

## Item 1 – Cover Page

### **Apex Capital Management, LLC**

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Date of Brochure: March 2024



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This brochure provides information about the qualifications and business practices of Apex Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (337) 984-7010. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Apex Capital Management, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for Apex Capital Management, LLC's name or by using its CRD number: 117059.

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

## Item 2 – Material Changes

Since our last annual update was filed in March 2023, we have made the following change to this disclosure brochure:

- Our assets under management as of 12/31/2023 increased to \$205,145,366, please refer to **Item 4 – Advisory Business** for more specific information.
- We have added a new tiered fee schedule that will affect accounts opened after 01/01/2024, please refer to **item 5 – Fees and Compensation** for more specific information.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## Item 4 – Advisory Business

### **Ownership**

Apex Capital Management, LLC (“Advisor” or “we”) is an investment advisor registered with the U.S. Securities and Exchange Commission from June 2022 to present, previously from August 2008 to March 2012 and with its home state of Louisiana (and other states) from March 2012 to March 2022. We are a limited liability company formed in October 1999 under the laws of the State of Louisiana. Our members (owners) are:

- Christopher C. Arsement
- Stephen J. Arsement
- Kimberly B. Gardner
- Robert J. Morella
- John R. Redd III
- Eric J. Benoit

### **General Description of Primary Advisory Services**

We offer personalized investment advisory services including financial planning, consultations and asset management. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“clients” or “you”) can review the services and description of fees more thoroughly.

#### ***Financial Planning Services (Plans and Consultations)***

Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

We offer advisory services in the form of comprehensive and modular (segmented) financial plans. These services do not involve actively managing client accounts. Instead, comprehensive planning services focus on a client’s overall financial situation. Modular planning services and consultations focus on specific areas of client concern.

Financial consulting is used when a written financial plan isn’t needed. It involves one time and/or ongoing meetings to discuss your financial situation.

#### ***Asset Management Services***

We offer asset management services providing clients with continuous and on-going supervision over their accounts. This means that we continuously monitor a client’s account and make trades in that account when necessary or when requested by the client.

## ***Retirement Plan Services***

We offer retirement plan consulting services to retirement plan sponsors and to individual participants in retirement plans. These services can be both fiduciary and non-fiduciary.

**Retirement Plan Rollover Recommendations** - When Apex Capital Management provides investment advice about your retirement plan account or individual retirement account ("IRA") including whether to maintain investments and/or proceeds in the retirement plan account, roll over such investment/proceeds from the retirement plan account to a IRA or make a distribution from the retirement plan account, we acknowledge that Apex Capital Management is a **"fiduciary"** within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC") as applicable, which are laws governing retirement accounts. The way Apex Capital Management makes money creates conflicts with your interests so Apex Capital Management operates under a special rule that requires Apex Capital Management to act in your best interest and not put our interest ahead of you.

Under this special rule's provisions, Apex Capital Management must act as a fiduciary to a retirement plan account or IRA under ERISA/IRC:

- Meet a professional standard of care when making investment recommendations (e.g., give prudent advice);
- Never put the financial interests of Apex Capital Management ahead of you when making recommendations (e.g., give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that Apex Capital Management gives advice that is in your best interest;
- Charge no more than is reasonable for the services of Apex Capital Management; and
- Give Client basic information about conflicts of interest.

To the extent we recommend you roll over your account from a current retirement plan account to an individual retirement account managed by Apex Capital Management, please know that Apex Capital Management and our investment adviser representatives have a conflict of interest.

We can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to an IRA managed by Apex Capital Management. We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to an IRA managed by Apex Capital Management.

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in Apex Capital Management receiving

unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by Apex Capital Management and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When providing advice to you regarding a retirement plan account or IRA, our investment advisor representatives will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of Apex Capital Management or our affiliated personnel.

### ***Referral Services***

We currently have no established agreements with, and do not refer clients to unaffiliated investment advisors (third party money managers). We may enter into agreements with unaffiliated referring parties who refer clients to us. When these referral relationships are established, Advisor and the referring parties remain in compliance with regulations set out in 17 CFR §275.206(4) and the Rules under the *Investment Advisers Act of 1940*.

