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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Equitas Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 504-569-9600. 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 Equitas Capital Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Equitas Capital Advisors, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2. Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 29, 2023, Shepard Buckman and Rohit Punyani left employment with Equitas in order to pursue opportunities in the life insurance industry. On November 27, 2023, the Advisor entered into a settled administrative proceeding with the Commonwealth of Virginia State Corporation Commission.

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## **Item 4. Advisory Business**

Equitas Capital Advisors, LLC ("the Advisor", the "firm", "we" or "us") is an independent New Orleans, Louisiana based investment advisory firm. We provide a broad variety of investment management consulting services to a range of clients on a continuous basis. The firm has been in business since September 2002. David S. Thomas, Jr. is the Chief Executive Officer and 100% owner of the firm.

### **Investment Advisory Services**

Our investment advisory services are driven by and coordinated to meet each client's specific financial goals. Our clients include high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, public funds, trusts, estates, Taft-Hartley Funds, family offices and corporations. Our consulting services include:

- Investment Policy Statement
- Asset Allocation Studies
- Investment Manager Search and Selection
- Performance Review and Evaluation
- Investment Manager Style Analysis
- 401(k) Consulting
- Alternative Assets Consulting
- Financial Planning
- Custody Review
- Fiduciary Education
- Fee Negotiations
- Active Asset Allocation

We work closely with our clients to analyze and define each client's individual investment objectives and needs. We tailor our advice and services to each client's particular objectives.

Generally, we do not have discretionary authority over our clients' funds, although in some cases we provide services on a discretionary basis. For the most part, we do not engage in the purchase or sale of individual securities for a client's account. All securities transactions are conducted in the client's account either through (1) separately managed accounts, (2) wrap-fee accounts, (3) mutual fund shares, (4) limited partnership interests or (5) private equity interests. In each instance, a third-party professional investment advisor is retained to manage the client's assets. We generally make no investment decisions regarding the investment in specific securities in a client's account.

The firm sponsors a managed account wrap-fee program ("MAP"), through which we assist our clients in selecting independent portfolio managers to manage their assets. We work closely with each client to analyze and define the client's investment objectives, financial goals, time horizons, and risk tolerance, and then recommend one or more portfolio managers based upon the particular investment strategies they offer. The platform of managers includes approximately 720 professionally-managed investment products. The portfolio manager(s) exercise discretionary authority over the client's funds in order to achieve the client's investment objectives, consistent with the investment strategy chosen by the client. MAP is not recommended for clients who wish to impose restrictions on investing in certain securities or types of securities.

As part of our investment advisory services, we may use one or more sub-advisers to manage a portion of your account on a discretionary basis and/or to render investment advice to you. We will regularly monitor the performance of your accounts managed by sub-adviser(s), and may hire and fire any sub-adviser without your prior approval. We currently utilize Wealthharbor Capital Group, LLC

("Wealthharbor") as a sub-advisor and Wealthharbor may also utilize our firm as sub-advisor for its clients. We also process compensation for associated persons of Wealthharbor in the form payment for benefits and/or salary. You will not pay our firm a higher advisory fee as a result of any sub-advisory relationships.

All clients who participate in MAP establish and maintain an account at Pershing Advisor Solutions, LLC ("PAS"), a broker-dealer and a division of the Bank of New York, and pay PAS a single "wrap fee" that covers all transaction, clearing and settlement, and custody expenses. MAP provides a cost effective alternative to paying separately for money management services, trading costs, brokerage fees, investment counseling, and ongoing account administration. This fee is generally .70% to 2.15% of the value of Client's assets in the MAP program (the fee varies based on the size of the account), payable quarterly in advance. PAS pays a portion of the wrap fee (.05% to 1 %) to the Advisor for its services, however any fees we receive through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from MAP.

As of December 31, 2023, we provide continuous management services for \$98,696,728 in client assets on a discretionary basis, and \$118,427,849 in client assets on a non-discretionary basis.

#### **Equitas Evergreen Fund, L.P**

We serve as the investment adviser to the Equitas Evergreen Fund, L.P. a private pooled investment vehicle. The objective of Equitas Evergreen Fund, L.P. (the "Fund") is to achieve capital appreciation through investments in other private funds. The Partnership invests primarily in a limited number of private investment partnerships managed by a select group of non-traditional, performance-oriented hedge fund managers employing a variety of hedged and other investment strategies. The Fund is offered only by private placement memorandum and other offering documents to investors meeting certain sophistication and financial requirements. Investors and prospective investors should refer to the offering documents of the Fund for a detailed description of the risks, investment objectives, fees and other relevant information.

