

## ADV Part 2A – Firm Brochure

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This Brochure provides information about the qualifications and business practices of Douglas Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (904) 285-7866 or [jad@douglascapital.net](mailto:jad@douglascapital.net). 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.

Douglas Capital Management, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Douglas Capital Management, Inc. also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

February 27, 2024

## **Item 2 Material Changes**

Since our last annual update of our brochure, March 2023, there have been no material changes to our firm's policies, practices, or conflicts of interests.

The Material Changes section of this brochure will be updated annually and/or when material changes occur since the previous update. To receive a complete copy of our firm's brochure, please contact us at (904) 285-7866, or by email to [jad@douglascapital.net](mailto:jad@douglascapital.net).

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#### **Item 4 Advisory Business**

Founded in 1974, Douglas Capital Management is an independent investment advisory firm located in the State of Florida. The Company is 100% owned by its principal executives, Christopher Douglas CEO/CIO, James A. Douglas President CCO and is dedicated to serving each of its clients on an individual basis. It is registered with the Securities and Exchange Commission as an investment advisor under the Investment Advisors Act of 1940. Douglas Capital Management provides the highest level of supervision and investment direction for the portfolios of both institutional and individual investors. Management of investment portfolios is the only business of Douglas Capital Management, Inc. Douglas Capital Management does not provide tax advice, or estate planning services. Please consult with your tax professional, estate planner, or attorney with any tax or estate issues.

#### **Asset Management**

The firm's principal service is the management of investment portfolios- specifically Domestic Equity, Balanced and Intermediate Fixed Income Portfolios. DCM also offers financial planning services where investments may be made in individual equity and debt securities, as well as ETF's (exchange-traded funds) and mutual funds. In addition, investments may also be made in insurance-based vehicles such as, but not limited to, universal/whole life policies and fixed/variable annuities. Our investment advisory agreement executed with the client appoints Douglas Capital Management as a fiduciary with discretion over suitable investments within the guidelines established jointly with the client. Clients may impose restrictions on investing in certain securities or types of securities. Douglas Capital Management is retained on a discretionary basis and is authorized to buy and sell securities at its own discretion within the guidelines of each client's investment objective. Some clients limit the discretionary authority in terms of the type or amount of securities to be bought, the maximum concentration in any one company or industry, the minimum credit quality, or maximum maturities for fixed income securities. For the most part, Douglas Capital Management has full authority to buy and sell securities and for the placement of its portfolio business and the amount of commissions paid on transaction. Our asset management services are individualized and are provided to employee benefit plans, individual retirement accounts, corporations, trusts, estates, institutions, and high net-worth individual accounts. Each account is separate from all others, with no commingling of assets. As of December 31, 2023, Douglas Capital Management had \$271.5 million in Assets Under Management ("AUM") on a fully discretionary basis.

#### **Comprehensive Financial Planning**

We offer comprehensive financial planning services to retail, high-net-worth individuals & participants in company-sponsored retirement plans on a discretionary basis pursuant to their adopted investment advisory agreement. Our process is collaborative with clients by leveraging innovative planning tools & is unique to their personal financial goals & investment objectives. Once a baseline plan is developed, we thoroughly test the plan & gauge the probability of success, discuss priorities & look at tradeoffs that can be made to attempt to improve the probability of success. Each plan factors in the client's risk tolerance, investment objectives & priorities, income-needs & is reviewed continuously on a periodic basis.

After undergoing our comprehensive financial planning process & adopting a plan, clients with plans are provided investment management advice unique to their individual goals, risk-tolerance & investment objectives. In addition to traditional asset management leveraging individual equities, fixed-income securities & cash/cash-alternatives, clients may be recommended investments in open-end mutual funds, ETFs, insurance/annuity solutions & separately-managed-accounts based on their recommended asset allocation & associated net worth. Equity portfolios are managed on a discretionary basis & consist of, but are not limited to, large-cap domestic stocks. Baskets of securities mentioned above are also managed on a discretionary basis & consist of, but are not limited, to mutual funds, ETFs, & other investment products diversified across mid-cap stocks, small-cap stocks, international stocks & fixed income securities. Alternative investments are available to accredited investors & qualified purchasers that provide diversification outside of traditional asset classes & consist of, but are not limited to, real estate,

private equity, managed/hedged strategies, & global macro strategies.

**Asset Allocation/ Client Consultation**

As part of our investment advisory agreement with each client, we may jointly develop an investment policy guideline statement covering asset allocation, risk-tolerance, investment limitations, as well as current income needs and anticipated cash distributions. Each account is reviewed for proper asset allocation, cash flow, equity and fixed income performance and client contact. In addition, the price and trading volume of each security owned is monitored daily.