### **Limits Advice to Certain Types of Investments**

We provide investment advice on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issues
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Interests in partnerships involving real estate and involving oil and gas interests

We also offer advice on closely held businesses. Although we generally limit our advice to the investments listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

### **Tailor Advisor Services to Individual Needs of Clients**

Our services are always provided based on the specific needs of the individual client. Clients are given the ability to impose restrictions on their accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a client whose investment

objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Wrap-Fee Program versus Portfolio Management Program**

In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for one fee. We do not act as a portfolio manager of or sponsor wrap fee programs.

### **Client Assets Managed by Advisor**

The amount of client's assets managed by Advisor totaled \$205,145,366 as of December 31, 2023, with \$191,137,833 managed on a discretionary basis and \$14,007,533 managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provide in **Item 4, Advisory Business**, this section provides additional details regarding our services along with descriptions of each service's fees and compensation arrangements.

### **Financial Planning and Consulting**

We offer financial planning and consulting services that focus on your specific needs and concerns and can include giving advice on investment and non-investment related matters. Financial plans are written and can be either comprehensive or segmented. A comprehensive plan focuses on your overall financial situation and covers several areas as needed by your specific situation. A comprehensive plan can also help you establish and prioritize your financial goals and time frames for achieving them, develop strategies that address your financial weaknesses and build on your financial strengths. A segmented plan focuses only on one or more specific area(s) of concern to you, and you should be aware that other important issues may not be taken into consideration when our investment advisor representatives ("representatives") develop their analyses and recommendations.

Financial plans can include, but are not limited to, education, estate, retirement and tax planning, risk management and asset management. Our representatives meet with you to gather information and documentation needed to perform an analysis and review of your situation as well as your objectives and goals. One or more meetings may be required in order to gather all needed information and determine the services best suited to help meet your needs. We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate. We are not responsible for verifying the information supplied by you or your other professional consultants (i.e., attorney, accountant, etc.).

Our services do not include legal advice. We urge you to work closely with your attorney, accountant or other professional consultants regarding your financial and personal situation. We also request that you notify us if there is ever a change in your financial situation or investment objectives so that we can review, evaluate and/or revise any prior recommendations made or services provided.

After completing a review and analysis of the information and documents received, our representatives develop their analyses and recommendations and present the written plan. All of our recommendations are generic in nature and are not limited to any specific product or service offered by the financial services industry.

Consultation services can be contracted for in conjunction with a financial plan or separately. Consultations can cover any topic or topics of interest to you, including discussions about a previously prepared financial plan.

Fees for both financial plans and consultations are charged at an hourly rate of up to \$275 per hour and are negotiable based on the level and scope of services requested, the complexity of your situation and the experience and knowledge level of the representative providing the services. We provide an oral estimate of the hours needed to complete the requested services. If the actual time required exceeds the estimate, we contact you for permission before continuing with the services. You are charged for the actual time spent on the services and fees are payable when the financial plan is presented or the consultations are completed. Fees are due within 30 days of receiving our billing notice.

Financial planning services terminate upon presentation of the plan or completion of the consultations. However, either party has the ability to terminate services at any time by providing written notice to the other party. Termination is effective upon receiving the notice. If services are terminated within five business days of executing an agreement for services, services are terminated without penalty. You are responsible for the time expended to the effective date of termination. We provide you with a billing notice detailing the time spent and fees due and payable from you.

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any financial planning recommendations made by our representatives. If you do decide to implement the recommendations, you are responsible for taking any actions or implementing any transactions required, and you are free to select any broker/dealer and/or insurance agent to implement the recommendations.

If you elect to implement our recommendations through our asset management programs described elsewhere in this Disclosure Brochure, we receive on-going fees. In this case, we may waive or reduce the financial planning fee as a result of the on-going fees received. When considering whether to waive or reduce the financial planning fee, we consider our history and relationship with you and/or our affiliated accounting firm, other advisory accounts you may have and possible future advisory services.