## **Item 5. Fees and Compensation**

### **Investment Advisory Services**

For general consulting services, we charge an annual negotiable fee generally ranging between .25% and 1.00% of the value of the client's Account(s)/assets. For certain services, we may charge fees which differ from our general fee range. In limited circumstances we may charge fixed fees, which will be negotiated with each client on a case-by-case basis and will depend on the scope and complexity of the services provided.

Clients may elect to be billed directly or may authorize us to deduct fees from their accounts held with Pershing Advisor Solutions/Pershing, LLC or Charles Schwab & Co., Inc. Fees are charged quarterly in advance based on the market value of the account on the last day of the preceding quarter. Market value means the value of all assets in the account (not adjusted by any margin debit), including all securities (both long and short) and money market and credit balances.

Clients who do not participate in the MAP program may be required to pay, in addition to our fee, investment management fees, brokerage fees and commissions, custodial fees, legal and accounting fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, record-keeping fees, and other fees and/or taxes charged by, and paid directly to, third parties. See

Item 2 ("Brokerage Practices"). Clients may be required to pay a proportionate share of any exchange-traded funds or mutual fund's fees and charges. For example, mutual fund operating expenses are paid out of the fund and are an additional expense incurred by the client.

Clients pay all advisory fees quarterly, in advance. For accounts opened after the commencement of a quarter, the Advisor will not charge for the entire quarter, but rather will pro rate the first quarter based on the number of months remaining. Fees for partial quarters at the termination of an agreement will be refunded on a pro rata basis contingent on the number of full days or months the account was open during the quarter, subject to a 30-day termination period during which the client is still responsible for fees.

For clients who invest the Evergreen Fund, the Advisor does not charge advisory fees for the amounts invested in the Evergreen Fund. This is because the Advisor already receives an advisory fee from the Evergreen Fund.

In certain cases, where the account is invested in a MAP account Pershing Advisor Solutions, LLC's ("PAS"), MAP: pays a portion of the wrap fee to the Advisor for its services, however any fees we receive through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from MAP.

#### **Equitas Evergreen Fund, L.P**

For its services to the Fund, the Advisor is entitled to management fees at an annual rate of 1.0% of each limited partner's capital account balance, payable quarterly in advance.

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

The Advisor may simultaneously manage accounts that are charged performance-based fees and accounts that are charged asset-based fees. The portfolio managers of these accounts may utilize substantially similar investment strategies and may invest in substantially similar assets for both account types. This portfolio management relationship is often referred to as "side-by-side management." Managing such accounts "side-by-side" may create a conflict of interest, as there may be a financial incentive to favor accounts for which the Adviser receives performance-based fees. Accounts that pay performance-based fees reward the Adviser based on the performance in those accounts. As a result, performance-based fee arrangements may provide a heightened incentive for portfolio managers to make investments that may present a greater potential for return but also a greater risk of loss and that may be more speculative than if only asset-based fees were applied. In addition, the side-by-side management of accounts that pay performance-based fees and accounts that only pay a fixed-rate fee may create a conflict of interest as the portfolio manager may have an incentive to favor accounts with the potential to receive greater fees. For example, a portfolio manager may be faced with a conflict of interest when allocating scarce investment opportunities given the possibility of greater fees from accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees.

The Advisor is guided by fiduciary principles in the management of conflicts of interest. Put simply, the Advisor is expected to always act in the best interests of its clients. The Advisor's fiduciary obligation applies in every aspect of our dealings with clients, regardless of the account relationship, assets under management or fee structure. The Advisor takes its fiduciary obligation very seriously. To address these types of conflicts, the Advisor has adopted policies and procedures pursuant to which

allocation decisions may not be influenced by fee arrangements, and investment opportunities will be allocated in a manner that the Advisor believes is consistent with its obligations as an investment adviser.

## **Item 7. Types of Clients**

We provide services to high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, public funds, trusts, estates, Taft-Hartley Funds, family offices, corporations and pooled investment vehicles.

