

## **Item 1 – Cover Page**



iCapital, LLC Firm  
Brochure Form  
ADV Part2A

This brochure provides information about the qualifications and business practices of iCapital, LLC. If you have any questions regarding the contents of this brochure, please do not hesitate to contact our Compliance Officer, by telephone at (617) 542-8700 or by email at [info@icapllc.us](mailto:info@icapllc.us). 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 iCapital is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for iCapital is 122816.*

Registration with the SEC does not imply a certain level of skill or training.

**iCapital, LLC**  
62 Plympton Street  
Boston, MA 02118  
[www.icapllc.us](http://www.icapllc.us)  
(617)542-8700

Version Date: March 28, 2024

iCapital, LLC

## **Item 2 -Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

We have had no material changes since our last annual amendment on March 28, 2023.

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### **Full Brochure Available**

Whenever you would like to receive a complete complimentary copy of our Firm Brochure, please contact us by telephone at: (617) 542-8700 or by email at [info@icapllc.us](mailto:info@icapllc.us).

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## **Item 4 - Advisory Business**

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### **Firm Description**

This Disclosure document is being offered to you in connection with the investment advisory services provided by iCapital, LLC ("iCapital") to provide you with information about the services we provide and the manner in which those services are made available to you, the client.

Boston based iCapital, LLC ("iCapital") was founded in 1999 and became federally registered with the Securities and Exchange Commission in August of 2002. iCapital is a CEFEX Registered Firm (2010, CEFEX File No.: CFX10121 <http://www.cefex.org/registrationDetails>) for participant directed retirement plans - ERISA 3(38) and 3(21) Elite Choice™ Services and Elite Wealth Management discretionary and non-discretionary asset management services.

iCapital acts as a fiduciary when providing personalized, confidential investment management to qualified retirement plans, pension and profit-sharing plans, individuals, trusts, charitable organizations, corporations and small businesses.

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### **Principal Owners**

iCapital is a privately-owned firm. Katie A. Umile is an 80% stockholder and all other stockholders own less than 20%.

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### ***Elite Choice™* Qualified Retirement Plan Investment Advisory Services**

Our Qualified Retirement Plan Investment Advisory Services assist employer plan sponsors in establishing, monitoring and reviewing their company's participant- directed retirement plan. Pursuant to Section 402(c) (3) of ERISA, the client appoints us as the Plan's "investment manager" with respect to the Plan's portfolio of investment options. We acknowledge that we are registered as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act") and act as a "fiduciary" within the meaning of Section 3(21) of ERISA with respect to the Plan.

As a result of this appointment, we are granted full trading authority over the Plan and have the sole responsibility for the selection and monitoring of all investment options offered under the Plan in accordance with the investment policy statement and its underlying investment objectives and strategies for the Plan. Plan participants have the ability to exercise control over the assets in their account.

Included in our service is the evaluation and preparation of the Plan's Investment Policy Statement. Each quarter we monitor the performance of the funds set forth in the Plan's Investment Policy Statement and provide the client a quarterly Fiduciary

Monitoring Report. This report analyzes each fund held by the Plan. The report shows historical performance, asset allocation, and the performance of each fund, including its performance in comparison to its appropriate benchmark. The report also contains information regarding each Fund's managers, capitalization, investment style, expenses, portfolio composition and other qualitative factors relevant to the Fund's performance and adherence to the Plan's Investment Policy Statement. If, as a result of review and analysis, we believe an investment option should be removed from the Plan, the investment option will be removed. The investment option may be replaced by another investment option by our firm in accordance with the procedures set forth in the Plan's Investment Policy Statement.

In addition, our firm creates five risk-based portfolios from the Plan's investment options that are made available for participant investment. We monitor the performance of the risk-based portfolios (ranging from Conservative to Aggressive) and if needed, make changes to the portfolios if the core fund line-up changes.

Our firm provides financial education and advice to participants of the Plans. We conduct educational workshops on varying retirement topics and provide open enrollment support through one-on-one enrollment meetings for new hires and newly-hired eligible participants. Our process is to deliver solutions through on-line account access and financial planning calculators as well as provide participants independent and objective professional financial advice.