## **Item 5 Fees and Compensation**

Investment supervisory services, including the giving of continuous advice to clients as to the investment of funds based on the individual needs of each client, are provided pursuant to the terms of the investment advisory agreement in effect between Douglas Capital Management, Inc., and the individual client. Services for each account are managed with regard to all relevant factors concerning the account, which have been determined by the client and Douglas Capital. For such services, the client is normally charged an annual fee, payable quarterly in advance at 25% of the annual fee rate, based on the market value of the account at the end of each quarter. These fees are deducted from client assets on a quarterly basis and the amount deducted is disclosed on the custodial statement.

The annual fee is negotiable and is set by agreement between each client and Douglas Capital Management. The negotiated fee is a stated percentage of the market value of the assets in the account, which may decrease in such percentage for specified incremental increases in the assets of the account.

Clients may incur additional custodial fees, mutual fund fees and will incur brokerage and other transaction costs. Please review Item 12 - Brokerage Practices of this brochure for more detail on these costs. If we recommend mutual funds, we will recommend "no-load" funds to minimize costs.

If the investment advisory agreement is terminated before the end of the billing period, client may be eligible for a pro-rated refund of pre-paid fees according to the following policy. Investment Advisory Agreements may be terminated at any time by either party giving to the other 30 days written notice of such termination. Pro-rated fees (if any) will be reimbursed to the client within 90 days and will be calculated 30 days from the date of termination or last account activity if no notice is given.

Douglas Capital Management may receive compensation for the purchase or sale of annuities or insurance products. This practice may present a potential conflict of interest as we or our supervised persons may have an incentive to recommend investment products based on the compensation received, rather than on a client need. To minimize any potential conflict of interest, we will review the suitability of annuities or insurance products with each client and explain that they have the option to purchase these products through other brokers or agents not affiliated with us.

## **Item 6 Performance-Based Fees and Side-by-Side Management**

Douglas Capital Management does not charge performance fees.

## **Item 7 Types of Clients**

Douglas Capital Management provides investment management services for high-net worth individuals and institutional investors, including retirement accounts, corporations, profit-sharing accounts, association accounts and personal accounts and trusts.

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

### **Methods of Analysis**

We are long only investors in the U.S. equity and fixed income markets. We select individual securities for investment. The process for equities involves screening for potential investment candidates using predetermined parameters in the FactSet fundamentals database. Once a universe of buy candidates is established, we perform vigorous analysis to choose the best equities for investment. The analysis is based on Wall Street research, company financials, trade journals, annual reports, and financial web sites.

Fixed income investments are restricted to investment-grade or higher by at least one of the three major rating agencies- Standard & Poors, Moodys or Fitch. Securities are analyzed by the Bloomberg System- a global leader in fixed income analysis- to determine fair market value, duration, credit quality, and yield to call/maturity before investment.

We also invest in mutual fund. These funds are screened using a variety of tools such as Morningstar and RJF product catalog. Mutual Fund criteria is as follows:

- Strong track record performance vs benchmark(s)
- Management tenure + qualifications
- Adherence to investment guidelines and strategy

### **Investment Strategies**

Active Managed Accounts: We will invest in fairly liquid securities and believe that our strategy is equal to market risk. We do trade fairly frequently in individual securities so the costs associated may be higher than a low turnover approach; however, we are not considered high-frequency traders.

Passive Managed Accounts: We will largely invest in mutual funds and ETF's according to select asset-allocation models. Asset-allocation across these investment baskets is reviewed periodically and will experience a lower turnover.

Blended Accounts: We may utilize both active and passive management strategies in a blended manner.

### **Risk of Loss**

All investments have certain risks, including risk of loss, that clients should be prepared to bear:

Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Risk: The price of a security, bond, or ETF (Exchange-Traded-Fund) may drop in reaction to external factors independent of a security's particular circumstances such as changes in the geopolitical, economic, or social environment.

Liquidity Risk: Liquidity is the ability to readily convert a security into cash. For example, Treasury Bills are the considered the most liquid investment, while real estate is considered highly illiquid.

Re-Investment Risk: Primarily affecting fixed income securities in a falling interest rate environment, this risk is that future proceeds from investments may be reinvested at a lower rate of return.

**Item 9 Disciplinary Information**

Douglas Capital Management has no disciplinary events to report.

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

Douglas Capital Management has no material relationships or arrangements with related financial industry participants.