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

The Adviser utilizes different methods of analysis that are tailored for each of the investment strategies it offers its clients. The role that the Advisor often assumes in a client relationship is that of an outside Chief Investment Officer. Our clients have determined that they can use our firm's expertise and experience to supplement or fulfill the duties of the CIO more cost effectively than having a full-time officer perform the same functions in house. This relationship saves time, money, and valuable company resources. In most cases we complete an investment policy statement with each client, outlining the investment philosophy, management procedures, and long-term goals for the investor. Portfolio design is tailored to each client's risk tolerance and preferences.

Initially, investment portfolios are designed "top down." Asset allocation decisions are the first priority. Each asset class has its own set of characteristics. We have modeled the different asset classes for the expected risk/return potential in correlation with other asset classes. There is a risk that the asset classes will perform out of character or the assumptions could prove to be incorrect in the models.

As for our managed-accounts program, we employ a variety of quantitative and qualitative methods in selecting the investment managers we recommend to our clients. The qualitative aspect of our analysis is supported by several comprehensive databases of investment managers incorporating virtually every type of portfolio – from mutual funds and commingled trusts to separately managed portfolios to limited partnerships and private equity investments. Qualitative investment performance is examined over a number of different market cycles for consistency of returns, consistency of investment style, dispersion in investment returns, regression statistics, and tracking error. The Advisor evaluates portfolio managers on an ongoing basis to ensure that they continue to meet our guidelines and standards.

We use our best judgment and good faith efforts in rendering services to our clients. However, all investments involve risk of loss that clients should be prepared to bear. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment recommendation we make will be profitable. Clients assume all market risk involved in the investment of account assets. Investments are subject to various market, currency, economic, political and business risks. The types of risks often involved in managed accounts, specifically, are: volatility, standard deviation, downside risk, correlation, illiquidity, currency, and manager business risk.

We strongly urge clients to examine all aspects of the risk involved in any investment decision and weigh their risk/reward parameters. We also counsel that "past performance is no guarantee of future results" when it comes to investments. It is the responsibility of our clients to give us complete information and to notify us of any changes in financial circumstances or goals.

Investors and potential investors in Equitas Evergreen Fund, L.P should refer to the Fund's offering documents for a description of the Fund's methods of analysis, investment strategies and risks.

## Item 9. Disciplinary Information

On November 27, 2023, the Advisor entered into a settled administrative proceeding with the Commonwealth of Virginia State Corporation Commission ("SCC") related to alleged violations of § 13.1-518 of the Virginia Securities Act (the "Order").

Without admitting or denying the findings, Respondents consented to the entry of the order summarized as follows:

The order alleges that the Advisor failed to register as an investment advisor in Virginia despite employing an investment advisor representative in Virginia who worked remotely from home. As part of the settlement, but without admitting or denying the SEC's findings, the Advisor agreed to not violate the Act the future. The employee is no longer employed by the Advisor. At no point did the SCC find that any of us intended to mislead or deceive anyone.

The Advisor was ordered to not violate the Act in the future, and the Advisor agreed to pay a civil penalty in the amount of \$4,000 and an amount of \$1,000 to defray the costs of investigation.

## Item 10. Other Financial Industry Activities and Affiliations

### Equitas Partners, LLC

As disclosed above, our affiliate, Equitas Partners, LLC ("EP") serves as the general partner of a private fund doing business as Equitas Evergreen Fund, LP (the "Fund"). The Fund is a diversified fund of hedge funds comprising more than twenty-five individual hedge funds with differing investment strategies and risk characteristics. The Advisor and EP are commonly owned by David Thomas, Jr., and David serves as the Chief Executive Officer of both entities.

### Pershing Advisor Solutions, LLC

Pershing Advisor Solutions, LLC ("PAS") is a registered broker-dealer that regularly provides brokerage services for the Advisor's clients through the MAP account program. PAS provides insured custodial services through Pershing LLC, a division of the Bank of New York Mellon. All client accounts that participate in the MAP program sponsored by the Advisor must establish and maintain an account at PAS. The Advisor and PAS are separately owned and operated.

All clients who participate in MAP establish and maintain an account at PAS, and pay PAS a single "wrap fee" that covers all transaction, clearing and settlement, and custody expenses. MAP provides a cost effective alternative to paying separately for money management services, trading costs, brokerage fees, investment counseling, and ongoing account administration. PAS pays the Advisor a portion of the wrap fee for its services. However any fees we receive through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from MAP.

