

# Disclosure Brochure

March 18, 2024

## **TABR Capital Management, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of TABR Capital Management, LLC (hereinafter "TABR"). If you have any questions about the contents of this brochure, please contact Robert Kargenian at (714) 704-9180. 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 TABR Capital Management, LLC's Disclosure Brochure is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

TABR Capital Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

This Item discusses only the material changes that have occurred since TABR's last annual amendment, dated March 22, 2023. TABR has not made any material changes to the content of the brochure.

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## Item 4. Advisory Business

TABR is an investment adviser offering financial planning, consulting, and investment management services. Prior to engaging TABR to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with TABR setting forth the terms and conditions under which TABR renders its services (collectively the “*Agreement*”). Neither TABR nor the client may assign the *Agreement* without the consent of the other party. A transaction that does not result in a change of actual control or management of TABR is not considered an assignment.

TABR has been in business since February 2004. Robert Kargenian and Steven Medland are the primary owners.

As of December 31, 2023, TABR had \$203,439,041 of assets under management, all of which were managed on a discretionary basis.

This disclosure brochure describes TABR’s business. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of TABR’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on TABR’s behalf and is subject to TABR’s supervision or control.

### Financial Planning and Consulting Services

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TABR may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include tax-related and other non-investment related matters). These services include retirement planning, education planning, estate planning, taxes and insurance. TABR does not have an estate planning attorney, CPA or insurance agent on staff, but does work closely with other professionals on behalf of its clients.

In performing its services, TABR is not 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. TABR may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if TABR recommends its own services. The client is under no obligation to act upon any of the recommendations made by TABR under a financial planning or consulting engagement or to engage the services of any such recommended professional, including TABR itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of TABR’s recommendations. Clients are advised that it remains their responsibility to promptly notify TABR if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising TABR’s previous recommendations and/or services.

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**Investment Management and Wealth Management Services**

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Clients can engage TABR to manage all or a portion of their assets on a discretionary or non-discretionary basis. In addition, TABR may provide clients with wealth management services which may include a broad range of comprehensive financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

TABR primarily allocates clients' investment management assets among mutual funds and exchange-traded funds ("ETFs") in accordance with the investment objectives of the client. TABR also provides advice about any type of investment held in clients' portfolios.

TABR also renders non-discretionary investment management services to clients relative to variable life/annuity products that they own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that are not held by the client's primary custodian. In so doing, TABR either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

TABR tailors its advisory services to the individual needs of clients. TABR consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. TABR ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon.

Clients are advised to promptly notify TABR if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon TABR's management services.

**Item 5. Fees and Compensation**

TABR offers its services on a fee basis, which include fixed fees, as well as fees based upon assets under management.

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**Financial Planning and Consulting Fees**

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TABR charges a fixed fee for financial planning and consulting services. These fees are negotiable, but generally range from \$2,500 to \$4,000 on a fixed fee basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages TABR for additional investment advisory services, TABR may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging TABR to provide financial planning and/or consulting services, the client is required to enter into a written agreement with TABR setting forth the terms and conditions of the engagement. Generally, TABR requires one-half of the financial planning or consulting fee payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### Investment Management Fee

TABR provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by TABR. TABR's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. TABR does not, however, receive any portion of these commissions, fees, and costs. TABR's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by TABR on the last day of the previous quarter. For certain 529 plans, the firm may bill their fee annually in arrears based on the market value of the assets on the last day of the prior year.

The annual fee varies (between 0.95% and 1.25%) depending upon the market value of the assets under management, as follows:

<b>PORTFOLIO VALUE</b>	<b>BASE FEE</b>
up to \$1,000,000	1.25%
\$1,000,001 - \$3,000,000	1.15%
above \$3,000,000	0.95%

TABR, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage TABR for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

TABR applies its investment management fee to all assets the Firm manages on a regular and continuous basis. These assets will include cash and cash equivalents. Under some market conditions, the Firm's annual fee will exceed returns on cash and cash equivalents. TABR has procedures in place to ensure that cash balances in client accounts are in the best interest of the client and meet at least one of the following investment objectives: (1) having an allocation to cash as an asset class; (2) facilitating transaction execution; (3) having available funds to pay the fees charged to the account; (4) providing for asset protection and / or optionality during periods of volatile market conditions.