Please see **Additional Compensation**, below, **Item 10, Other Financial Activities and Affiliations**, and **Item 12, Brokerage Practices**, for discussion on conflicts of interest.

### **Asset Management Services**

We offer investment supervisory services defined as giving continuous investment advice to you (or making investments for you) based on your individual needs, goals and objectives. In some instances, we may serve as a sub-advisor when working with asset management programs offered by other registered investment advisor firms.



We help you determine your risk profile, investment objectives and investment time horizon through an interview with you and completion of a questionnaire. We then use this information to determine the initial asset allocation we recommend to you. Once your asset allocation has been established, your portfolio is implemented using the mutual funds advised by the respective qualified Custodian as well as other investments recommended by us.

For accounts with SEI, SEI selects the investment managers of the underlying mutual funds and utilizes institutional investment management firms. SEI monitors the fund managers to ensure that their investment styles and performance remain consistent with the objectives of the mutual funds. SEI has sole responsibility to monitor the individual managers of the available funds and asset allocation portfolios to ensure compliance within the structure of each fund's objectives. SEI has full authority to add or delete a particular fund or asset class to their selected group of fund alternatives.

When executing an asset management agreement for services, you will grant us discretionary authority to determine the securities and quantity of securities to be bought and sold, the time of execution and the price at which the trades are executed. You can place reasonable limitations and restrictions in relation to the discretionary authority, on the nature of the funds held in your portfolio or the allocation among various asset classes. We do not have direct access to your funds and securities. Your qualified account custodian maintains custody of all your funds and securities.

For accounts opened after 01/01/2024, we will utilize the following fee schedule for asset management services. Certain existing or legacy clients may be charged under a different fee arrangement.

Assets Under Management			Fee
\$0.00	to	\$150,000.00	** 1.50%
\$150,000.01	to	\$500,000.00	1.25%
\$500,000.01	to	\$1,000,000.00	1.00%
\$1,000,000.01	to	\$3,000,000.00	0.85%
\$3,000,000.01		and over	0.75%
**Minimum annual fee \$500			

Fees may be discounted or negotiated based on the following:

- Complexity of your financial situation
- Complexity and types of assets and asset classes maintained in your managed account(s)
- Amount of assets under management
- Whether the managed account is a qualified or non-qualified account
- Our relationship and history with you
- The number of accounts we are managing for you and persons related to you
- The level of knowledge and experience of the representative managing the account
- Whether or not we have discretionary authorization on the assets

Depending on the account custodian, fees charged according to a fixed percentage, or a tiered fee schedule are billed quarterly in arrears based on either the average account balance for the quarter or the account balance at the end of the quarter. The initial fee is prorated based on the number of days services are provided. In the account application you authorize the Custodian to deduct the fees from

your account and pay them directly to us. Through an automated system, the Custodian calculates and deducts fees from client accounts; your quarterly account statement provided by the Custodian shows the amount of the fee deducted.

In lieu of a fixed percentage or the tiered fee schedule, a fixed dollar amount ranging from \$500-\$50,000 may be negotiated based on the factors previously stated. The exact services and fee (schedule) are agreed upon and disclosed in the agreement for services before services are provided. Fixed dollar amount fees are invoiced in advance. If services are terminated (after the initial five-day period), fees are prorated based on the number of days services are provided. A refund of the unused portion of the paid fee will be sent by check to the client within 30 days of termination.

Our management fee is in addition to the fees respective Custodians charge you for services provided. The Custodian's account application includes a Custody Account Fee Schedule that discloses fees and the how they are charged. By signing the account application, you acknowledge receipt of and agree to the disclosed fees. In addition, funds are administered, distributed and, in some cases, advised by the Custodian or its affiliates. In these cases, Custodian is paid fees as disclosed in the funds' prospectuses. You should carefully read the prospectus(es) before investing in the Custodian's funds.