The practices described above could present a conflict of interest because they could give the Advisor an incentive to recommend these investment products based on the compensation received, rather than on a client's needs, because the possible reversion of the fee to Advisor provides an incentive to Advisor to recommend MAP accounts at PAS over other type accounts. We are conscious of and sensitive to these potential conflicts, however, and of the duty of loyalty that we, as a fiduciary, owe our



investment advisory clients. The Adviser has developed policies and procedures which address such conflicts of interest and the recommendation brokers and account types in accordance with fiduciary requirements. This includes the duty to address and to disclose conflicts of interest that may exist between the firm and clients. These potential conflicts of interest are disclosed to clients and potential clients in this brochure. Finally, clients have the option to purchase investment products that the Adviser recommends through other brokers or agents that are not affiliated with the Adviser.

Where appropriate, the Adviser may recommend that a client invest in the Equitas Evergreen Fund, LP (the "Fund"). The Adviser receives fees from advising the Fund and an affiliate of the Adviser and Equitas Partners receives investment returns and a performance fee from the Fund. In addition, associated persons of the Adviser have made investments in the Fund. This creates a conflict of interest and incentive to recommend the Fund over other investments. The Adviser has developed policies and procedures that address such conflicts of interest. In addition, to mitigate the conflict of interest and to provide clients good value, the Adviser does not charge consulting fees on assets invested in the Fund.

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

### **A. Code of Ethics**

We have a Code of Ethics that all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to clients. Our Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

A copy of the Code of Ethics is available to any client or prospective client upon request. Our clients may request a copy of the firm's Code of Ethics by contacting David Thomas at 504-569-9600 or [dthomas@equitas-capital.com](mailto:dthomas@equitas-capital.com).

### **B. Securities in which the Adviser or a Related Person has a Material Financial Interest**

The Adviser may recommend, purchase, or sell securities for client accounts in which it, or related persons, has a financial interest. As an example, the Adviser can select, on a discretionary basis, funds in which the Adviser acts as the investment manager, including funds that may hold illiquid securities. Additionally, employees of the Adviser or its related persons may hold the same or similar securities as client portfolios, and from time to time may recommend such securities for purchase or sale in clients' portfolios in the normal course of business. Similarly, employees or related persons of the Adviser who maintain private equity interests may hold the same or similar interest as client portfolios. The Adviser has established informational barriers and has adopted various policies and safeguards in order to address conflicts of interest that may arise from such activities.

### **C. Investing in Securities that the Adviser or a Related Person Recommends to Clients**

The Adviser or one of its related persons may, for its own account, buy or sell securities or other instruments that the Adviser has recommended to clients or purchased or sold for its clients. The Adviser has adopted various policies and safeguards in order to address conflicts of interest that may arise from such activities.

## **D. Conflicts of Interest Created by Contemporaneous Trading**

The Adviser and its related persons may recommend securities to clients that the Adviser and its related persons may also purchase or sell. As a result, positions taken by the Adviser and its related persons may be the same as or different from, or made contemporaneously or at different times than, positions taken for clients of the Adviser. As these situations may involve potential conflicts of interest, the Adviser has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provisions regarding preclearance of employee trading, reporting requirements and supervisory procedures that are designed to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of clients, including the prevention of front-running. In addition, the Adviser has implemented monitoring systems designed to ensure compliance with these policies and procedures.

## **Item 12. Brokerage Practices**

### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

For the most part, Advisor's business consists of recommending money managers who handle their own trading and select their own broker-dealer.

For other accounts, the Adviser selects brokers for the execution of transactions for client accounts in accordance with its best execution policies and procedures. In making a decision about best execution, the Adviser considers a number of factors including, but not limited to, the:

- Price per unit of the security;
- Broker's execution capabilities;
- Commissions charged;
- Broker's reliability for prompt, accurate confirmations and on-time delivery of securities;
- Broker-dealer firm's financial condition;
- Broker's ability to provide access to public offerings; and

The Adviser is responsible for determining that the level of commission paid for each trade initiated by the Adviser is reasonable in light of the executions received. Commissions on brokerage transactions may be subject to negotiation. Negotiated commissions take into account the difficulty involved in execution, the extent of the broker's commitment of its own capital (if any), the amount of capital involved in the transaction, and any other services offered by the broker.

