

# **R.M. SINCERBEAUX CAPITAL MANAGEMENT, LLC.**

**1120 Avenue of the Americas,  
Suite 4044  
New York, NY 10036**

## **Form ADV Part 2A**

**March 15, 2024**

This brochure provides information about the qualifications and business practices of R.M. SINCERBEAUX CAPITAL MANAGEMENT, LLC. ("RMSCM" or "the Adviser") is an SEC Registered Investment Advisor. If you have any questions about the contents of this brochure, please contact Richard Sincerbeaux at [dick@rmscapitalmgmt.com](mailto:dick@rmscapitalmgmt.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment advisor does not imply any level of skill or training.

Additional information about RMSCM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number. RMSCM's CRD # is 145159.

## Item 2: Material Changes

RMSCM will ensure that you receive an updated Brochure or a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year end. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

As used in this brochure, the words "we", "our" and "us" refer to RMSCM and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

This item discusses only the material changes that have occurred since the Firm's last update of this brochure, dated March 15, 2023.

This Brochure, dated March 2024, includes changes to the following sections:

- The Firm has updated their Assets under Management (Item 4E). Assets reported on the Form ADV Part 1 and Brochure are for February 29 2024.

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## Item 4. Advisory Business

### A. General Description of Advisory Firm

R.M. Sincerbeaux Capital Management, LLC (RMSCM) is an SEC registered investment adviser with its principal place of business at 1120 6<sup>th</sup> avenue, suite 4044 New York, New York 10036. RMSCM commenced operations on April 10, 2007 and has been registered with the SEC since October 15, 2007. RMSCM is operated and wholly owned by Richard M. Sincerbeaux, Sr who can be reached by phone at 917-324-1603 or 212-626-6544 or by email at Dick@rmscapitalmgmt.com.

### B. Description of Advisory Services

RMSCM provides investment management services to high-net-worth individuals and their families. We assemble and manage on a discretionary basis, suitable stock and bond portfolios for clients in accordance with their investment requirements.

### C. Wrap Fee Programs

RMSCM does not participate in wrap fee programs.

### D. Client Assets under Management

As of February 29, 2024

RMSCM had Regulatory Assets under Management of \$178,039,307.00.

- \$ 175,465,073.00 was managed on a discretionary basis and
- \$ 2,574,234.00 was supervised on a non-discretionary basis.

## Item 5. Fees and Compensation

### A. Advisory Fees and Compensation

Asset-Based Compensation.

RMSCM charges advisory fees based on the value of assets under management. Fees are computed at an annual rate of 0.75% of the value of equity assets and 0.25% of the par value of fixed income securities and cash reserves. RMSCM had chosen to waive fees on cash reserves for some clients when interest rates were low but, RMSCM may choose to reinstate .25% fees due to higher interest rates now available on cash reserves.

Fees are computed at the end of each quarter using the closing prices for equities and Par (Face Value) for fixed income (Bonds) and cash reserves. RMSCM does not charge an advisory fee on mutual fund assets with embedded investment management fees.

IRA accounts are charged a fee at an annual rate of 0.65% on all assets based on fair market value at quarter end except mutual funds as referenced above. Clients authorize the custodian to pay the investment management fee directly to RMSCM from their personal accounts while IRA accounts are billed directly to clients for payment. If a new client account is established during a quarter, the fee payable to the advisor is based on the value of the assets under management at the end of the quarter pro-rated from the date of

inception. If a client terminates their investment management agreement, the fee payable to the advisor is based on the value of the assets on the termination date, pro-rated for the number of days during the quarter.

<b>Asset Valuation</b>	<b>Annual Fee charged quarterly in arrears</b>
Net Equity Assets at quarter end	.75%
Bonds – par value of bonds at quarter end	.25%
Cash and cash equivalents	.25% currently waived
IRA Accounts – fair market value of all assets at quarter end	.65%

## **B. Other Fees and Expenses**

RMSCM controls commissions paid on securities transactions for clients by negotiation. The commissions paid enable RMSCM access to execution and research services which benefit RMSCM and all clients. (See ITEM 12. Brokerage Practices)

In addition to paying investment management fees and commissions which are under the control of RMSCM, client accounts are also subject to other investment expenses not under its control. These include items such as custodial charges, interest expenses, and the client's pro-rata share of the investment management fee and other fees inherent in the ownership of mutual funds.