You may also be charged fees by other parties that can include brokerage commissions and/or transaction ticket fees charged by your custodian. In addition, you may incur certain charges imposed by other third parties including, but not limited to, administrative fees, mutual fund sales loads, 12(b)-1 fees, contingent deferred sales charges and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Fees and expenses are charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. Our management fees are separate and distinct from these other fees, and we do not receive or share in a portion of these fees.

Either party has the ability to terminate the agreement for services at any time by providing written notice to the appropriate party. Termination is effective upon receiving the notice. If services are terminated within five business days of signing the agreement, services are terminated without penalty and no fees are due or a refund of any prepaid fees is made to you. If services are terminated after the initial five day period, fees are prorated based on the number of days services are provided prior to receiving the notice of termination.

### **Annuity Product Management**

We also offer annuity product management services using Ameritas Life Insurance Corp. or Jackson National Life Insurance, who is both the product sponsor and custodian for the no-load annuity products we recommend. These services can be provided on both a discretionary and a non-discretionary basis. Please see **Item 16, Investment Discretion**, for additional details on discretionary authority.

For these service, we typically charge an annual fixed percentage of up to 1.5% of the value of the annuity product under management.

The fee may be discounted or negotiated based on the following (i.e., clients may be charged less if their financial situation is very basic or if they have millions in managed assets):

- Complexity of your financial situation
- Whether the managed account is a qualified or non-qualified account
- Our relationship and history with you
- The number of accounts we are managing for you and persons related to you
- The level of knowledge and experience of the representative managing the account
- Whether or not we have discretionary authorization on the assets

Fees charged as a percentage of assets under management are billed quarterly in arrears based on the ending balance of the managed annuity(ies). The initial fee is prorated based on the number of days services are provided. At the time the account is open, we will decide on the method for payment of fees. You may pay us directly for fees in which case they are due upon receipt of a billing statement from us. Fees may also be deducted from the annuity by Ameritas and sent directly to us or, if you established a managed account at SEI Private Trust Company (see **Asset Management Services**, above), at your request and our discretion, we may adjust the fee charged for that managed SEI account to include the annuity management fee as well. We will provide you with a fee billing notification statement detailing the advisory fees charged as well as any adjustments to the fee.

In lieu of a fixed percentage, a fixed dollar amount ranging from \$500-\$50,000 may be negotiated based on the factors previously stated. The exact services and fee (schedule) are agreed upon and disclosed in the agreement for services before services are provided. Fixed dollar amount fees are invoiced in advance. If services are terminated (after the initial five day period), fees are prorated based on the number of days services are provided. A refund of the unused portion of the paid fee will be sent by check to the client within 30 days of termination.

Our management fee is in addition to any fees charged by Ameritas Life Insurance Corp, Jackson National Life Insurance, or any other third party for administrative fees, annuity fees, surrender charges and/or other transaction expenses. Our management fees are separate and distinct from these other fees and we do not receive or share in a portion of these fees.

Either party has the ability to terminate the agreement for services at any time by providing written notice to the appropriate party. Termination is effective upon receiving the notice. Fees are prorated based on the number of days services are provided prior to receiving the notice of termination. We will provide you with a billing statement detailing the prorated fees due as of the date of termination.

### **Retirement Plan Services**

Advisor offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the following services:

#### **Fiduciary Consulting Services**

- **Investment Policy Statement Preparation.** Advisor helps you develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the plan. You have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.

- Non-Discretionary Investment Advice. Advisor provides you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your plan's investment policy statement.
- Investment Selection Services. Advisor provides you with recommendations of investment options consistent with ERISA Section 404(c).
- Investment Due Diligence Review. Advisor provides you with periodic due diligence reviews of the plan's reports, investment options and recommendations.
- Investment Monitoring. Advisor assists in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement. Advisor makes recommendations to maintain or remove and replace investment options.
- Default Investment Alternative Advice. Advisor provides you with non-discretionary investment advice to assist you with the development of qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the plan or who otherwise fail to make an investment election. You retain the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).]
- Individualized Participant Advice. Upon request, Advisor provides one-on-one advice to plan participants regarding their individual situations.