All retirement planning services comply with any applicable State law(s) regulating the services we provide. This section applies to an account that is a pension or other employee benefit plan (a "Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If your account is part of a pension or other employee benefit plan (a "Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and we accept appointment to provide our services to Plan accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) and Section 3(38) of ERISA. You represent that (i) Our appointment and services are consistent with the Plan documents, (ii) You have furnished us true and complete copies of all documents establishing and governing the Plan and evidencing your authority to retain our firm. You further represent that you will promptly furnish us with any amendments to the Plan, and you agree that, if any amendment affects our rights or obligations, such amendment will be binding on us only with our prior written consent. If your account contains only a part of the assets of the Plan, we will have no responsibilities for the diversification of all the Plan's investments, and we have no duty, responsibility or liability for the assets that are not in the account.

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### ***Elite Choice™* Qualified Retirement Plan Consulting Services**

In addition to services detailed above, iCapital may provide its clients with a broad range of comprehensive Consulting Services. These services generally include consulting in one or more of the following areas: Retirement Plan Fiduciary Services, Fiduciary Assessments, Plan Design and Vendor Search Management, Retirement Plan Fiduciary Compliance, and Retirement Plan Benchmarking Services.

Depending upon the combination of consulting services provided in the above areas, iCapital will typically provide its clients with one or more of the following reports:

- Investment Policy Statement;
- Fiduciary Monitoring Report;
- Investment Performance Report; and
- Findings Report pursuant to a Fiduciary Assessment.

In performing its consulting services, iCapital will not be required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information as received. iCapital may recommend its own services or those of other professionals for implementation purposes. Clients are advised that a conflict of interest exists if iCapital recommends its own services for implementation. The client is under no obligation to act upon any of the recommendations made by iCapital or to engage the services of any such recommended professional, including iCapital itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from iCapital. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify iCapital if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing, evaluating, or revising iCapital's previous recommendations and/or services.

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### ***Elite Investment Management Services***

For clients that are not a qualified retirement plan under ERISA, advice is provided through consultation with the client and may include:

- Determination of financial objectives;
- Risk assessment;
- Structure of portfolio asset allocation;
- Investment management;
- Investment and goal based financial planning strategies

Portfolio composition will be determined based on your needs, financial goals, risk tolerances and portfolio restrictions, if any. We will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This enables us to determine the portfolio best suited for your investment objective and needs. Once your investment portfolio has been designed and investments have been allocated, we will provide ongoing quarterly portfolio reports.

We will rebalance the portfolio, as it deems appropriate, to meet your financial objectives. We will trade these portfolios and rebalance them on a discretionary basis.

Our advisory services are tailored to meet your individual needs. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do not and will not have custody of your funds

or securities.

You are advised and are expected to understand that our past performance is not a guarantee of future results, and that certain market and economic risks exist that may adversely affect an account's performance that could result in capital losses in your account. Risks are discussed in Item 8.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which iCapital's services may be beneficial to the client.

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### **Tailored Relationships**

The goals and objectives for each client are documented in a Client Profile that is maintained in our central filing system and the firm's automated portfolio management software. Investment policy statements may be created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

The Investment Management Agreement ("Agreement") may not be assigned without client consent.

#### **Disclosure Regarding Rollover Recommendations**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

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### **Consulting Services**

We provide financial and investment consulting services. The terms and conditions of the engagement, the nature and scope of the services to be provided and the portion of the fee that is due from the client prior to iCapital commencing its services is set forth in the Consulting Agreement.

On an occasional basis, iCapital furnishes advice to clients on matters not involving securities, such as comprehensive financial planning matters. There is no separate fee or agreement for these services.

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### **Asset Management**

Assets are invested primarily in exchanged traded funds, no-load mutual funds or load funds whose sales charges have been waived, individual stocks, bonds and cash. All of

which are considered asset allocation categories for the client's investment strategy. These investments are purchased or sold through Custodians. Mutual fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Custodians may charge a transaction fee for the purchase of some funds and will charge a fee for the purchase and sale of individual stocks and bonds. iCapital does not receive any compensation, in any form, from fund companies or Custodians.

Investments may also include commercial paper, certificates of deposit, municipal securities, and U. S. government securities.

Initial public offerings (IPOs) are not available through iCapital.

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## **Wrap Accounts**

We do not participate in wrap accounts.

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## **Asset Under Management**

As of December 31, 2023, iCapital manages approximately \$1,123,701 on a discretionary basis and \$280,321 on a non-discretionary basis for a total of \$1,124,268,022 assets under management.

## **Item 5 - Fees and Compensation**

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### **Elite Choice™ Qualified Retirement Plan Investment Advisory Services**

The fee for qualified retirement plan investment advisory services is either based on the percentage of assets or a flat annual fee. Annual fees typically range from 0.20% to 1.00% or a negotiated flat dollar amount based on the scope of services. Fees are billed directly to the client or can be automatically deducted from the plan assets.

