap Six employees and Client Accounts.

The Code specifies and prohibits certain types of personal securities transactions deemed to create a conflict of interest and establishes reporting requirements and preventive procedures designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940. Under the Code, all employees are prohibited from purchasing or selling, directly or indirectly, any security in which he or she has, or by reason of such transaction, acquires any direct or indirect beneficial ownership and which to his or her actual knowledge at the time of such purchase or sale, is being considered for purchase or sale by or for any client. All employees are also subject to Cap Six insider trading policies and procedures which prohibit employees from trading, either personally or on behalf of others, while in possession of material, nonpublic information. Employees are also prohibited from communicating material, nonpublic information to others in violation of the law.

The Code includes certain personal trading restrictions and reporting requirements of the Code that apply to all Cap Six employees who are all deemed to be "Access Persons". Access Persons generally include (i) any employee, trustee, director, officer or advisory person of Cap Six or of any company in a control relationship to Cap Six or (ii) any employee trustee, director, officer or advisory person of Cap Six who, with respect to advisory clients, makes any recommendation, or participates in the determination of which recommendation shall be made, or whose principal function or duties relate to the determination of which recommendation shall be made to the advisory clients or who, in connection with his or her duties, obtains any information concerning securities recommendations being made by Cap Six to the advisory clients or (iii) any employee trustee, director, officer or advisory person of Cap Six who has access to information regarding the portfolio holdings of any Client.

A summary of the restrictions and reporting requirements on the personal investing activities of Access Persons is set forth below. Generally, Access Persons are prohibited from purchasing marketable securities without prior approval. Marketable securities include stocks; warrants; rights; options; and corporate bonds and debentures. Employees are permitted to transact in securities that are not marketable securities including government and municipal securities, foreign or domestic; short-term instruments, such as certificates of deposit, bankers acceptances, bank CDs; purchases under DRIPS; open-end mutual funds (or the equivalent); closed-end funds; exchange-traded funds; non-equity options; foreign exchange securities; commodity futures; insurance products in which underlying investment options are open-end mutual funds, ETFs or a permissible security enumerated above; and 529 college savings plan in which the underlying investment options are open-end mutual funds, ETFs or a permissible security enumerated above.

An Access Person may not, directly or indirectly, dispose of beneficial ownership of a marketable security except when such sale has been pre-cleared and approved by the Chief Compliance Officer or his designee.

Notwithstanding the above, Access Persons are permitted to enter into securities trades and are exempt from the pre-clearance obligations of the Code if they are (i) done in a blind trust; or (ii) done





in accounts managed by a third-party financial advisor who has full discretion over investment decisions.

The Code also includes certain procedures relating to reporting and recordkeeping of personal securities transactions by Access Persons, including disclosure of personal holdings, quarterly reporting of transactions and annual certification of compliance with the Code. All employees also must submit an initial acknowledgment of receipt, compliance and understanding of the Code.

A copy of the Cap Six Code of Ethics is available to clients and prospective clients upon written request by contacting Cap Six's Investor Relations at 281-671-7982 or [info@cap-six.com](mailto:info@cap-six.com).

### **Potential Conflicts of Interest**

In the course of our normal business, Cap Six may encounter situations where Cap Six faces a conflict of interest or could be perceived to be in a conflict of interest situation. A conflict of interest occurs whenever the interests of Cap Six or its personnel diverge from those of a client or when Cap Six or its personnel have obligations to more than one party whose interests are different. To preserve our reputation and comply with applicable legal and regulatory requirements, Cap Six believes managing perceived conflicts is as important as managing actual conflicts.

#### **Allocation of Investment Opportunities**

Cap Six may have potential conflicts in connection with the allocation of investments or transaction decisions for Client Accounts, including situations in which Cap Six may have interests in the investment being allocated and situations in which a Cap Six account ("Affiliate Client") may receive a certain percentage of the investments being allocated. Cap Six seeks to manage all Client Accounts and Affiliate Client in accordance with each account's investment objectives and guidelines, and pursuant to the applicable legal and regulatory requirements.

The advice provided by Cap Six to a Client Account or an Affiliate Client may compete or conflict with the advice provided to another Client Account or may involve a different timing or course of action taken with respect to a Client Account. For example, a Client Account may be competing for investment opportunities with Cap Six and its Affiliate Clients and with other Client Accounts for certain limited investment opportunities.

