

Item 1: Cover Page

Appendix 1 of Part 2A Wrap Fee Program Brochure

October 24, 2024

**Waterloo Capital, L.P.
dba Waterloo Capital**

SEC File No. 801-63975

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This wrap fee program brochure provides information about the qualifications and business practices of Waterloo Capital. If you have any questions about the contents of this brochure, please contact us at 512-777-5900. 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. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about Waterloo Capital also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. There are no material changes from the last annual update of this Brochure issued on February 16, 2024.

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Item 4: Services, Fees and Compensation

A. Waterloo Capital, L.P.

Waterloo Capital, L.P. (dba "Waterloo Capital" and/or the "firm") is a partnership organized under the laws of the State of Texas. Effective December 31, 2012, Waterloo Capital Management LLC acquired a controlling interest in Waterloo Capital, L.P. Waterloo Capital Management LLC is a single member limited liability company owned by John Chatmas. Waterloo Capital, L.P., is an SEC-registered investment advisory firm and provides investment advisory services to accomplished entrepreneurs.

Waterloo Capital offers services through our network of investment advisor representatives ("Advisor Representatives" or "IARs"). IARs may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials or client statements. Clients should understand that the businesses are legal entities of the IAR and not of Waterloo Capital. The IARs are under the supervision of Waterloo Capital, and the advisory services of the IAR are provided through Waterloo Capital. Waterloo Capital has the arrangement described above with the following Advisor Representatives:

- AMG Wealth Advisors
- Eberly Wealth Management, LLC
- Hap Neilsen Investments
- Ironclad Strategies, LLC
- Lighthouse Financial Advisors
- Market Street
- Strategic Capital
- TEAM Private Wealth Management

A.1. Investment Management Services

Waterloo Capital acts as portfolio managers for the program. The firm works with the client to identify his or her investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement the client's financial situation and personal circumstances. The portfolio may consist of a variety of investments including but not limited to equities, fixed income securities, mutual funds, and alternative investments. The investment strategies utilized depend on the client's investment objectives and goals as provided to the firm. Portfolios are constructed along basic investment objective categories and focus primarily on a long-term buy and hold approach as opposed to short-term trading.

Accounts are managed on a discretionary or non-discretionary basis, at the client's discretion. The advisory representative may periodically rebalance the client's account to maintain the initially agreed upon strategic and tactical asset allocation. However, no changes are made to the agreed-upon asset allocation nor are assets rebalanced in nondiscretionary accounts without prior client review and consent.

Clients have the right to provide the firm with any reasonable investment restrictions in writing that should be imposed on the management of their portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. Waterloo Capital will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Waterloo Capital will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

A.2. Fees and Compensation

A.2.a. Fee Schedule

Waterloo Capital offers investment management services on a fee-only basis. The fee is calculated based upon the market value of the assets in the client's account on the last day of the previous quarter. The maximum annual fee for this service is 2.5%. Broker-dealers and other financial institutions that hold client accounts are referred to as custodians ("custodian/broker-dealer"). The client's custodian/broker-dealer determines the values of the assets in the client's portfolio.

Fees for the initial quarter are based on the value of the client's cash and securities on the date the custodian/broker-dealer receives them and are prorated based upon the number of calendar days in the calendar quarter that the investment advisory agreement is in effect.

These fees include charges for all transaction costs such as commissions on purchase and sales of stocks, bonds, exchange-traded funds and options. The trading cost component of the above-mentioned wrap fees are estimated to range from 15-25 basis points per account per year. Except as otherwise provided below, client will incur no charges other than the adviser's fee pursuant to the above fee schedule in connection with the maintenance of and activity in client's account. The wrap fee does not include annual account fees or other administrative fees, such as wire fees, charged by Manager or brokerage firm; certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the Client's account; and advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in Client's account. The wrap fee also does not cover certain costs associated with securities transactions in the over-the-counter market, such as fixed income securities where Manager must approach a dealer or market maker to purchase or sell a security. Such costs include the dealer's mark-up, mark-down or spread and odd-lot differentials or transfer taxes imposed by law. In addition, trades that are executed away from the client's custodian will incur additional charges. Such trade-away cost component is expected to be nominal, as the firm intends to do all of its trading through the client's custodian; however, in the event there are trade-away fees, they are expected to be less than \$250 per year.