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

Douglas Capital Management has adopted a Code of Ethics that is upheld by all employees and designed to ensure that the highest level of honesty, integrity, and confidentiality is maintained in all client relationships. All employees of DCM have a fiduciary duty to place the interest of clients ahead of their own and the firm's. This Code of Ethics ensures that this fiduciary duty is upheld. A Copy of the firm's Code of Ethics is available upon request.

**Participation or Interest in Client Transactions**

Neither Douglas Capital Management, nor any related person, recommends to clients, or buys or sells for client accounts, securities in which we have a direct material financial interest.

**Personal Trading**

Douglas Capital manages its own profit-sharing plan as a client. Douglas Capital Management has internal procedures, which protect its clients. These procedures are contained in an insider Trading Policy and a Code of Ethics document, the latter of which is executed by all employees.

Douglas Capital Management will frequently aggregate its "fully discretionary" clients' buy and sell orders into block trades whenever it deems it the most appropriate method for best execution. If trades are executed at different prices, Douglas Capital Management employs the average pricing technique to ensure equitable treatment for all clients. Douglas Capital Management's proprietary portfolios may participate in the average pricing, but they will not receive a better price.



## **Personal Trading (cont.)**

Quarterly, each employee will provide the CCO with non-exempt brokerage statements for review. Annually, each employee is also required to certify to the Company that he or she has complied with all of the Company's policies and procedures during the period and must provide the Company with a report disclosing all securities in which the employee has any direct or indirect beneficial ownership interest and the names of all brokers, dealers or banks where such securities are held, unless exempt. In the alternative, the employee may certify that all such information is contained in the account statements and confirmations provided to the Company during the period and that as of the date of the certification all such information is accurate and complete. While not strictly prohibited, Douglas Capital Management (and its employees) have largely sought to avoid any conflict of interest by refraining from personal investment in equities which are also purchased for its clients, except where proprietary accounts are treated as a "client," as previously disclosed. Employees must also obtain approval from the CCO for any private investments in IPOs or private placements prior to investing. Investment accounts strictly in mutual funds are exempt from these reporting requirements.

## **Item 12 Brokerage Practices**

Douglas Capital Management's primary objective in the selection of broker-dealer is to obtain the best combination of price and execution. Best price, considering commission and other transaction costs, is a principal factor in this decision, but the choice of broker-dealer also considers the quality of brokerage services, the quality of its execution services, and its financial condition. When more than one firm is believed to meet these criteria, preference may be given to firms that also provide research services to Douglas Capital Management. The research services provided are designed to augment Douglas Capital Management's own internal research and investment strategy capabilities. These services would include company specific reports, economic and political strategy, and a wide variety of analysis, reviews, tables, and databases. Other research services would include security quotations, news, trading information, charts and graphs, portfolio analyses, earnings forecasts, access to research analysts, corporate management, and economists, and products and other services (such as third party publications, reports and analysis, and computer and electronic access, equipment, software, information and accessories that deliver, process or otherwise utilize information, including the research described above) that assist Douglas Capital Management in carrying out its responsibilities and effecting securities transaction and ancillary functions such as clearance and settlement. If Douglas Capital Management determines in good faith that the commission charged by a broker-dealer is reasonable in relations to the value of brokerage and research services provided, the client may be paying a higher commission rate than might be obtained elsewhere.

From time to time, we have entered Soft Dollar arrangements with various brokerage firms, payment of which only occurs through best price and execution. Research services furnished by broker-dealers through which Douglas Capital Management effects transactions are used for the benefit of all clients and not solely for the benefit of the particular client whose transactions were effected by the broker-dealer providing such services. Douglas Capital Management maintains an internal allocation procedure to identify those broker-dealers who have provided it with research and services and strives to direct enough commissions to ensure the continued receipt of research Douglas Capital Management deems value added. At times Douglas Capital Management receives products or services that are used for research, portfolio management and other purposes such as administration or marketing. These products or services are considered "mixed-use," and Douglas Capital Management makes a good-faith effort to determine the proportion between research and other. The research portion may be paid with soft dollars generated by client commissions, and the non-research portion will be paid in cash by Douglas Capital Management. Specifically, the following products/services are procured for research and portfolio management: Advent Portfolio Management Software, Bloomberg, Sun guard, Wellington Shields, Y-charts, FIS Securities, NYSE and Option Price Reporting Authority and RJF Financial.

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

Douglas Capital Management utilizes Advent AXYS portfolio management software and has also licensed the RJF (Raymond James Financial) Advisor Access Platform to provide accurate performance and valuation reporting. Daily independent pricing of client investments is automatically downloaded from custodians. Internal Advent reports are also reconciled monthly w/ the custodian statements that the client receives directly.