#### **Fees**

Cap Six may receive greater fees or other compensation from certain Client Accounts and its Affiliate Clients, which may create an incentive for Cap Six to favor such accounts. To address these conflicts, Cap Six has adopted policies and procedures under which allocation decisions may not be influenced by certain fee arrangements and trades are allocated in a manner that Cap Six believes is consistent with its obligations as an investment adviser.

#### **Outside Business Activities**

Cap Six personnel may engage in certain outside business activities that may conflict with its performance of services to its Client Accounts and Affiliate Clients. Cap Six has implemented policies, procedures and controls to mitigate any potential conflict of interest that may arise between Cap Six, its personnel, Client Accounts and Affiliate Clients.

#### **Personal Relationships**



Cap Six personnel may have family members or close relationships that may be employed in the securities industry that could potentially create a conflict of interest. Cap Six has implemented controls to mitigate any potential conflict of interest that may arise between Cap Six, its personnel, Client Accounts and Affiliate Clients.

### Board Positions and Affiliations

Cap Six personnel or their family members may serve on the board of directors of publicly traded companies. Cap Six has implemented controls, policies and procedures to identify, address, and/or disclose, as appropriate, any potential conflict of interest that may arise between Cap Six, its personnel, Client Accounts and Affiliate Clients.

### Valuation Services

Cap Six, while not the primary valuation agent of Client Accounts, performs certain valuation services related to securities and assets in Client Accounts. Cap Six values securities and assets in Client Accounts in accordance with its valuation policies and procedures and may value an identical asset differently than another client or Affiliate Client. Cap Six may face a conflict with respect to such valuations as they may affect Cap Six's compensation. In addition, to the extent Cap Six utilizes a third-party vendor to perform certain valuation functions, these vendors may have interests and incentives that differ from those of the Client Accounts.

## **Item 12 – Brokerage Practices**

As noted above, Cap Six provides advisory services to various types of Client Accounts which are invested in publicly offered equity securities in several investment strategies.

### INVESTMENT, BROKERAGE AND TRADE ALLOCATION GUIDELINES

Cap Six has adopted investment, brokerage and trading allocation guidelines that set out standards that portfolio managers, traders and other personnel involved in the purchase and sale of securities on behalf of clients must follow when:

- Determining which Client Account will participate in an investment opportunity;
- Seeking best execution for client transactions;
- Aggregating client orders and allocating securities and other instruments among clients that participate in aggregated orders; and

Members of the Investment, Compliance, Operations and Management teams oversee the implementation and monitoring of these investment, brokerage and trading allocation guidelines.

### BEST EXECUTION

Cap Six's investment advisory agreements typically authorize Cap Six to employ broker-dealers to effect portfolio transactions. Unless a client specifically requests otherwise and in accordance with a client's investment guidelines, Cap Six intends to retain authority without obtaining specific client consent to determine: (i) what securities are to be bought or sold, (ii) amount of securities to be bought or sold, (iii) the broker or dealer to be used, and (iv) the commission to be paid. Cap Six will seek best execution for client transactions.





In evaluating the best execution of client transactions, Cap Six will consider the full range and quality of a broker's services, taking into account all relevant factors. Although it is not possible to create a definitive list of factors to guide this determination, Cap Six may consider some or all of the following:

- Price of security;
- Commission rate;
- Execution capability, including execution speed and reliability;
- Trading expertise and knowledge of the other side of the trade;
- Financial responsibility;
- Responsiveness;
- Reputation and integrity;
- Capital commitment;
- Value of research or brokerage services or products provided;
- Access to underwritten and secondary market offerings;
- Confidentiality;
- Reliability in keeping records;
- Fairness in resolving disputes;
- Market depth and available liquidity;
- Recent order flow;
- Timing and size of an order; and
- Current market conditions.

In selecting broker-dealers to execute client transactions, Cap Six will bear in mind that no factor is necessarily determinative and that seeking to obtain best execution for all client trades must take precedence over the Firm's interests.

In seeking to ensure best execution of each trade for each Client Account and to avoid undue downward pressure on the price of a particular security, the firm seeks, as appropriate, to limit trading activity in a particular security to a reasonable range of the Average Daily Trading Volume for that security, except to the extent that excess or other liquidity is available in the market.

#### TRADE ORDER ROTATION

Cap Six, generally, executes trades according to an order rotation plan that is logged each time there is a portfolio rebalance or comparable transaction. For example, the platform that is first in the rotation on a given rebalance/portfolio change will roll to the bottom of the trade order rotation queue for the next rebalance/change. The firm may use a different trade order rotation methodology when it is determined by the Investment Management team that such practice is in the best interests of its clients and executed in a fair and reasonable manner.