Advisor acknowledges that in performing the fiduciary consulting services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of the *Employee Retirement Income Security Act of 1974* ("ERISA") for purposes of providing non-discretionary investment advice only. Advisor acts in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Advisor to be a fiduciary as a matter of law. However, in providing the fiduciary consulting services, Advisor (a) has no responsibility and does not (i) exercise any discretionary authority or discretionary control respecting management of the client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of the client's retirement plan or (iii) have any discretionary authority or discretionary responsibility in the administration of the client's retirement plan or the interpretation of retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets and (c) is not the "Administrator" of the client's retirement plan as defined in ERISA.

#### Fiduciary Management Services

- Discretionary Management Services. Advisor provides you with continuous and ongoing supervision over the designated retirement plan assets. Advisor actively monitors the designated retirement plan assets and provides advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the plan. We have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in our sole discretion without first consulting with you. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the plan for our management of the designated retirement plan assets.
- Discretionary Investment Selection Services. Advisor monitors the investment options of the plan and adds or removes investment options for the plan. Advisor has discretionary authority to make all decisions regarding the investment options that are made available to plan participants.

- Default Investment Alternative Management. Advisor develops and actively manages qualified default investment alternative(s) (“QDIA”), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the plan or who otherwise fail to make an investment election.

If you elect to utilize any of Advisor’s fiduciary management services, then Advisor is acting as an investment manager to the plan, as defined by ERISA Section 3(38), with respect to our fiduciary management services, and Advisor hereby acknowledges that it is a fiduciary with respect to its fiduciary management services.

#### Non-Fiduciary Services

- Participant Education. Advisor provides education services to plan participants about general investment principles and the investment alternatives available under the plan. Advisor’s assistance in participant investment education is consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations do not take into account the individual circumstances of each participant and individual recommendations are not provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Participant Enrollment. Advisor assists you with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.
- Qualified Plan Development. Advisor assists you with establishing a qualified plan by working with you and a selected third party administrator. If you have not already selected a third party administrator, we assist you with reviewing and selecting a third party administrator for the plan.
- Due Diligence Review. Advisor provides you with periodic due diligence reviews of your plan’s fees and expenses and your plan’s service providers.
- Fiduciary File Set-up. Advisor helps you establish a “fiduciary file” for the plan which contains trust documents, custodial/brokerage statements, investment performance reports, services agreements with investment management vendors, the investment policy statement, investment committee minutes, asset allocation/asset liability studies, due diligence fields on funds/money managers and monitoring procedures for funds and/or money managers.
- Benchmarking. Advisor provides you benchmarking services and provides analysis concerning the operations of the plan.

Although an investment adviser is considered a fiduciary under the *Investment Advisers Act of 1940* and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the plan as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA.

The exact services provided to a client are listed and detailed in the client agreement.

All recommendations of investment options and portfolios are submitted to the client for ultimate approval or rejection. Therefore, it is always the client’s responsibility to accept Advisor’s investment recommendations and then physically make changes to the plan itself.

In the event a client contracts with Advisor for one-on-one consulting services with plan participants, those services are consultative in nature and do not involve Advisor implementing recommendations in individual participant accounts. It is the responsibility of each participant to implement changes in the

participant's individual accounts. We can also meet with individual participants to discuss their specific investment risk tolerance, investment time frame and investment selections.

Retirement plan consulting services are not management services, and Advisor does not serve as administrator or trustee of the plan. Advisor does not act as custodian for any client account or have access to client funds or securities (with the exception of some accounts having written authorization from the client to deduct our fees). In addition, we do not implement any transactions in a retirement plan or participant's account. For retirement plan consulting services, the retirement plan or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Advisor will disclose to you, to the extent required by ERISA Regulation Section 2550.408b-2(c), any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or plan administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the client agreement and any compensation or fees received in connection with the Agreement that is required for the plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

For retirement plan sponsors, we charge an annual fee that ranges from 0.75% to 1.50% that may be negotiated based on the following:

- Size of the plan assets
- Potential for additional deposits to the plan
- Complexity of the plan
- Actual services provided
- Representative providing the services
- Advisor's relationship and history with the client

Individual participants are charged fees based on a percentage of the participant's account value. Fees range from 0.25% to 1.00% per year and are negotiable based upon the actual services requested and the complexity of the participant's situation.