Under certain circumstances, clients may be charged \$250 per hour for additional services, which may include but are not limited to financial plan implementation, mortgage analysis and refinancing, due diligence of client-introduced investments, and/or working with the client's

other advisors. At the discretion of the individual investment adviser representative, for clients with assets under management of \$2,000,000 or more, the firm will, on a quarterly basis, reduce its next quarterly fee in an amount equal to the transaction-based fees incurred by the client during the preceding quarter. Please be advised that the rebate of fees creates an economic disincentive to trade, because every transaction fee that needs to be rebated reduces the firm's profitability. Please also be advised that for clients with less than \$2,000,000 in assets, clients may be able to find comparable services at a lower cost elsewhere.

Asset-based fees are always subject to the investment advisory agreement between the client and Waterloo Capital. Such fees are payable quarterly in advance. The client and the client's custodian or broker-dealer will be invoiced at the beginning of each calendar quarter, based upon the market value (market value plus any credit balance or minus any debit balance) of the client's account at the end of the previous quarter, as mutually agreed upon by the client and Waterloo Capital. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter. Adjustments for contributions to and distributions from a client's portfolio are prorated for the quarter in which the change occurs. Trades and balances are included as of trade date, accrued interest is included for fixed income, and the individual security valuations are downloaded directly from the custodian. With respect to private fund valuations, our billing relies on the most recent quarterly valuation statement received from the issuer. There may be delays in receiving valuations from an issuer and as a result, valuations for certain issuers may be a full quarter in arrears. Additionally, the firm bills on gross market value provided by the custodian for all margin accounts. The firm utilizes Black Diamond to prorate all contributions and withdrawals. As such, the firm has an incentive to recommend margin over other accounts. The firm has adopted a code of ethics that requires all supervised persons to put clients' interests ahead of their own.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due, with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Waterloo Capital may modify the fee at any time upon 30 days' written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

A.2.b. Wrap vs. Non-Wrap Program Fees

Please be advised that non-wrap program fees (those where the client pays trading costs in addition to the advisory fee) should, all things being equal, have the same overall net cost to the client as a comparable investment account in a wrap fee program. For example, if a client has a \$100,000 investment account and utilizes a non-wrap program for an advisory fee of 1% and pays \$250 in additional trading costs, a comparable arrangement on a wrap fee program basis (where the advisory fees include both the trading costs and advisory fee) would be 1.25%. In this way, the client understands the concept of fee parity when comparing wrap vs. non-wrap fee programs. In other words, if you're comparing a non-wrap program at 2% to a wrap free program at 2%, it would always be in your best interest to use the wrap fee in this

example. This is not to suggest that actual trading may be more or less active, which could influence the use of a non-wrap program versus a wrap fee program. As a result, it is important to understand that the firm has an economic incentive to trade infrequently within a wrap fee program because frequent trading lowers the firm's profitability. Of course, it is your decision to utilize the specific fee arrangement and this disclosure is to help you understand the relationship between the cost components of non-wrap fee programs versus wrap fee programs and the related conflicts of interest.

B. Disclosure of Cost Difference if Services Purchased Separately

Depending on a number of factors, such as the number, size and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis. Bundled fees generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transaction fees are included as part of the overall advisory fee to the client drive trading costs higher and reduce the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability.

C. Additional Client Fees and Terms of Payment

C.1. Client Payment of Fees

Waterloo Capital will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. At our discretion, you may be billed for fees in lieu of having them debited from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

C.2. Prepayment of Client Fees

Waterloo Capital requires the prepayment of its advisory fees. The firm's fees will either be paid directly by the client or disbursed to Waterloo Capital by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled at any time by the client, or by Waterloo Capital with 30 days' prior written notice to the client. An agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination of any account, any unearned, prepaid fees will be promptly refunded and any earned, unpaid fees

will be immediately due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

C.3. Additional Fees

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, separate account managers, and trade-away fees imposed by broker-dealers and custodians retained. Such fees and expenses are described in each mutual fund's prospectus, each separate account manager's Form ADV or similar disclosure statement, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Waterloo Capital may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Items 9.B.2 and 9.B.3) for additional information regarding the firm's brokerage practices.