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**Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), TABR generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts.

TABR may only implement its investment management recommendations after the client has arranged for and furnished TABR with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, any other broker-dealer recommended by TABR, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to TABR's fee.

TABR's *Agreement* and the separate agreement with any *Financial Institutions* authorizes TABR to debit the client's account for the amount of TABR's fee and to directly remit that management fee to TABR. Any *Financial Institutions* recommended by TABR have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to TABR.

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**Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees shall be calculated on a *pro rata* basis.

The *Agreement* between TABR and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. TABR's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to TABR's right to terminate an account. Additions may be in cash or securities provided that TABR reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. TABR may consult with its clients about the options and ramifications of transferring securities. Clients may withdraw account assets on notice to TABR, subject to the usual and customary securities settlement procedures. Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications. However, TABR designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

To the extent that additions or withdrawals from the account result in an increase or decrease of the quarterly fee by \$5 or more, the quarterly fee will be prorated.

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

TABR does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

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

TABR provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

### **Minimum Account Size**

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As a condition for starting and maintaining a relationship, TABR generally imposes a minimum portfolio size of \$500,000. TABR, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. TABR shall only accept clients with less than the minimum portfolio size if, in the sole opinion of TABR, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. TABR may aggregate the portfolios of family members to meet the minimum portfolio size.

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

TABR's approach to the markets can be summed up in three words: Disciplined Risk Management. In fact, TABR is an acronym for "Technical Analysis Based Risk-Management." TABR believes that avoiding significant losses is as important to investment success and financial security as is generating big returns. For clients who are drawing an income (whether retired or not), this is even more important, as it has been demonstrated that the sequence of investment returns really does matter in determining outcomes when a withdrawal strategy is in place.

Though risk in the financial markets cannot be avoided, TABR believes that it can be managed wisely. One of TABR's primary goals is to help clients manage downside risk. TABR uses a disciplined, unemotional and systematic approach to help manage client emotions to fluctuations in the value of their portfolio. TABR uses technical models that have been tested over many years to guide asset commitment decisions.

TABR's approach is rooted in the belief that no one can consistently predict future market returns, nor is it necessary to do so to achieve financial security. Asset returns in all markets are cyclical, and are determined by a variety of factors. TABR believes that the "buy and hold" approach advocated by a majority



of investment advisors only works in the rear view mirror. TABR's view is that buying and holding does not work for real people with real money and real emotions.

TABR's research demonstrates that some environments are particularly hostile to stocks and other asset classes, while others have been historically friendly. The reality is that one cannot avoid risk. TABR utilizes its models in an attempt to minimize the downside during particularly unfriendly market environments.

TABR feels that based upon the history of market cycles and investor behavior that investors must stick to their investment philosophy, even when doubts arise. It is TABR's experience that relying on emotions and not data accounts for most investors' mistakes. Data and the discipline to stay the course are absolute requirements for achieving success in the financial markets.

TABR believes that the power of bonds to smooth stock market risk over time is often lost on investors. Stocks' inherent volatility does not typically bother most investors – as long as prices go up. But sharp market downturns are a painful reminder that stocks often follow a rocky trail. This is why TABR feels that risk management is so critical in one's investment plan – it allows investors to stick with the plan, even when their emotions would lead them to do otherwise.

#### *Investment Strategy / Philosophy*

TABR's approach to the management of capital uses primarily technical analysis, relying extensively on trend-following models and relative strength analysis. Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices, volume and other measures. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

Relative strength is a term associated with technical analysis that helps investors understand the momentum of a stock or fund being analyzed. Relative strength measures a particular stock's (or funds) price change over time and compares that change to the change in a stock market index (i.e., the S&P 500). A stock's relative strength is expressed as a percentage and represents how it performs against other securities. For instance, if a stock has a relative strength of 60, it has outperformed 60 percent of the other stocks over a certain period, typically a year. Some technical analysts prefer stocks or funds with high relative strength because they take it as an indication of future increases. Relative strength is also referred to as price persistence or price momentum.