You are provided with a quarterly statement reflecting deduction of the advisory fee by the custodian detailing the amount of the advisory fee or an invoice. This fee is payable quarterly in advance. The compensation will be prorated for the first and last quarter for which this Agreement is in effect. Please refer to terms listed on your specific Agreement.

Our fee includes compensation for the advisory and consulting services only and are negotiable. We do not charge for transaction fees. However, the custodian may charge custodial fees, transaction fees, redemption fees or commissions. These fees are independent of our fees and should be disclosed by the custodian.

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### **Elite Choice™ Qualified Retirement Plan Consulting Services**

iCapital will typically charge a fixed fee for these consulting services. iCapital's consulting fees are negotiable and generally range from \$3,750 to \$47,500 per service depending upon the combination, complexity level, and scope of the consulting services provided. Fees in the areas of Retirement Plan Fiduciary Services, and Retirement Plan Participant Services are typically annual retainer fees and fees in the Retirement Plan Compliance Review, Benchmarking Services, Plan Design, Vendor Search Management and Assessments area are typically single engagements with one-time fees.



iCapital generally bills for its consulting services quarterly in advance except for consulting services in the area of Retirement Plan Compliance Review, Benchmarking Services, Plan Design and Vendor Searches for which iCapital requires payment of one-half of the consulting fee upon entering into the written agreement with the remainder paid by invoice after delivery of completion of the engagement. iCapital's written agreement for its retainer-based consulting services may be terminated by the client by providing 60 days written notice prior the agreement's annual anniversary date.

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### **Elite Investment Management Services**

Our fees are based on an annual percentage of assets under management. This annual fee shall be pro-rated and paid quarterly, in advance, meaning we charge you at the beginning of each three-month billing period, based upon the fair market value of the Assets on the last day of the previous quarter. All accounts may be subject to a minimum annual investment management fee of \$500 and may be subject to an annual maintenance fee of \$100 to offset administrative expenses. The initial fee is based upon the date the account is accepted for management by execution of the investment advisory contract or when the assets are transferred through the last day of the current calendar quarter. Thereafter, the fee is based on the market value of your account on the last day of the previous calendar quarter and will cover the period from the first day of the calendar quarter through the last day of the calendar quarter. The market value will be determined as reported by the Custodian. Fees are assessed on all assets under management, including securities, cash and money market balances unless specifically excluded in the Client Agreement.

Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in your account or other reasons we agree upon. Fees will generally follow the schedule of assets under management outlined below.

<b>Assets Under Management</b>	<b>Annual Advisory Fee</b>
0-\$300,000	1.25%
\$300,001-\$600,000	1.15%
\$600,001-\$1,000,000	1.00%
\$1,000,001-\$3,000,000	0.95%
\$3,000,001 and above	0.85%

These fees are *non-negotiable*, although iCapital reserves the right to charge fees that are less than those set out above and or to waive account minimums. The specific fee is disclosed in the Investment Management Agreement. Cash and cash equivalents and any margin debt balances are included in the calculation of advisory fees, unless otherwise noted and agreed to in the executed Agreement.

You authorize us to debit your account quarterly for our fee. The independent qualified custodian holding your funds and securities will debit your account directly for our advisory

fees. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. We will not have access to your funds for payment of fees without your consent in writing. Further, the qualified custodian agrees to deliver an account statement at least quarterly directly to you, indicating all the amounts disbursed from your account including the amount of advisory fees. You are encouraged to review your account statements for accuracy. We will have access to a duplicate copy of the statement that is delivered to you.

At our discretion, we may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee. We may allow such aggregation, for example, where we service accounts on behalf of your minor children, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account to be assessed a reduced advisory fee based on the breakpoints available in our fee schedule.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds and individual stocks and bonds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. iCapital does not receive any portion of these fees.

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in *addition* to the fees paid by you to iCapital. iCapital does not receive any portion of these fees.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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### **Termination of Agreement**

You shall have five (5) business days from the date of execution of the Agreement to terminate our services without penalty. The Agreement will continue in effect from the date set forth above and may be terminated with 30 days prior written notice to terminate by either party to the other, which written notice must be manually signed by the terminating party. Termination of the Agreement will not affect (a) the validity of any action previously taken by us under the Agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (c) your obligation to pay us fees that have already been earned under the Agreement. Upon the termination of the Agreement, we will not have any continuing obligation to take any action or provide any services hereunder. If you terminate our services, the balance (if any) of our unearned fees shall be refunded to you. iCapital will instruct the custodian to credit the account, or if the advisory account is closed, iCapital will issue a check to the client to the address of record in the amount of the refund.