D. Compensation for Recommending the Waterloo Capital Wrap Fee Program

The Waterloo Capital Wrap Fee Program is a proprietary product offered exclusively through Waterloo Capital. As such, there is a conflict of interest in that we are economically disincentivized to trade your portfolio. The less we trade the more money we make, as our wrap fee includes trading costs.

E. External Compensation for the Sale of Securities to Clients

Waterloo Capital's advisory professionals are paid a percentage of the asset-based advisory fees pursuant to their payout arrangement with Waterloo Capital. Waterloo Capital's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products in their capacity as registered representatives of Calton & Associates. Waterloo Capital's advisory professionals may receive commission-based compensation for the sale of securities and insurance products. Investment adviser representatives, in their capacity as a Calton & Associates registered representative, are prohibited from earning an advisory fee on the securities value transferred from an advisory client's Calton & Associates brokerage account unless commissions earned on such securities transactions occurred at least a 12–18 months prior to the transfer. Please see Item 10.C. for detailed information and conflicts of interest.

F. Important Disclosure – Custodian Investment Programs

Please be advised that certain of the firm's investment adviser representatives are registered with a broker-dealer and/or the firm is a broker-dealer or affiliated with a broker-dealer. Under these arrangements, we can access certain investment programs offered through the broker-dealer that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. As such, the investment adviser representative and/or the firm

may have an economic incentive to recommend the purchase of 12b-1 or revenue share class mutual funds offered through the broker-dealer platform rather than from the investment adviser platform.

Limitation on Mutual Fund Universe for Custodian Investment Programs: Please note that as a matter of policy we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' portfolios. There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds: Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances (i) where our adviser representative is also licensed as a registered representative of a broker-dealer and receives a portion of 12b-1 and or revenue sharing fees as compensation – such compensation creates an incentive for the investment adviser representative to use programs which utilize funds that pay such additional compensation; and (ii) where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

Additional Disclosure Concerning Wrap Programs: To the extent that we either sponsor or recommend wrap fee programs, please be advised that certain wrap fee programs may (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate

for a client but do not carry the additional cost of 12b-1 fees. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

G. Client Assets Under Management

As of December 31, 2023, Waterloo Capital had \$1.2 billion of discretionary client assets and \$103 million of non-discretionary client assets under management.

Item 5: Account Requirements and Types of Clients

Waterloo Capital provides advisory services primarily to individuals and high-net-worth individuals, trusts, estates, retirement accounts, pension and profit sharing plans, charitable organizations, corporations, and other business entities. As a condition for starting and maintaining an advisory relationship, the firm generally require a minimum portfolio size of \$1,000,000. The firm, at its sole discretion, may accept clients with smaller portfolios based upon certain factors including anticipated future earning capacity, anticipated future additional assets, account composition, related accounts, and pre-existing client relationships. The firm may consider the portfolios of the client's family members to determine if the portfolio meets the minimum size requirement.

Item 6: Portfolio Manager Selection and Evaluation

A. Waterloo Capital's Participation in Wrap Fee Programs; Portfolio Manager Selection and Review

Waterloo Capital offers its portfolio management services on a wrap fee basis as a wrap program sponsor. Under our wrap program, you will receive investment advisory services and the execution of securities brokerage transactions for a single specified fee. Participation in a wrap program may cost you more or less than purchasing such services separately. We adhere to our fiduciary duty when trading in your accounts. Trades are made only on the basis of the account's stated investment objectives, and without concern to the firm's trading costs and firm's expenses.

The firm is the sole sponsor and sole portfolio manager for the Waterloo Capital Wrap Fee Program. The Waterloo Capital Wrap Fee Program is a proprietary product offered exclusively through the firm and is the only wrap fee program the firm participates in

B. Wrap Fee Program Portfolio Management

B.1. Waterloo Capital Wrap Fee Program

Waterloo Capital acts as portfolio managers for the program. The firm works with the client to identify his or her investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement the client's financial situation and personal circumstances. The portfolio may consist of a variety of investments including but not limited to equities, fixed income securities, mutual funds, and alternative investments. The investment strategies utilized depend on the client's investment objectives and goals as provided to the firm. Portfolios are constructed along basic investment objective categories and focus primarily on a long-term buy and hold approach as opposed to short-term trading.