Trend following is an investment strategy in which one makes investment decisions based on the perceived momentum of the securities in which one invests. That is, an investor buys when he believes a security is trending upward, and sells when he believes it is trending downward. Trend trading may be used for short, intermediate and long-term investing, though the indicators for a trend reversal will likely be different for each time frame.

Only mutual funds, exchange-traded funds (ETFs) and money market funds are typically used in client portfolios. Individual stocks, bonds or treasury securities are typically used only when specifically requested

by a client (except in the case of TABR's OEX Relative Strength strategy), and in those instances that is an exception to TABR's overall process.

In 2007, TABR introduced the TABR All-Bond account, which is designed for very conservative clients who are not comfortable with the ups and downs of the stock market, or who want to augment their overall mix with an emphasis on fixed income. The composition of such accounts usually mirrors the fixed income portion of diversified accounts, as is described below.

In late 2013, for clients who may wish to be more aggressive with a portion of their capital, TABR introduced a fully-invested diversified portfolio dubbed the TABR Passive Index mix. This account maintains a typical mix of 60% equity funds and 40% fixed income funds. The "passive" moniker refers to the process that this account will not pursue risk management of any kind---also known in the industry as buy and hold (other than rebalancing back to benchmarks annually).

Since they are fully invested at all times, the TABR Passive Index mix will experience more volatility, both up and down, than that of TABR's Tactical Accounts. For certain clients, a blending of these strategies may be appropriate.

In late 2018, TABR introduced the TABR All-Stock Tactical Strategy. This strategy is designed for clients who want to be aggressive with a portion or all of their portfolio, yet want the protection of TABR's stock market risk management models, which are described below.

In early 2020, TABR introduced the TABR OEX Relative Strength strategy. This strategy is designed for clients who want to be aggressive with a portion of, or all of, their portfolio. It is fully invested in individual stocks which are members of the S&P 100 Index, using a relative strength screen, and is rebalanced and reconstituted monthly. A derivation of this strategy, using the S&P 500 Universe, was established at the beginning of 2024.

Before investing a client's capital, TABR first attempts to determine the most appropriate risk profile for the client in relation to their specific goals (Aggressive, Moderate or Conservative). The typical allocations we use for these three styles of accounts are as follows:

Conservative:	65%	Fixed Income	35%	Equity
Moderate:	45%	Fixed Income	55%	Equity
Aggressive:	25%	Fixed Income	75%	Equity

TABR encourages clients to take the FinaMetrica on-line risk profile questionnaire, which is a series of 25 questions about risk. Combining the results from this process, feedback from the client and a discussion of the worst historical outcomes of various portfolio allocations over the past 40 years, TABR and clients come to a mutual agreement as to which allocation is best suited for that client.

Risk determines the maximum percentage of an account TABR would allocate to a particular asset class, but it says nothing about what clients should own, or when they should own it. That is where relative

strength and technical risk-management models come into play. For fixed income exposure, TABR uses both corporate and government bond funds, including high yield corporate funds. Equity exposure consists of diversified domestic (U.S.) stock funds, diversified international stock funds, and at certain junctures, real estate funds may be employed, as well as gold ETFs.

TABR considers the vast majority of the capital it manages to be tactical in nature - in other words TABR has a strict set of mathematical rules (risk models) which determine when to enter or exit a position.

On the fixed income side, TABR currently uses two different risk management models for the management of multi-sector and corporate high yield bond funds. The position of these models guides our allocation decisions. For instance, if TABR's corporate high yield risk model is on a BUY signal, the percentage of capital TABR has allocated to that bond strategy will be mostly fully invested in a variety of high yield bond funds. When the model turns negative, the majority of the position is sold and temporarily invested in a short term bond fund, and the process would repeat itself over time. In addition, there are core positions in Corporate Defined Maturity Funds with durations of 3 to 4 years.