#### DIRECTED BROKERAGE ARRANGEMENTS

Cap Six currently uses Schwab as custodian and may be available to registered investment advisors on the Fidelity platform via the Separate Account Network. Cap Six also has plans to expand to other platforms. Other custodians may require account minimums that exceed those required by Cap Six. In some circumstances, a client may designate a particular broker or dealer or type of broker or dealer (e.g. women, minority or disabled person owned broker or dealer) through which trades are to be effected or through which transactions may be introduced, typically under such terms as the client negotiates with the particular broker or dealer or may receive some other



type of benefit. Where a client has directed the use of a particular broker or dealer, Cap Six generally will not be in a position to negotiate commission rates or spreads freely or, depending on the circumstances, to select brokers or dealers based on the most favorable price execution for a transaction. Additionally, transactions for a client that has directed or recommended that Cap Six use a particular broker or dealer may lose the possible advantage that clients who do not direct Cap Six to use a particular broker or dealer may derive by Cap Six commingling or “bunching” multiple orders into a single order for the purchase or sale of a particular security and that any such “non-bunch” orders for clients may be executed after or follow any “non-bunched” orders for non-directed Client Accounts. Moreover, there may be times when the trading activity in a security for a client that has directed Cap Six to use a particular broker or dealer occurs at a time after Cap Six has completed the execution of all other transactions in that security for all other accounts managed or traded by Cap Six and its subsidiaries. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for comparable bunched orders. Under these circumstances, the direction by a client to use a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if Cap Six were empowered to negotiate commission rates or spreads freely, or to freely select brokers or dealers.

#### ALLOCATION AND AGGREGATION

The overriding principle governing Cap Six’s allocation process with respect to securities is the fair and equitable treatment of all clients that receive an allocation of securities or transaction proceeds. Where a portfolio manager is managing accounts with similar investment objectives and strategies, the portfolio manager will endeavor to allocate investment opportunities to all such accounts pro rata based on either, depending on the investment strategy, (i) the current equity of each Client Account or (ii) current demand after giving effect to any cumulative over/under allocation in previous deals and provided that such shares results in a marketable parcel or round-lot. Some client orders may not be filled due to the specific client’s risk tolerance, available cash, investment objectives, restrictions or strategy. When orders are not entirely filled, allocations are made either, depending on the investment strategy, (i) *pari passu* based on orders received from the portfolio managers or (ii) on tradeable lot size or (iii) or on a rotating basis factoring in past allocations.

Cap Six performs investment management services for various clients. Cap Six may, in its sole discretion, aggregate purchases or sales of any security, instrument or obligation effected for Client Accounts with purchases or sales, as the case may be, of the same security, instrument or obligation effected on the same day for the accounts of one or more of Cap Six’s other clients. Although such concurrent aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when Cap Six believes that to do so will be in the best interest of the affected accounts. When transactions are so aggregated, (a) the actual prices applicable to the aggregated transaction will be averaged, and each Client Account participating in the aggregated transaction will be deemed to have purchased or sold its share of the security, instrument or obligation involved at that average price and (b) all transaction costs incurred in effecting the aggregated transaction shall be shared on a pro rata basis among all accounts participating in such aggregated transaction, except to the extent that certain broker-dealers that also furnish custody services may impose minimum transaction charges applicable to some of the participating accounts. When such concurrent aggregations occur, the objective will be to allocate the executions in a manner that is deemed equitable to the accounts involved.



## SOFT DOLLAR PRACTICES

Soft dollars involve the use of client commissions to obtain brokerage and research products and services for Client Accounts. Such products and services include eligible research and brokerage services clarified by the Interpretive Release issued by the SEC on July 18, 2006 and other applicable regulatory guidance and interpretations. Eligible research services include items which reflect substantive content (i.e., the expression of reasoning or knowledge). In exchange for soft dollars, brokers may provide their own brokerage and research services and products or pay for third party brokerage and research services and products.

At this time, Cap Six does not participate in any soft dollar programs. Nor does the firm use or plan to use soft dollars to pay for any brokerage, research products and services. Cap Six Management team may periodically review the soft dollar practices of the firm to determine if the current practices warrant a change.