### **1. Research and Other Soft Dollar Benefits**

As noted in Item 12. A., above, the Adviser's primary objective in broker-dealer selection is to comply with its duty to obtain best execution of orders for clients. Best execution does not necessarily mean the lowest commission, but instead involves consideration of a number of factors (listed above). Although the Adviser has no soft dollar arrangements currently in place, the Adviser may pay the

broker-dealer with “soft” or commission dollars in exchange for access to statistical information and research, which is offered without any commitment to engage in any specific business or transaction. Although payment of soft dollars is a permissible practice, consideration of research provided in the context of soft dollar payments is not a factor in determination of best execution.

Soft Dollar Purchases” refers to the direction of transactions to a broker in exchange for brokerage and research services, the primary use of which must directly assist the Advisor in its investment decision-making process. We regard the following as appropriate Soft Dollar Purchases:

- (a) Proprietary research and information on companies, industries, sectors, and the economy;
- (b) Meetings in person or telephone with management of companies;
- (c) Performance measurement;
- (d) Third-party research;
- (e) Fundamental databases;
- (f) Technical analysis software;
- (g) Statistical periodicals and journals;
- (h) Portfolio analysis software; and
- (i) Political or economic analysis.

If we were to ever use client soft dollars to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services received. Any Soft Dollar Purchase will be used to benefit all clients of the Advisor and not merely the clients involved at the time the soft dollar purchase was made. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than our client’s interest in receiving most favorable execution. Our CCO samples, evaluates, and records the execution quality of Adviser initiated trades on an annual basis. Based on the Adviser’s use of third-party managers, we request and review the best execution reports provided by the managers.

Under the Adviser’s soft dollar policy, the services obtained must fall within the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a safe harbor that protects a money manager from liability for a breach of fiduciary duty solely because it pays more than the lowest available commission rate. Section 28(e) requires that the research services obtained with client brokerage commissions provide lawful and appropriate assistance in the decision-making process, and that the amount of the client commission is reasonable in relation to the value of the products or services provided by the broker-dealer.

As a result, while the Adviser generally seeks the most favorable price in placing its orders, an account may not always pay the lowest price available, but generally orders are executed within a competitive range. The Adviser may select brokers who charge a higher commission than other brokers, if the Adviser determines in good faith that the commission is reasonable in relation to the brokerage and research services the broker provides. Additionally, while adhering to its duties of good faith and best execution, the Adviser’s equity group regularly reviews the soft dollar benefits it receives from each of its broker-dealers and establishes a target amount to spend on services from each broker-dealer.

## ***Directed Brokerage***

Our clients are free to establish and maintain accounts at any financial institution. Unless a client directs otherwise, we may use our discretion in recommending a broker-dealer. The client is not obligated to effect transactions through any broker-dealer recommended by us. In recommending broker-dealers, we will comply with our fiduciary duty to seek best execution and with the Securities Exchange Act of 1934. We will take into account such relevant factors as:

- Price;
- The custodian's facilities, reliability and financial responsibility;
- The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- The research and related brokerage services provided by such custodian to the Advisor, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
- Any other factors that we consider to be relevant.

Generally speaking, we will recommend that clients establish brokerage accounts with Pershing Advisor Solutions, LLC ("PAS") or Charles Schwab & Co., Inc ("Schwab"). Both custodians meet the above criteria and provides discounted commission rates to Equitas clients. PAS is a registered broker-dealer and SIPC member. PAS provides insured custodial services through Pershing LLC, a division of the Bank of New York Mellon. We work primarily with PAS and Schwab for administrative convenience and because PAS offers good value to our clients for the transaction costs and other costs incurred.

Clients who establish an account through PAS are offered two alternative means of paying PAS for these services: (1) transaction-based and (2) fee-based. Clients who elect PAS transaction-based accounts will pay for each securities transaction made, according to the pricing schedule established by PAS. This pricing schedule is made available to each of our clients and their respective investment managers. These transaction-based charges are in addition to the fee charged by the Advisor for consulting services. The Advisor does not receive or share in such transaction-based charges.

Clients who elect PAS fee-based accounts pay an all-inclusive fee that covers all transaction, clearing, settlement and custody expenses as well as our fee. The schedule of asset-based fees is made available to each of our clients and his/her/its respective investment managers.