All of TABR's bond market risk models are price-based, as TABR's research has shown it to be the most important variable to pay attention to - PRICE. With bonds, price and yields move in opposite directions. As price moves higher, yields move lower. TABR's approach is designed to protect against higher interest rate environments (yields moving higher), by focusing on price. When price moves down by a certain amount, TABR's models will trigger SELL signals to move to money market or shorter duration bond funds. Duration represents the interest rate sensitivity of a bond portfolio. The longer the duration, typically the higher the risk. For instance, if a portfolio has a duration of 5 years, the value of the portfolio will move up or down 5% for every 1% increase or decrease in yield. For a duration of 10 years, the price move would be 10% for a 1% move.

TABR employs a number of different stock market risk models to determine what TABR calls its tactical equity exposure.

In TABR's tactical equity strategy, TABR first uses relative strength to select several core diversified ETF index funds. Every month a list of about 20 funds are ranked against each other. When any of the core funds owned drop below a certain percentile rank, its position is sold and replaced with a top-ranked fund at that time. The remaining portion of the tactical equity allocation is used to either increase exposure (up to 100%), or to reduce exposure to as little as 0-15%.

At present, when tactical equity exposure is less than 100%, the balance of funds is held in a short-term Treasury ETF, or a money market fund. In more negative environments when equity exposure of less than 50% of maximum is warranted, TABR may invest in inverse ETFs of the S&P 500, Russell 2000, S&P 400 Midcap or the Nasdaq 100.

In addition, TABR typically maintains core equity exposure of about 20% using a sector relative strength strategy primarily using Fidelity Select Sector Funds. Similar to the broad-based ETFs, sector funds are held until they fall out of the top tier of rankings and are replaced by other top-ranked sector funds.

To illustrate maximum and minimum equity exposure, if a Moderate Risk account has a maximum of 55% in equities, that would only take place if all tactical models were fully invested. In contrast, if all tactical risk models were negative, only the core exposure would be in equities, which would be approximately 11-12% in this example (20% of 55).

TABR's main objective is to help clients meet their individual goals, coupled with substantially smaller drawdowns and less risk over complete market cycles. In other words, a smoother ride. A complete market cycle typically lasts from three to six years and measures from peak to peak and trough to trough.

## **Risks**

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The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the firm to provide investment management services on their behalf.

### *Market Risks*

The profitability of a significant portion of TABR's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that TABR will be able to predict those price movements accurately.

Since the emphasis of TABR's approach is risk management and defending capital, it should be emphasized that the primary risk in using TABR's philosophy is under-performing in a strongly rising market environment or in an environment with a lack of trends (choppiness, whipsaws and sideways action).

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### *Cash Management Risks*

The firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. ETFs are subject to secondary market trading risks. Shares of ETFs will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be

no guarantee that an ETF's exchange listing will continue or remain unchanged. Shares of the ETF may trade on an exchange at prices at, above or below their most recent net asset valuation (NAV), which is the price at which an investor would buy or sell the ETF. The per share NAV of a mutual fund or ETF is calculated at the end of each business day, and fluctuates with changes in the market value of the mutual fund's or ETF's holdings. The trading prices of an ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the ETF's shares trading at a premium or discount to NAV.

#### *Inverse ETFs*

An investment in an Inverse ETF involves risk, including loss of investment. Inverse ETFs or "short funds" track an index or benchmark and seek to deliver returns that are the opposite of the returns of the index or benchmark. If an index goes up, then the inverse ETF goes down, and vice versa. Inverse ETFs are a means to profit from and hedge exposure to a downward moving market.

Inverse ETF shareholders are subject to the risks stemming from an upward market, as inverse ETFs are designed to benefit from a downward market. Most inverse ETFs reset daily and are designed to achieve their stated objectives on a daily basis. The performance over longer periods of time, including weeks or months, can differ significantly from the underlying benchmark or index. Therefore, inverse ETFs may pose a risk of loss for buy-and-hold investors with intermediate or long-term horizons and significant losses are possible even if the long-term performance of an index or benchmark shows a loss or gain. Inverse ETFs may be less tax-efficient than traditional ETFs because daily resets can cause the inverse ETF to realize significant short-term capital gains that may not be offset by a loss.