## **Item 6 - Performance-Based Fees**

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### **Sharing of Capital Gains**

Our fees are not based on a share of the capital gains or capital appreciation of managed securities.

iCapital does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for us to recommend an investment that may carry a higher degree of risk to the client.

## **Item 7 - Types of Clients**

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### **Description**

iCapital generally provides investment advice and management to qualified retirement plans, pension and profit-sharing plans, individuals, trusts, charitable organizations and small businesses. Client relationships vary in scope and length of service.

### **Account Minimums**

The minimum account size for investment management is \$25,000 and comes with a minimum annual fee of \$500. In fact, any account of less than \$40,000 will be charged an annual fee of \$500. iCapital has the discretion to waive the account minimum. Clients with assets below \$40,000 will pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

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

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### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that iCapital may use include Bloomberg mutual fund information, fi360 Toolkit, Thomson Wealth Advisor, Morningstar Principia stock information and the World Wide Web.

### **Investment Strategies**

iCapital subscribes to strategic asset allocation utilizing Modern Portfolio Theory. We are committed to the notion that out of a universe of risky assets, an efficient frontier of optimal portfolios can be constructed and that each portfolio on the efficient frontier offers the maximum possible expected return for a given level of portfolio risk.

We utilize generally available historical data to combine asset classes in the appropriate percentages to create diversified portfolios with varying degrees of risk and expected return. Having determined the asset classes and their appropriate percentages for such portfolios, the next step is mutual fund selection.

We utilize quantitative analysis to initially screen for quality mutual funds in the asset classes we are utilizing to build portfolios. We then review these funds qualitatively. We believe this qualitative aspect of the fund selection adds the most value, as it allows us to look behind the numbers and gain insight into the people and procedures associated with a particular mutual fund.

The same quantitative and qualitative analysis is utilized to select individual stocks and bonds for client portfolios.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Clients may execute an Investment Policy Statement that documents their objectives and their desired investment strategy.

When purchasing mutual funds, our policy is to select institutional share classes whenever possible. The institutional share class generally has the lowest expense ratio relative to other classes. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available, or is not the optimal solution given trading frequency, the advisor will purchase the least expensive share class available. As share classes with lower expense ratios become available, we may convert the existing mutual fund position to the lower cost share class.

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## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Investments in securities are not guaranteed and investors may lose money on his/her/its investments. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power erodes at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter the state of the economic environment.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Cybersecurity Risk:** In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at our Firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

## **Item 9 - Disciplinary Information**

### **Legal and Disciplinary**

The firm and its employees have not been involved in any legal events or disciplinary actions related to past or present investment clients of iCapital.

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

### **Financial Industry Activities and Affiliations**

iCapital engages in no other financial industry activities and has no other arrangements material to its advisory clients.

iCapital has no material conflict of interest with clients based on these activities.

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

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### **Code of Ethics**

The employees of iCapital have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

iCapital and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees are required to comply with the provisions of the iCapital Policies and Procedures Manual. Neither iCapital nor its employees participate in any way in client transactions.

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### **Personal Trading**

The Chief Compliance Officer of iCapital is Katie A. Umile. She reviews all employee and associate trades each quarter. Her trades are reviewed by Tanya McMahon, Director, Marketing Operations. These personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund, exchange-traded fund or individual stock trades, the trades do not affect the securities markets.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; Attn.: Chief Compliance Officer.

## **Item 12 - Brokerage Practices**

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### **The Custodian and Brokers We Use**

#### **Investment Management Services**

Clients must maintain assets in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. Advisor Services (“CS&Co”) and Fidelity Brokerage Services, LLC, (“Fidelity”) both registered broker-dealer, member SIPC, as the qualified custodians (collectively “custodians”). We are independently owned and operated, and unaffiliated with CS&Co and Fidelity. Our custodians will hold client assets in a brokerage account and buy and sell securities when we instruct them to.

While we recommend that clients use these custodians, client must decide whether to do so and open accounts with our custodians by entering into account agreements directly with them. The Client opens the accounts with the custodian. The accounts will always be held in

the name of the client and never in iCapital's name.