### ***Managed-Account Wrap-Fee Program:***

PAS, as the participating broker-dealer of the managed-account wrap-fee program ("MAP"), requires all clients participating in MAP to establish and maintain an account at PAS. The PAS platform allows our clients to select from a large number of money managers, offers good value to our clients, and gives us access to system support, research, and due diligence on the managers. PAS's clearing and execution broker-dealer, Pershing LLC ("Pershing"), requires all money managers who participate in MAP to execute all transactions through Pershing's trading desk. We have no control over the trading activity conducted between the client's money manager and Pershing. Money managers acting on their clients' behalf may be able to obtain better execution for securities transactions from another broker-dealer.

All clients who participate in MAP pay PAS a single "wrap fee" that covers all transaction, clearing and settlement, and custody expenses. The Advisor receives a portion of the wrap fees from PAS for the services the Advisor provides, however any fees we receive through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit

Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from MAP. The conflict of interest this arrangement presents and how we deal with such conflicts are also described in Item 1 above as well as in the Advisor's Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure.

*Aggregation of Trades:*

The Advisor (for discretionary accounts) or our sub-advisor(s) may aggregate trades for clients. The allocations of a particular security usually will be determined by us or the sub-advisor before the trade is placed with the broker. When practical, client trades in the same security will be bunched in a single order (a "block") in an effort to obtain best execution at the best security price available.

When we aggregate orders, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to our discretion depending on factual or market conditions. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts. Allocations of orders among client accounts must be made in a fair and equitable manner.

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

*Managed-Account Wrap-Fee Program:*

We require each client to complete an investor profile questionnaire that measures the client's individual objectives, time horizons and risk parameters. Additionally, representatives of our firm consult with the client to better understand the client's investment goals and needs. We review client accounts to ensure their continued suitability with respect to the client's financial goals and objectives, time horizons, and risk parameters. The frequency of account reviews is determined based on the client's investment objectives.

We generally review accounts quarterly, but in any event, no less than annually. More frequent reviews may be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large sales or purchases, loss of confidence in corporate management, or changes in the economic climate. Reviews are first conducted by an Analyst, then by an Investment Management Consultant, and finally by the Chief Compliance Officer. We regularly contact and consult with clients regarding their investment accounts. Clients are responsible for promptly bringing any material change in investment objectives or financial condition to our attention.

We provide clients with a quarterly portfolio evaluation report. The report details the account's performance in terms of time-weighted rate of return and compares it to that of selected benchmarks. We ordinarily select the benchmarks on the basis of the client's investment objectives, money manager, and the manager's management style. The performance figures reflected in the quarterly portfolio evaluation reports are calculated using software maintained by Greenhill, based upon account data submitted by the clearing broker-dealer firm providing custodial services for the accounts.

We also arrange for clients to receive (1) trade confirmations reflecting all transactions effected on the client's behalf, and (2) monthly statements reflecting all cash and securities transactions, deposits, withdrawals of principal and income, and all securities held in the account. Where there is no monthly activity, clients receive quarterly statements listing all securities held in the account.

*Separate Accounts:*

For clients who retain an investment manager in a transaction-based, separate account format (a "Separate Account"), the client's investment policy statement ordinarily will outline the client's goals

and objectives, time horizons and risk parameters. We review accounts at least annually, at which time we contact the client to confirm the client's investment goals and risk parameters. More frequent reviews may be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large sales or purchases, loss of confidence in corporate management, or changes in the economic climate. Reviews are first conducted by an Analyst, then by an Investment Management Consultant, and finally by the Chief Compliance Officer. We regularly contact and consult with clients regarding their investment accounts. Clients are responsible for promptly bringing any material change in investment objectives or financial condition to our attention.

Separate Account Clients receive standard account statements from the custodian of their accounts on a monthly basis. We also provide some of our Separate Account clients with a quarterly performance report generated using GHperf software, which is based on account data supplied by the client's custodian.

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

### **A. Economic Benefits for Providing Services to Clients**

In certain situations, the Advisor may receive income for placing investors in the managed account wrap-fee program (MAP) that the Advisor sponsors through Pershing Advisor Solutions, LLC. All clients who participate in MAP establish and maintain an account at PAS, and pay PAS a single "wrap fee" that covers all transaction, clearing and settlement, and custody expenses. PAS pays the Advisor a portion of the wrap fee for its services; however any fees the Advisor receives through this program are used to offset, on a dollar-for-dollar basis, the particular client's consulting fees due to the Advisor. To the extent the offset is greater than the consulting fee invoiced, the Advisor rolls over that balance (the "Credit Balance") on a quarterly basis until the end of the year – at which point the balance reverts to zero and the Advisor retains any unused Credit Balance. Therefore, in situations where clients maintain a Credit Balance at the end of the year, the Advisor receives additional compensation from PAS.