### **Item 9. Disciplinary Information**

TABR is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. TABR does not have any required disclosures to this Item.

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

TABR is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. TABR does not have any required disclosures to this Item.

### **Item 11. Code of Ethics**

TABR and persons associated with TABR ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with TABR's policies and procedures.

TABR has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with

Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by TABR or any of its associated persons. The *Code of Ethics* also requires that certain of TABR’s personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

As specifically permitted in TABR’s *Code of Ethics*, TABR’s Access Persons may affect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of TABR’s clients. However, when TABR is purchasing or considering for purchase any security on behalf of a client, no Access Person may affect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security (or through a batch trade at the same time as clients). Similarly, when TABR is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact TABR to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

As discussed above, in Item 5, TABR generally recommends that clients utilize the brokerage and clearing services of *Fidelity*.

Factors which TABR considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* enables TABR to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by TABR’s clients comply with TABR’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where TABR determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution’s* services, including among others, the value of

research provided, execution capability, commission rates, and responsiveness. TABR seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

TABR periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct TABR in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and TABR will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by TABR (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, TABR may decline a client’s request to direct brokerage if, in TABR’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless TABR decides to purchase or sell the same securities for several clients at approximately the same time. TABR may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among TABR’s clients 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 TABR’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that TABR determines to aggregate client orders for the purchase or sale of securities, including securities in which TABR’s *Supervised Persons* may invest, TABR shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. TABR shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that TABR determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, TABR may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small



proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist TABR in its investment decision-making process. Such research generally will be used to service all of TABR's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because TABR does not have to produce or pay for the products or services.

#### **Software and Support Provided by Financial Institutions**

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TABR receives from *Fidelity*, without cost to TABR, computer software and related systems support, which allow TABR to better monitor client accounts maintained at *Fidelity*. TABR receives the software and related support without cost because TABR renders investment management services to clients that maintain assets at *Fidelity*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit TABR, but not its clients directly. In fulfilling its duties to its clients, TABR endeavors at all times to put the interests of its clients first. Clients should be aware, however, that TABR's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence TABR's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, TABR receives the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. In addition, the firm may receive other benefits including attendance at educational events organized and/or sponsored by *Fidelity*. Other potential benefits may include occasional business entertainment of personnel of TABR by *Fidelity* personnel, including meals and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist TABR in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the firm's accounts. *Fidelity* also makes available to TABR other services intended to help the firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice



management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. As a fiduciary, TABR endeavors to act in its clients' best interests, but the firm's recommendation that clients maintain their assets in accounts at *Fidelity* may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by *Fidelity*, which creates a conflict of interest.

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

For those clients to whom TABR provides investment management services, TABR monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom TABR provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of TABR's Principals, Robert Kargenian or Steven Medland. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with TABR and to keep TABR informed of any changes thereto. TABR shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom TABR provides investment advisory services will also receive a report from TABR that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from TABR.

Those clients to whom TABR provides financial planning and/or consulting services will receive reports from TABR summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by TABR.

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

TABR is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, TABR is required to disclose any direct or indirect compensation that it provides for client referrals. The Firm does not provide compensation to any third-party for client referrals.

The Firm receives economic benefits from Fidelity. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## Item 15. Custody

TABR's *Agreement* and/or the separate agreement with any *Financial Institution* authorize TABR through such *Financial Institution* to debit the client's account for the amount of TABR's fee and to directly remit that management fee to TABR in accordance with applicable custody rules.

The *Financial Institutions* recommended by TABR have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to TABR. In addition, as discussed in Item 13, TABR also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from TABR.

TABR also has custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

## Item 16. Investment Discretion

TABR is given the authority to exercise discretion on behalf of clients. TABR is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. TABR is given this authority through a power-of-attorney included in the agreement between TABR and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). TABR takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

## Item 17. Voting Client Securities

TABR is required to disclose if it accepts authority to vote client securities. TABR does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

**Item 18. Financial Information**

TABR does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, TABR is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. TABR has no disclosures pursuant to this Item.

## **TABR Capital Management, LLC**

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