For retirement plan sponsors and participants, fees are billed in arrears on a quarterly calendar basis and calculated based on the fair market value of the account as of the last business day of the current billing period. For accounts opened mid-period, fees are prorated based on the number of days services are

provided during the initial billing period. Retirement plan sponsors may also elect to pay all or a portion of fees for the individualized services provided by us to the plan participants.

Clients can elect to have the fee deducted from their account or billed directly and due upon receipt of the billing notice. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to Advisor. We provide the custodian with a fee notification statement.

Either party may terminate services by providing written notice of termination to the other party. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Fees are prorated based on the number of days services are provided prior to the date of termination. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination. Any prorated fees remaining due are payable upon receipt of Advisor's billing statement.

Advisor does not reasonably expect to receive any other compensation, direct or indirect, for its services. If we receive any other compensation for such services, we (i) offset that compensation against our stated fees and (ii) disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

#### **Additional Compensation**

From time to time, we may receive products, expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. Both we and our representatives endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact the judgment of our representatives when making advisory recommendations.

#### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

## **Item 7 – Types of Clients**

We generally provide investment advice to the following types of clients:

- Individuals (including high-net worth individuals)
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

### **Minimum Investment Amounts Required**

We do not require any minimum investment amount or conditions to establish a managed account. The minimum fee for asset management services is \$500; there is no minimum fee charged for financial planning.

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

### **Methods of Analysis**

We use fundamental analysis when considering investment strategies and recommendations for clients. Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

There are risks with using this analysis method. Fundamental analysis takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over years (e.g., quarterly financial statements). Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its “correct” value over the long run--perhaps several years. The less frequent trading practices of fundamental analysis could also have a positive or negative impact on a client's portfolio value, but likely has reduced brokerage and transaction costs.

### **Investment Strategies**

When implementing investment advice, we usually use long term purchases (securities held at least a year) and short term purchases (securities sold within a year) as investment strategies.



We gather information from financial newspapers and magazines, corporate rating services, research materials prepared by others, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases. Account Custodians and their affiliated entities are the primary sources for investment information and research when managing assets through said Custodian's programs. This information and research includes, among other things, economic and financial market commentaries, investment manager relations and other research materials.

## **Risk of Loss**

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk.** There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- **Fixed Income Risk.** Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **ETF and Mutual Fund Risk.** ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.

- **Management Risk.** Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

### **Primarily Recommend One Type of Security**

We do not recommend any specific security to clients. Instead, we recommend any product that may be suitable for each client relative to their specific circumstances and needs.

### **Item 9 – Disciplinary Information**

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

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

We are not and do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- An investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- A lawyer or law firm
- An insurance company or agency
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

We are an independent registered investment advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

### **Accounting Services**

Our owners are associated with Arsement, Redd & Morella, LLC (“ARM”), an accounting and consulting firm providing audit, compliance and tax consulting services to clients. Robert J. Morella, our managing member and a representative, spends the majority of his time on accounting and consulting services. When providing accounting services, ARM may recommend that clients needing help with financial planning and investment services meet with Mr. Morella. In turn, we may refer clients needing assistance

with accounting services to ARM. No referral fees are paid or received for referrals. However, our owners have a financial incentive for referring clients to us since they receive a portion of the profits generated by the advisory services we provide. Except for Mr. Morella, the owners do not provide advisory services. Clients contracting for asset management services may receive free tax preparation services through ARM because of the management fees they pay to us.

Clients are not obligated to use either firm but if they do, they are required to enter into a separate services agreement. Accounting and advisory fees are charged separately.