The practices described above presents a conflict of interest because they could give the Advisor an incentive to recommend these investment products based on the compensation received, rather than on a client's needs, because the possible reversion of the fee to Advisor provides an incentive to Advisor to recommend MAP accounts at PAS over other type accounts. We are conscious of and sensitive to these potential conflicts, however, and of the duty of loyalty that we, as a fiduciary, owe our investment advisory clients. The Adviser has developed policies and procedures which address such conflicts of interest and the recommendation brokers and account types in accordance with fiduciary requirements.

### **B. Compensation to Non-Supervised Persons for Client Referrals**

We have no arrangements, written or oral, in which we compensate any third-parties for referrals of clients.

## **Item 15. Custody**

The Advisor generally does not maintain physical custody of its clients' assets. Client assets are typically held by a qualified custodian pursuant to a separate custody agreement. However, pursuant to Rule 206(4)-2 under the Advisers Act, in certain circumstances the Adviser may be deemed to have custody of client assets.

The Advisor will be deemed to have custody of client assets when it or an affiliate acts in any capacity



that gives the Advisor legal ownership of, or access to, client assets, (e.g. when the Advisor serves as a general partner, managing member, or comparable position for certain unregistered investment pools.) Clients in such private funds will receive the fund's annual audited financial statements. Such clients should review these statements carefully. If clients in the private funds do not receive audited financial statements in a timely manner, then they should contact the Advisor immediately.

The Advisor has certain separately-managed accounts where the Advisor is deemed to have custody of the client's assets because it or a related person directly or indirectly holds client funds or securities or has authority to obtain possession of them. Clients will receive account statements at least quarterly directly from their broker-dealer, bank or other qualified custodian. Separately-managed account clients may also receive a Statement of Assets from the Advisor. Clients are encouraged to compare the account statements that they receive from their qualified custodian with those that they receive from the Advisor. If clients do not receive statements at least quarterly from their qualified custodian in a timely manner, then they should contact the Advisor immediately.

The Advisor may be deemed to have custody of wrap program client's assets if the Advisor contracts directly with the wrap program client for services. In such cases, the Program Sponsor or a qualified custodian will send required periodic account statements to the wrap program client. The wrap program client should carefully review and reconcile the custodian statements to ensure that they reflect appropriate activity in the wrap program account. If clients do not receive periodic accounts statements from their qualified custodian in a timely manner, then they should contact the Advisor immediately.

As stated above, the Advisor's affiliate, Equitas Partners, LLC ("EP"), serves as the general partner of a private fund doing business as Equitas Evergreen Fund, LP (the "Fund"). EP, as General Partner of the Fund, has access to the Fund's assets, and therefore has custody over such assets. Investors in the Funds are provided with audited annual financial statements within 180 days of the Fund's fiscal year end.

## **Item 16. Investment Discretion**

The Adviser provides both discretionary and non-discretionary investment management services. If a client elects for discretionary services of their account, an investment advisory agreement must first be signed before the Adviser may act on behalf of the client. Execution of such agreement authorizes the Adviser to supervise and direct the investment and reinvestment of assets in the client's account on the client's behalf and at the client's risk. We manage most of our clients' assets on a non-discretionary basis, although recently we began to manage certain portfolios with limited discretion. Under this discretionary authority, the client allows us to purchase and sell securities and instruments in his/her/its account(s). Any restrictions on our discretionary authority are set by the client on a case-by-case basis. Some clients prefer a more hands on involvement than others.

## **Item 17. Voting Client Securities**

We do not have or accept authority to vote proxies. Clients may, however, contact us with questions about a particular solicitation at 504-569-9600 or [dthomas@equitas-capital.com](mailto:dthomas@equitas-capital.com).

Clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative who is responsible for voting the proxy.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you

are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

## **Item 18. Financial Information**

The SEC requires the disclosure of certain information in this section:

We do require advisory fees to be paid in advance. However, we do not require the prepayment of fees more than six months in advance from any client.

We do have discretionary authority over some client funds or securities, but we are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.

Our firm has never been the subject of a bankruptcy petition at any time in the past.

## **Item 19. Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.