On a quarterly basis, Douglas Capital Management may provide to some of its clients a separate account written report generated by the Advent system detailing valuation of investments as well as a custom performance report that is automatically generated by the Advent software package. Advent has certified that this performance software accurately represents the effect of the buy/sell transactions inputted in the account, pricing, as well as interest and dividends.

Client accounts custodied at RJF (Raymond James Financial) will receive monthly statements sent directly by the custodian. These accounts are reviewed and managed using the proprietary RJF Advisor Access technology platform which provides robust functionality which largely duplicates the Advent system. As such, Advent reports are not sent quarterly to client accounts held at RJF.

Accounts are reviewed at a minimum quarterly, by Christopher Douglas CIO, James A. Douglas CCO and J. Alexander Douglas, Executive VP.

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

Douglas Capital Management, Inc. may enter into agreements with various independent solicitors that refer clients to the advisor. Fees charged by DCM to clients introduced to it by solicitors will not be greater than fees or costs DCM charges its advisory clients who were not introduced by solicitors and who have similar portfolios under management with DCM. Any fees paid to solicitors by DCM will be paid out of fees collected by DCM from the introduced client. Any such agreements will be disclosed to client prior to the execution of any investment advisory agreements and will be managed in accordance with the provisions of Rule 206(4)-3 under the Investment Advisors Act of 1940.

### **Item 15 Custody**

Douglas Capital Management does not hold custody of client funds, apart from direct billing of management fees from client assets with client consent. All assets are held at an independent custodian, who will furnish monthly statements directly to the client detailing assets held and any transactions that occur. Independent Custodians may charge custodial fees that are deducted from client funds and are client's responsibility. DCM urges you to carefully review such statements and compare such official custodial records to the quarterly account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedure, reporting dates, or valuation methodologies of certain securities.

### **Item 16 Investment discretion**

Douglas Capital Management is retained on a discretionary basis and is authorized to buy and sell securities at its own discretion within the guidelines of each client's investment objective. Some clients limit the discretionary authority in terms of the type or amount of securities to be bought, the maximum concentration in any one company or industry, the minimum credit quality, or maximum maturities for fixed income securities. For the most part, Douglas Capital Management has full authority to buy and sell securities and for the placement of its portfolio business and the amount of commissions paid on transaction. These accounts are called "fully discretionary" or "non-directed" accounts.

**Item 17 Voting Client Securities**

Douglas Capital Management does not exercise voting authority over client proxies. Client reserves all rights to vote proxies.

Proxies and other solicitations are provided directly to the client by the custodian of client assets or transfer agent of the security.

**Item 18 Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about Douglas Capital Management's financial condition. DCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been subject of any bankruptcy proceeding.

**Item 19 Requirements for State-Registered Advisors**

Douglas Capital Management is a federally registered advisor with the SEC.

## **ADV Part2B- Brochure Supplement**

This brochure supplement provides information about the supervisory individuals supplementing the Douglas Capital Management (DCM) brochure. Please contact James Douglas at [jad@douglascapital.net](mailto:jad@douglascapital.net) or (904) 285-7866 if you have any questions about the contents of this supplement.

Additional information about these individuals is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

### **Educational Background and Business Experience**

Christopher (NMI) Douglas, 1957; Rollins College, B.S. Business Administration, 1978, Winter Park, Florida; Chief Investment Officer, CEO, Douglas Capital Management, Inc., Jacksonville, Florida, for the preceding 5 years.

James A. Douglas, 1960; Duke University, AB Economics, AB History, 1982, Durham, North Carolina. CCO, President, Douglas Capital Management, Inc., Jacksonville, Florida, for the preceding 5 years.

J. Alexander Douglas, CFP 1991: Dartmouth College, BA Economics 2013, Hanover, New Hampshire. Executive Vice-President, Secretary, Douglas Capital Management, Inc January 2022-Present. Financial Advisor/CFP, Raymond James Financial 2013-December 2021.

### **Disciplinary Information**

There are no legal or disciplinary proceedings to report concerning the above supervised persons.

### **Other Business Activities**

The supervised persons listed above are not engaged in any investment-related business outside of Douglas Capital Management, Inc. The supervised persons do not receive any commissions, bonuses or other compensation directly based on the sale of investment securities or other investment products.

### **Additional Compensation**

None

### **Supervision**

Christopher Douglas, CIO, CEO, James A. Douglas, President, CCO and J. Alexander Douglas, Executive VP coordinate investment advice given to clients. As CCO, James A. Douglas is responsible for supervision of individuals providing investment advice to clients. He may be reached at (904) 285-7866.

Supervision of investment advice given to clients is done on an individual client basis.