Accounts are managed on a discretionary or non-discretionary basis, at the client's discretion. The advisory representative may periodically rebalance the client's account to maintain the initially agreed upon strategic and tactical asset allocation. However, no changes are made to the agreed-upon asset allocation nor are assets rebalanced in nondiscretionary accounts without prior client review and consent.

Clients are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. Waterloo Capital will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Waterloo Capital will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

B.2. Client-Tailored Services and Client-Imposed Restrictions

Each client's account will be managed on the basis of the client's financial situation and investment objectives, and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

B.3. Management of Wrap Fee Program

The firm is the sole sponsor and sole portfolio manager for the Waterloo Capital Wrap Fee Program.

Participation in a wrap fee program may cost you more or less than purchasing such services separately. We adhere to our fiduciary duty when trading in your accounts. Trades are made only on the basis of the account's stated investment objectives, and without concern to the firm's trading costs and firm's expenses.

B.4. Performance-Based Fees and Side-by-Side Management

The firm does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in the clients' best interests.

B.5. Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.

B.5.a. Methods of Analysis

Waterloo Capital's investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

Waterloo Capital selects specific investments for client portfolios through the use of fundamental analysis. Fundamental analysis is a method of evaluating a company that has issued a security by attempting to measure the value of its underlying assets. It entails studying overall economic and industry conditions as well as the financial condition and the quality of the company's management. Earnings, expenses, assets, and liabilities are all important in determining the value of a company. The value is then compared to the current price of the issuing company's security to determine whether to purchase, sell, or hold the security.

B.5.b. Mutual Funds and Third-Party Separate Account Managers, Individual Equity and Fixed Income Securities, and Pooled Investment Vehicles

Waterloo Capital may recommend (i) separate account managers to manage client assets; (ii) no-load and load-waived mutual funds and individual securities (including fixed income instruments); and (iii) pooled investment vehicles. Such management styles will include, among others, large-cap, mid-cap and small-cap value, growth and core; international and emerging markets; and alternative investments. The firm may also assist the client in selecting

one or more appropriate manager(s) for all or a portion of the client's portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that the firm will take into account when recommending managers to clients.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), managers, and pooled investment vehicles is set forth below.

The firm has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform due diligence monitoring of mutual funds, managers and pooled investment vehicles
- perform billing and certain other administrative tasks

The firm may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, managers and pooled investment vehicles to clients as appropriate under the circumstances.

The firm reviews certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor or manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity. The firm will discuss relevant quantitative and qualitative factors pertaining to its recommendations with clients prior to a client's determination to retain a mutual fund or manager.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by the firm on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by the firm (both of which are negative factors in implementing an asset allocation

structure). Based on its review, the firm will make recommendations to clients regarding the retention or discharge of a mutual fund or manager.

The firm may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds or managers utilized. The firm will endeavor to obtain equal treatment for its clients with funds or managers, but cannot assure equal treatment.

The firm will regularly review the activities of mutual funds and managers utilized for the client. Clients that engage managers or who invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

C.6. Proxy Voting

The firm does not take discretion with respect to voting proxies on behalf of its clients. The firm will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of the firm supervised and/or managed assets. In no event will the firm take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, the firm will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. The firm has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. The firm also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the firm has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where the firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Item 7: Client Information Provided to Portfolio Managers

The firm is the sole portfolio manager in the Waterloo Capital Wrap Fee Program and does not share any personal information it collects from its clients other than as required by law or regulatory mandate. The firm may collect the following information in order to formulate its investment recommendations to clients:

- Income
- Employment and residential information
- Social security number
- Cash balance
- Security balances
- Transaction detail history
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of accounts
- Client interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

Item 8: Client Contact with Portfolio Managers

The firm encourages communication with its clients and does not limit or condition the amount of time clients can spend with the firm's advisory professionals.

Item 9: Additional Information

A. Disciplinary Information

There are no current or pending disclosure items to report on behalf of the firm's advisors.

A.1. Criminal or Civil Actions

There is nothing to report for this item.

A.2. Administrative Enforcement Proceedings

There is nothing to report for this item.

A.3. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report for this item.

B. Other Financial Activities and Affiliations

B.1. Broker-Dealer or Representative Registration

Certain registered advisory personnel of Waterloo Capital may be registered representatives of Calton & Associates, Inc., a FINRA-registered broker-dealer and member of SIPC. Calton & Associates is a financial services company engaged in the sale of investment products.