### **How We Select Custodians**

We seek to recommend a custodian who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

1. Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
2. Capability to execute, clear, and settle trades (buy and sell securities for client accounts)
3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
4. Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
5. Availability of investment research and tools that assist us in making investment decisions
6. Quality of services
7. Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices
8. Reputation, financial strength, and stability
9. Prior service to iCapital and our other clients
10. Availability of other products and services that benefit us, as discussed below (see Products and Services Available to Us from CS&Co)

### **Client Brokerage and Custody Costs**

For our clients' accounts that the custodian maintains, the custodians generally do not charge separately for custody services. However, the custodians receive compensation by charging ticket charges or other fees on trades that it executes or that settle into clients' custodial accounts. We have determined that having our custodians execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How We Select Custodians).

### **Products and Services Available to Us**

Our custodians provide iCapital and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to the custodian's retail customers. The custodians also make available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. The custodians support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered economic benefits because there is an incentive to do business with these custodians. This creates a conflict of interest. We recognize the fiduciary responsibility to always act in best

interest of our clients and have established policies in this regard to mitigate any conflicts of interest.

Following is a more detailed description of the custodian's support services:

#### **Services That Benefit Our Clients**

The custodian's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through the custodians include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The custodian's services described in this paragraph generally benefit our clients and their accounts.

#### **Services That May Not Directly Benefit Our Clients**

Our custodians also make available to us other products and services that benefit us but may not directly benefit our clients or their accounts. These products and services assist us in managing and administering our clients' accounts. They include investment research, both their own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at our custodians. In addition to investment research, the custodians also make available software and other technology that:

1. Provide access to client account data (such as duplicate trade confirmations and account statements)
2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
3. Provide pricing and other market data
4. Facilitate payment of our fees from our clients' accounts
5. Assist with back-office functions, recordkeeping, and client reporting

#### **Services That Generally Benefit Only Us**

The custodians also offer other services intended to help us manage and further develop our business enterprise.

These services include:

1. Educational conferences and events
2. Consulting on technology, compliance, legal, and business needs
3. Publications and conferences on practice management and business succession
4. Access to employee benefits providers, human capital consultants, and insurance providers

The custodians may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. The custodians may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. The custodians may



also provide us with other benefits, such as occasional business entertainment of our personnel.

#### Our Interest in their Services

The availability of these services from our custodians benefit us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to our custodians in trading commissions. We believe that our recommendation of CS&Co and Fidelity as custodians is in the best interests of our clients.

Some of the products, services and other benefits provided by our custodians benefit iCapital and may not benefit our client accounts. Our recommendation or requirement that you place assets in our custodians may be based in part on benefits our custodians provide to us, or our agreement to maintain certain Assets Under Management at our custodians, and not solely on the nature, cost or quality of custody and execution services provided by the custodians.

We place trades for our clients' accounts subject to its duty to seek best execution and its other fiduciary duties. The custodian's execution quality may be different than other custodians.

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### Order Aggregation

Transactions for each client generally will be affected independently, unless iCapital decides to purchase or sell the same securities for several clients at approximately the same time. In that case, we may combine such orders to obtain best execution, to negotiate more favorable commission rates, or to equitably allocate differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among our client's pro rata.

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

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### Periodic Reviews

Account reviews are performed quarterly by iCapital. More frequent reviews are performed utilizing client portfolio management software through various reports when market conditions dictate.

Annual reviews are offered to clients to review prior recommendations and their effectiveness. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Written documentation of reviews is maintained.

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### Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, alarming market conditions and changes in a client's own situation.

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### Regular Reports

Elite Choice™ Qualified retirement plan Investment Advisory Services Clients  
generally receive the following reports:

- Monthly statements from the Plan Custodian;
- Quarterly Fiduciary Monitoring Report;
- Annual Investment Performance Report; and

#### Elite Investment Management

Clients generally receive the following reports:

- Monthly account statements from their Custodian; and
- Quarterly performance reports from iCapital.

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

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#### **Incoming Referrals**

iCapital has been fortunate to receive many client referrals over the years. The referrals came from current clients, attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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#### **Referrals Out**

Non-cash referral arrangements:

Our Firm may be asked to recommend a financial professional, such as an attorney, accountant, or mortgage broker. In such cases, our Firm does not receive any direct compensation in return for any referrals made to individuals or firms in our professional network. Clients must independently evaluate these firms or individuals before engaging in business with them and clients have the right to choose any financial professional to conduct business. Individuals and firms in our financial professional network may refer clients to our Firm. Again, our Firm does not pay any direct compensation in return for any referrals made to our Firm. Our Firm does recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

### **Item 15 - Custody**

Custody has been defined by regulators as having access or control over client funds and/or securities. Our firm does not have physical custody of funds or securities, as it applies to investment advisors.