## TRADE ERROR POLICY

Consistent with Cap Six's fiduciary duties, contractual obligations and applicable law, Cap Six has a responsibility to effect investment decisions correctly, promptly and in the interests of its clients and to verify that placed orders are correct and properly executed. Although Cap Six strives to assure proper execution of investment decisions, errors may occur in the trading process. Consequently, Cap Six has adopted a policy with respect to the identification, escalation and resolution of trade errors (the "Trade Error Policy"). The Trade Error Policy seeks to assure that appropriate care is taken in implementing investment decisions on behalf of Client Accounts, any potential trade errors are identified and reported promptly, and each identified error is corrected on a timely basis.

## **Item 13 – Review of Accounts**

Cap Six will periodically review its direct Client Accounts as part of an ongoing process. The Investment Committee will review each of the accounts on a continuous basis and will be responsible for selecting investments in accordance with each client's investment objectives, strategies, guidelines and restrictions. Account trading is monitored periodically by compliance personnel. The review may relate to the entire portfolio, specific portions of the portfolio, or specific transactions or investments. Triggering factors will include changes in market conditions or investment objectives or other arrangements with the client.

From time to time, Cap Six engages in a firm-wide review of portfolios or accounts with similar investment objectives or investment strategy. In all cases, the portfolio manager(s) directly responsible for the accounts involved participate(s) in the review along with other professionals within Cap Six. Cap Six's Investment Committee is responsible for conducting these firm-wide reviews. Cap Six's Investment Committee is comprised of members of the portfolio management team, as appropriate, and senior management.

The nature and frequency of reports to clients are predicated on the requirements of each client and will be determined in accordance with the specific needs of, and arrangements made with, each client. Cap Six typically produces reports monthly or quarterly. Cap Six urges all clients to carefully review their account statements and compare them to the custodial records provided to them by the broker dealer, bank or other qualified custodian. Client Account statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.



## Item 14 – Client Referrals and Other Compensation

Cap Six may participate in request for proposals (“RFPs”) issued by certain third party, unaffiliated consultants to conduct the search for an investment manager. If Cap Six responds to the RFP and is awarded the mandate from the prospect, Cap Six may, in certain limited circumstances, pay a portion of its management fee to the third-party consultant hired by the prospect. The portion of the fee paid to the third-party consultant is disclosed to the prospect.

In the ordinary course of business, Cap Six may send corporate gifts or pay for meals and entertainment such as reasonable golfing and tickets to sporting and cultural events for individuals at firms that do business with Cap Six or its affiliates, where permitted. Cap Six’s employees also may be the recipients of reasonable corporate gifts, meals and entertainment. The giving and receipt of gifts and other benefits are subject to limitations under Cap Six’s Code of Ethics and Cap Six’s Gift and Entertainment Policy.

Employees of Cap Six and certain of its Affiliates (typically those in sales and related positions) may be compensated at the discretion of senior management of Cap Six or the applicable Affiliate for successful efforts in bringing in new accounts. Senior management of Cap Six or the applicable Affiliate determines the amount of compensation, considering the particular efforts of the employee involved in bringing in the particular account. Any such compensation paid to employees of Cap Six or its Affiliate, as applicable, does not result in higher fees to clients.

## Item 15 – Custody

Cap Six’s investment advisory agreement with a client and/or other separate agreement with a financial institution may authorize Cap Six through such financial institution to debit the client’s account for the amount of Cap Six’s fee and to directly remit that management fee to Cap Six in accordance with applicable custody rules.

The financial institutions recommended by Cap Six have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Cap Six where clients receive supplemental reports from Cap Six. Clients should carefully review the statements sent directly by the financial institutions and compare them to those received from Cap Six.

## Item 16 – Investment Discretion

When providing discretionary investment management services to its clients, Cap Six may oversee:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The financial institutions to be utilized.

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, Cap Six observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to Cap Six in writing.

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

When it has authority to vote proxies on behalf of clients, it is the policy and practice of Cap Six and its Affiliates to vote proxies consistent with its fiduciary duty, the Cap Six Proxy Voting Policy and Procedures, and the best interests of its clients, in compliance with Rule 206(4)-6 under the Advisers Act. In most, if not all cases, the best interest of clients will mean that the proposals which maximize the value of portfolio securities will be approved. While economic benefit is of primary concern when voting proxies, Cap Six recognizes the increasing role of Environmental, Social, and Governance (“ESG”) issues in maximizing long term shareholder value. Cap Six considers ESG issues, including, but not limited to: Gender Equality, Board Diversity, Ecology and Sustainability, Climate Change, Product Safety, Weapons and Military Sales, Human Rights, Data Security, Privacy, and Animal Welfare, as appropriate.