B.2. Futures or Commodity Registration

Neither Waterloo Capital nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and do not have an application to register pending.

B.3. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

B.3.1. Calton & Associates, Inc.

Certain registered advisory personnel of Waterloo Capital may be associated persons of Calton & Associates, Inc. As a result, such professionals, in their capacity as registered representatives of Calton & Associates are subject to the oversight of Calton & Associates and the Financial Industry Regulatory Authority, Inc. ("FINRA"). As such, clients of Waterloo Capital should understand that their personal and account information is available to FINRA and Calton & Associates personnel in the fulfillment of their oversight obligations and duties.

Waterloo Capital professionals who effect transactions for advisory clients may receive transaction or commission compensation from Calton & Associates. The recommendation of securities transactions for commission creates a conflict of interest in that Waterloo Capital is economically incented to effect securities transactions for clients. Although Waterloo Capital strives to put its clients' interests first, such recommendations may be viewed as being in the

best interests of Waterloo Capital rather than in the client's best interest. Waterloo Capital advisory clients are not compelled to effect securities transactions through Calton & Associates.

B.3.2. Insurance Activities

Waterloo Capital is an insurance agency. Certain managers, members, and registered employees of Waterloo Capital are licensed insurance agents either through Waterloo Capital or through unaffiliated insurance agencies. Such professionals may recommend insurance products offered or sold through such agencies and be paid a commission for doing so. Such commission-based compensation results in a conflict of interest. Please be advised that the firm strives to put its clients' interests first and foremost and only recommends insurance products that fill a bona fide client need and are in the clients' best interests.

B.3.3. Intelligent Wealth Solutions LLC

Intelligent Wealth Solutions LLC ("IWS") is an affiliate of Waterloo Capital and a registered investment adviser. IWS manages individual separate accounts for its advisory clients. Prospective clients are advised that Waterloo Capital has an economic interest in recommending its affiliate, IWS, for separate account management. Conversely, IWS has an economic interest in recommending Waterloo Capital to clients.

B.3.4. Private Investments

From time to time, we may recommend investment opportunities in private companies sourced either by Waterloo Capital or by one of our clients. Although we perform comprehensive due diligence on all investment opportunities we recommend to our clients and would only endeavor to recommend private company investments that are in our clients' best interests, those sourced by clients create conflicts of interest. We may be viewed as recommending such a client-sourced investment to garner favor or to preserve our business relationship with such client. Although we employ a rigorous investment due diligence process, you should be aware of this conflict. We mitigate such conflicts through investor qualification, due diligence, disclosure, and pricing. For example, we only recommend private company investments to Qualified Investors as defined by the Investment Advisers Act of 1940. In addition, our fees for evaluating and recommending private company investments are generally based on a fixed consulting fee unless we obtain a valuation from an appropriately qualified unaffiliated third-party valuation firm. We generally do not peg our fees to the valuation of the underlying security (unless we obtain an independent third-party valuation), thereby mitigating the incentive to cause or place a high valuation that would either benefit our client or serve to inflate our advisory fees. You should ask your Waterloo Capital professional for more detailed information on conflicts and conflict mitigation associated with private company investments.

B.3.5. IFI Deposit Program

Waterloo Capital may refer clients to IFI's Deposit Program for higher interest rate bearing accounts. In the event a client opens an account through IFI, a portion of the client's fee will be

paid to Waterloo Capital as a referral fee. This creates a conflict of interest in that there is an incentive to recommend IFI based on the receipt of this compensation instead of what is in the best interest of our clients.

B.3.6. Waterloo Capital Dallas Office Location

Waterloo Capital's Dallas office is owned by a client with whom the firm has entered into an arms-length arrangement as a tenant. This arrangement may pose a conflict of interest as the firm has an economic incentive to favor this client in terms of time spent on advisory activities, investment recommendations, and trade allocations. The firm has policies and procedures in place to mitigate these conflicts.