Charles J. Duchamp, one of our representatives, is the sole owner of Charles J. Duchamp, Ltd., a professional accounting firm. We may also refer clients needing accounting services to Mr. Duchamp and his firm, although clients are not obligated to use either his services or the services of his firm. If they elect to do so, accounting fees are charged separately.

Jo Ellen Kearny, one of our representatives, is a CPA with Daigrepont & Brian CPAs, a professional accounting firm. We may also refer clients needing accounting services to Ms. Kearny and Daigrepont & Brian, although clients are not obligated to use either her services or the services of Daigrepont & Brian. If they elect to do so, accounting fees are charged separately.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

All investment advisers are required to establish, maintain and enforce a Code of Ethics. We have established a Code of Ethics that applies to all of our associated persons. An investment adviser is considered a fiduciary according to state and federal regulations. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of clients at all times. We have a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics, which also covers our insider trading and personal securities transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation, and at least annually thereafter, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with our Code of Ethics. We have the responsibility to make sure that the interests of all clients are placed ahead of our or our supervised persons' own investment interests. We provide full disclosure of all material facts and conflicts of interest to clients prior to any services being conducted. We and our supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy is provided promptly upon request.

### **Participation in Client Transactions and Personal Trading**

We, our owners or our associated persons may buy or sell investment products for our personal accounts that are identical to those recommended to clients. This creates a conflict of interest. It is our express policy that all persons associated in any manner with us must place the interests of clients ahead of our own when implementing personal investments. We and our associated persons will not buy or sell

securities for our personal account(s) where our decision is derived, in whole or in part, by information obtained as a result of our employment unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by us are widely held and publicly traded.

## **Item 12 – Brokerage Practices**

You are under no obligation to act on our recommendations. If we assist in implementing recommendations, we are responsible for ensuring that you receive the best execution possible. Best execution does not necessarily mean the lowest price but includes the overall services received from a broker/dealer. You should understand that not all investment advisors require the use of a particular broker/dealer. There may be other platforms that are less expensive and may provide faster execution capabilities.

If you wish to use our asset management services, we participate in and recommend the custodial services of SEI Private Trust Company, Capital Group American Funds and The Principal Financial Group (“Custodians”). Annuity products are managed through Ameritas Life Insurance Group or Jackson National Life Insurance. The Custodians offer services which include custody of securities, trade execution, clearance, and settlement of transactions. Depending on which Custodian the client selects to maintain their accounts, clients may experience differences in customer service, transaction timing, the availability of sweep account vehicles and money market funds and other aspects of investing. In certain instances, some of these differences could cause differences in account performance.

SEI provides us with certain services and benefits for placing client assets under their program. The Advisor Benefits Program includes:

- Fee discounts for new accounts
- Access to a dedicated service liaison and support team to assist with business administration
- Eligibility to receive an annual marketing budget
- Invitation for a Senior Partner/Owner to attend the annual National SAC Conference
- Complimentary FinaMetrica subscription
- Advisor's custom logos on statements at no charge
- Eligibility for financial support of group programs
- Access to Tax Return Review Observation Service for clients
- Access to an SEI economic speaker for an in-person client event, once a year
- Access to SEI's exclusive, professional studio
- Access to SEI's Marketing Campaign Generator and Literature Fulfillment Center
- Invitations to regular webinars
- Subscription to What's New@ SEI monthly eNewsletter and annual SEI Advisor Forums
- Access to Strategic Alliances on graphic design, risk profiling and financial planning software
- SEI Investment Services Team support (for cases over \$1 million)
- SEI Advisor Transition Team access

As part of our fiduciary duties to clients, we always endeavor to put the Client's interests first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a conflict of interest and may indirectly influence the Advisor's choice of a qualified custodian for custody and brokerage services.