#### **Deduction of Advisory Fees**

Our firm has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee. For all accounts, our firm has the authority to have fees deducted directly from client accounts. Our firm has 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 establishment 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. You should carefully review those statements and are urged to compare the statements against reports received from our Firm. When you have questions about your account statements, you should contact our Firm or the qualified custodian preparing the statement. Please refer to Item 5 for more information about the deduction of adviser fees.

### **Standing Letters of Authorization ("SLOA")**

Our firm is deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

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### **Account Statements**

All assets are held at qualified custodians, which mean the custodians provide account statements directly to clients at their address of record at least quarterly.

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### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by iCapital, LLC.

## **Item 16 - Investment Discretion**

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### **Discretionary Authority for Trading**

iCapital accepts discretionary authority to manage securities accounts on behalf of clients. We have the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, iCapital consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. iCapital does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

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### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You grant us a

limited power of attorney by signing our Investment Advisory Services Agreement so that we may execute the trades that you have approved.

## **Item 17 - Voting Client Securities**

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### **Proxy Votes**

Unless you direct otherwise in writing, we are precluded from and you shall be responsible for: (a) directing the manner in which proxies solicited by issuers of securities you beneficially own shall be voted, and (b) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the securities in the Account. iCapital is authorized to instruct the Custodian to forward to you copies of all proxies and shareholder communications relating to the Assets.

If requested by the Client, iCapital will accept authority to vote proxies with respect to securities owned by clients. We have adopted proxy voting policies and procedures with respect to securities owned by our clients for which we have been specifically delegated voting authority and discretion, in accordance with its fiduciary duties and Securities and Exchange Commission Rule 206(4)-6 under the Investment Advisers Act of 1940, which are reasonably designed to ensure that proxies are voted in the best interest of clients.

The guiding principle by which we review voting on all matters submitted to security holders is the maximization of the ultimate economic value of your holdings. We do not permit voting decisions to be influenced in any matter that is contrary to, or dilutive of, this guiding principle. It is the policy to avoid situations where there is any material conflict of interest or perceived conflict of interest affecting the voting decisions. Any perceived conflict of interest is reviewed by the Chief Compliance Officer and the proxy voting committee.

It is the general policy that we vote on all matters presented to security holders in any Proxy, and these policies and procedures have been designed with that in mind. However, we reserve the right to abstain on any particular vote or otherwise withhold its vote on any matter if in the judgment of iCapital, the costs associated with voting such Proxy outweigh the benefits you, or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of you, in our judgment.

Clients delegate to iCapital the discretionary power to vote the securities held in their account pursuant to written agreement. iCapital does not generally accept any subsequent directions on matters presented to shareholders for a vote, regardless of whether such subsequent directions are from the client itself or a third party. We view the delegation of discretionary voting authority as an “all-or-nothing” choice for our clients.

Upon request, we will provide separately to each client (i) a copy of iCapital’s proxy voting policies and procedures and (ii) details as to how the firm has voted securities in your account.

## **Item 18 - Financial Information**

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### **Financial Condition**

We do not require or solicit prepayment of more than \$1200 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. Finally, we have not been the subject of a bankruptcy petition at any time.

## **Business Continuity Plan**

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### **General**

iCapital has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### **Disasters**

The Business Continuity Plan covers natural disasters such as severe snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, flooding, fire, bomb threat, nuclear emergency, chemical event, biological event, communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

### **Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

### **Loss of Key Personnel**

iCapital has secured insurance to cover the loss of key personnel. The proceeds of this life insurance will allow us to maintain our business until a suitable replacement has been located.

## **Information Security Program**

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### **Information Security**

iCapital maintains an information security program to reduce the risk that your personal and confidential information may be breached.

### **Massachusetts Written Information Security Program**

iCapital has developed and implemented a comprehensive written information security program ("the Plan") to create effective administrative, technical and physical safeguards for the protection of personal information and the electronic storage or transmittal of personal information of residents of the Commonwealth of Massachusetts, and to comply with obligations under 201 CMR 17.00 and M.G.L. 93H. The Plan sets forth the procedures for evaluating iCapital's electronic and physical methods of accessing, collecting, storing, using, transmitting, and protecting personal information of residents of the

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**Privacy Notice**

iCapital is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our company records and your personal records as permitted by law.

Personally, identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to you annually, in writing.