B.4. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

Waterloo Capital does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

C. Code of Ethics, Brokerage Trading Practices, Account Reviews, and Financial and Related Matters

C.1. Code of Ethics Description

Waterloo Capital has adopted a Code of Ethics ("Code") to address the securities-related conduct of its advisory representatives and employees. The Code includes the firm's policies and procedures developed to protect clients' interests in relation to the following:

- The duty at all times to place clients' interests ahead of the firm's
- That all personal securities transactions of Waterloo Capital advisory representatives and employees be conducted in a manner consistent with the Code and avoid any actual or potential conflict of interest, or any abuse of an advisory representative's or employee's position of trust and responsibility
- That advisory representatives may not take inappropriate advantage of their positions
- That information concerning the identity of clients' security holdings and financial circumstances are confidential
- That independence in the investment decision-making process is paramount

The firm will provide a copy of the Code to clients or any prospective client upon request.

C.2. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

The firm does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, the firm does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

C.3. Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest

The firm, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which the firm specifically prohibits. The firm has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow the firm's procedures when purchasing or selling the same securities purchased or sold for the client.

C.4. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

The firm, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other the firm clients. The firm will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of the firm to place the clients' interests above those of the firm and its employees.

D. Review of Accounts

D.1. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

All client accounts are monitored on an ongoing basis, with a formal review conducted at least annually or as agreed upon with individual clients. The reviews focus on the consistency of portfolio investments with each client's stated objectives and risk tolerances. Reviews also consider investment restrictions requested by individual clients, investment time horizons, liquidity needs, tax considerations, and other circumstances unique to each client.

On a quarterly basis, the performance of each client account is reviewed to monitor consistency with market benchmarks that we deem applicable. Account reviews may also be triggered by other factors such as changes in general economic and market conditions, analyst reports, issuer news, and interest rate movement.

Cash levels are reviewed at least quarterly. After consideration of the above factors, allocation and investment determinations are made. Thereafter, accounts are reviewed on a transaction, monthly, quarterly, or annual basis as needed. At least annually, accounts are rebalanced to their strategic and tactical allocations. Account reviews may be triggered by potential change (beyond client's needs) including analyst reports, company news, fund management change, and interest rate movement.

Waterloo Capital's CEO is responsible for all reviews.

D.2. Review of Client Accounts on Non-Periodic Basis

The firm may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how the firm formulates investment advice.

D.3. Content of Client-Provided Reports and Frequency

Clients will receive statements from their custodian/broker-dealer at least quarterly. These statements identify the current investment holdings, the cost of each of those investments, and their current market values. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Waterloo Capital. Clients will also receive performance analysis reports prepared by Waterloo Capital which describe the returns realized on the investments in their accounts.

E. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

E.1. Schwab Advisor Services Advisory Board Membership

John Chatmas, CEO of Waterloo Capital, serves on the Schwab Advisor Services Advisory Board (the "Advisory Board"). As described under Item 12 of this Brochure, Waterloo Capital may recommend that clients establish brokerage accounts with Charles Schwab & Co., Inc.

("Schwab") and/or its affiliates to maintain custody of the clients' assets and effect trades for their accounts. The Advisory Board consists of representatives of independent investment advisory firms who have been invited by Schwab management to participate in meetings and discussions of Schwab Advisor Services' services for independent investment advisory firms and their clients. Advisory Board members enter into nondisclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally does not include material nonpublic information about the Charles Schwab Corporation, whose common stock is listed for trading on the New York Stock Exchange (symbol SCHW). The Advisory Board meets in person or virtually approximately twice per year and has periodic conference calls scheduled as needed. Advisory Board members are not compensated by Schwab for their service, but Schwab does pay for or reimburse Advisory Board members' travel, lodging, meals, and other incidental expenses incurred in attending Advisory Board meetings.

E.2. Advisory Firm Payments for Client Referrals

The firm may enter into agreements with Solicitors who will refer prospective advisory clients to the firm in return for a portion of the ongoing investment advisory fee our firm collects. Generally, when the firm engages a Solicitor, such Solicitor is compensated through receipt of a portion of the advisory fees we collect from our advisory clients. The receipt of such fees creates a conflict of interest in that the Solicitor is economically incented to recommend our services because of the existence of a fee sharing arrangement with our firm. Please be advised that the firm's payment of a referral fee to the Solicitor does not increase the client's advisory fee paid to the firm.

F. Financial Information

F.1. Balance Sheet

Waterloo Capital does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

F.2. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

The firm does not have any financial issues that would impair its ability to provide services to clients.

F.3. Bankruptcy Petitions During the Past Ten Years

There is nothing to report for this item.