In some instances, when we do not feel you are a candidate for our management services, we may recommend you use a local broker to assist you. We do not have any arrangements, relationships or affiliations with the referred broker. We provide these recommendations only to offer a resource to assist regarding implementing your plan. You are not under any obligation to act on our recommendations. We are not making these recommendations based on any due diligence performed by us, the services provided by the broker or the cost involved in working with the broker. It is solely up to you whether or not to work with the broker and it is your responsibility to determine whether the broker is the best fit for you.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Investment advisor representatives of our firm will monitor your accounts on an ongoing basis and will conduct account reviews at least quarterly. Advisors will review your account(s) with you via personal meeting, phone call, text, or email at least annually and upon your request to ensure the advisory services provided to you are consistent with your investment needs and objectives. You will receive statements at least quarterly from your account custodian(s) that provide detailed information about your accounts including your current allocation, fair market value of the assets held and all transactions. You also receive an Annual Tax Reporting Package.

Financial planning and consulting agreements terminate upon presentation of the plan or completion of the consultations and no reviews are conducted. You do not receive any reports other than the plan originally contracted for. However, we recommend that you have your financial situation reviewed and updated at least annually. If you elect to have this review and update, you must sign a new client agreement and additional fees are charged.

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

We may enter into agreements with unaffiliated parties (Referring Parties) to refer clients to us. If a client is referred to us, the Referring Party provides the client with a copy of our Disclosure Brochure as required by the *Investment Advisers Act of 1940*. The client also receives a copy of the disclosure statement containing the information set forth in of the *Investment Advisers Act of 1940*. If a Referring Party client enters into an investment advisory agreement with us, a referral fee is paid to the Referring Party that can be either a one-time flat fee or a recurring fee based on a percentage of the annual advisory fee collected by us. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided. The referral agreements between Advisor and the Referring Parties are in compliance with regulations as set out in 17 CFR §275.206-4 and the Rules under the *Investment Advisers Act of 1940*.

As referenced in **Item 12- Brokerage Practices** Apex Capital Management receives additional benefits and services from SEI. Please refer to **Item 12 – Brokerage Practices** for more specific information.

Please also see **Item 10, Other Financial Industry Activities and Affiliations**, for information concerning the referrals received from the accounting firm of Arsement, Redd & Morella, LLC.

## Item 15 – Custody

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. Because we are given authority to have fees deducted directly from client accounts, we are deemed to have custody of client funds and securities. This is the only form of custody that we have. However, despite this regulatory determination, we do not *maintain* custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us.

## Item 16 – Investment Discretion

Our asset management services may be provided on discretionary basis. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. By executing the management agreement, you provide us with written authorization to exercise this discretionary authority. You can impose reasonable restrictions on management of your account. Discretionary authority is limited. With the exception of fees deducted by the custodian and paid to us, we do not have access to your funds and/or securities. In the account application you authorize the custodian to deduct the fees from your account and pay them directly to us.

When you sign the tri-party agreement (application) with us and SEI, you also appoint SEI to manage the assets in each Managed Account Portfolio in accordance with the strategy you select. SEI may delegate its responsibility for selecting particular securities to one or more portfolio managers. SEI selects the investment managers of the underlying mutual funds. SEI monitors the fund managers to ensure that their investment styles and performance remain consistent with the objectives of the mutual funds. SEI has sole responsibility to monitor the individual managers of the available funds and asset allocation portfolios to ensure compliance within the structure of each fund's objectives. SEI has full authority to add or delete a particular fund or asset class to their selected group of fund alternatives.

If management services are provided on a non-discretionary basis, we always contact you before implementing any transactions in an account. You must accept or reject our investment recommendations, including (1) the security being recommended, (2) the number of shares or units and (3) whether to buy or sell. Once these factors are agreed upon, we are responsible for making decisions regarding the timing of the purchase or sale and the price at which it is bought or sold. You should know

that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of implementing trades and we may not achieve the optimal trading price.

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

We do not vote proxies on your behalf; it is your responsibility to vote all proxies for securities held in your account. Proxy materials are sent directly to you, and you should read through the information provided with the proxy-voting document and make a determination based on the information provided. We do not provide clarification or recommendations regarding any proxy voting issues.

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

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

### **Class Action Lawsuits**

You retain the right under applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. We do not initiate such a legal proceeding on your behalf and do not provide legal advice to you regarding potential causes of action against such a security issuer and whether you should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.