Unless otherwise specifically agreed in writing, Cap Six will be appointed the Client's agent and attorney-in-fact to exercise in its discretion all rights and perform all duties which may be exercisable in relation to the assets in the account, including without limitation the right to vote (or in its discretion, refrain from voting) proxies, tender, exchange, endorse, transfer, or deliver any securities and other property on behalf of the Client, to participate in or consent to any distribution, plan of reorganization, creditors committee, merger, combination, consolidation, liquidation, or similar plan with reference to such securities and other property; and to execute and bind the Client in any waivers, consents, covenants and indemnifications related thereto. Except as provided by applicable law, Cap Six will not incur any liability to the Client by reason of any exercise of, or failure to exercise, any such discretion. The Client understands that Cap Six establishes from time to time guidelines for the voting of proxies and may employ the services of a proxy voting service to exercise proxies in accordance with Cap Six's then current guidelines.

Notwithstanding the foregoing, Cap Six will not advise or act as the Client's legal representative in any legal proceedings, including bankruptcies or class actions (“Legal Proceedings”), involving securities and other property held or previously held by the account or the issuers of those securities and other property. The Client will instruct the Custodian to forward promptly to Cap Six copies of all proxies and shareholder communications relating to securities and other property held in the Account (other than materials relating to Legal Proceedings). Cap Six is not responsible for insuring all proxies are forwarded from the Custodian and will vote only those proxies it receives in accordance with its policies.

Cap Six's Proxy Policies and Procedures are subject to change as necessary to remain current with applicable rules and regulations and Cap Six's internal procedures.

## **Item 18 – Financial Information**

Cap Six 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.





# CAP SIX

## Appendix A – Privacy Notice

Cap Six Advisors LLC (“Cap Six”) on its own behalf and on behalf of the Client Accounts managed by Cap Six and its affiliates, recognizes and appreciates the importance of respecting the privacy of our clients and shareholders. Our relationships are based on integrity and trust and we maintain high standards to safeguard your nonpublic personal information (“Personal Information”) at all times. This privacy policy (“Privacy Policy”) notice describes the types of Personal Information we collect about you, the steps we take to safeguard that information and the circumstances in which it may be disclosed under the Cap Six Privacy Policy.

If you hold shares of securities or funds through a financial intermediary, such as a broker, investment adviser, bank or trust company, the privacy policy of your financial intermediary will also govern how your Personal Information will be shared with other parties.

### **WHAT INFORMATION DO WE COLLECT?**

We collect the following Personal Information about you:

- Information we receive from you in applications or other forms, correspondence or conversations, including but not limited to name, address, phone number, social security number, assets, income and date of birth.
- Information about transactions with us, our affiliates, or others, including but not limited to account number, balance and payment history, parties to transactions, cost basis information, and other financial information.
- Information we may receive from our due diligence, such as your creditworthiness and your credit history.

### **WHAT IS OUR PRIVACY POLICY?**

We may share your Personal Information with our affiliates in order to provide products or services to you or to support our business needs. We will not disclose your Personal Information to nonaffiliated third parties unless 1) we have received proper consent from you; 2) we are legally permitted to do so; or 3) we reasonably believe, in good faith, that we are legally required to do so. For example, we may disclose your Personal Information with the following in order to assist us with various aspects of conducting our business, to comply with laws or industry regulations, and/or to effect any transaction on your behalf:

- Unaffiliated service providers (e.g. transfer agents, securities broker-dealers,

administrators, investment advisors or other firms that assist us in maintaining and supporting financial products and services provided to you);

- Government agencies, other regulatory bodies and law enforcement officials (e.g. for reporting suspicious transactions);
- Other organizations, with your consent or as directed by you; and
- Other organizations, as permitted or required by law (e.g. for fraud protection).

When we share your Personal Information, the information is made available for limited purposes and under controlled circumstances designed to protect your privacy. We require third parties to comply with our standards for security and confidentiality.

## **HOW DO WE PROTECT CLIENT INFORMATION?**

We restrict access to your Personal Information to those persons who require such information to assist us with providing products or services to you. It is our practice to maintain and monitor physical, electronic, and procedural safeguards that comply with federal standards to guard client nonpublic personal information. We regularly train our employees on privacy and information security and on their obligations to protect client information.

## **CONTACT INFORMATION**

For questions concerning our Privacy Policy, please contact Cap Six's Investor Relations at 281-671-7982 or [info@cap-six.com](mailto:info@cap-six.com).