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

RMSCM does not accept performance-based fees.

RMSCM has policies intended to address conflicts of interest relating to the management of separate accounts and the allocation of investment opportunities. RMSCM has controls designed to treat equitably all accounts with similar objectives. In addition, RMSCM's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size and require that, to the extent orders are aggregated, the trade executions are average-priced.

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

RMSCM clients are high net worth individuals and their families. We seek new clients with \$5,000,000 or more of investable assets.

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

### **A. Methods of Analysis and Investment Strategies.**

RMSCM uses fundamental research from multiple sources (including brokerage research, data services, independent research, general business publications, SEC Filings, cable television business channels) to monitor the economy, markets and to identify companies with attractive investment characteristics.

RMSCM employs the following investment strategies:

**Equity Portfolios.** RMSCM is a patient investor who invests for long term dividend growth and capital appreciation. RMSCM assembles equity portfolios of between 15 and 25 companies. These companies are characterized by high profitability, solid balance sheets, strong cash flows and attractive growth prospects. The intention is to hold each security for the long term, regardless of short-term factors such as fluctuations in the market or volatility of the stock price. By investing for the long term, we avoid having to pay taxes on capital gains and the difficult task of stock and market timing. We expect these companies to weather the difficult times and thrive in good times as earnings and dividends grow.

On occasion, we will establish a new position in an otherwise strong company to take advantage of a depressed price caused by what we believe to be temporary factors.

We have no restrictions on the size of companies we buy, but most tend to be of large capitalization. Portfolio turnover is low. RMSCM is tax aware. RMSCM is slow to realize capital gains, unless a company's stock price is seriously over-valued, company or industry fundamentals have deteriorated, there is a need to fund a purchase of a more attractive investment, or a need to rebalance asset allocation. When new investments don't work out, losses are harvested by the end of each year to offset any realized gains.

**Bond portfolios** are structured in a laddered format with bonds maturing periodically. As bonds mature, the funds are usually reinvested at the longest maturity. The laddered bond portfolio structure is designed to mute the impact of changing levels of interest rates on the return of the bond portfolio and build in dependable cash flows from coupon income and bond maturities.

**Options Trading.** RMSCM may engage in conservative option strategies, including the sale of covered calls or the purchase of protective puts. Selling a covered call limits upside potential and the entire cost of buying a put may be lost.

## **B. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies**

**Interest Rate Risks.** The value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities decreases. Conversely, as interest rates fall, the market value of fixed-income securities increases. This risk is greater for long-term securities than for short-term securities.

**Issuer-Specific Changes.** Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

**Lack of Diversification.** Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

### **C. Risks Associated with Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks)**

**Equity Securities.** The value of equity securities fluctuates in response to issuer, political, market and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market. Changes in the financial condition of a single issuer can impact the market. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

**Exchange Traded Funds (ETFs).** Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

**Fixed-Income and Debt Securities.** Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risks created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

**Non-U.S. Securities.** Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

**Political Risk.** The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline. Any foreign investments are impacted by the decision of their local governments.

**REITs.** REITs in which the Adviser invests client assets are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Adviser invests results in the concentration of investments geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITS depend generally on their ability to generate cash flow to make distributions to investors.

**Cybersecurity.** RMSCM has implemented measures to manage cybersecurity risks including employee training and has engaged an IT consultant to advise on cybersecurity. RMSCM has invested and upgraded the Firm's network, server, software and applies patches as needed. The offices are secured and require employees to use keycards to access the building. Offices and file cabinets are locked nightly. RMSCM has limited access to client's PII on the firm's network. Mr. Sincerbeaux access client portfolios via Goldman's web portal. RMSCM has taken reasonable measure to ensure confidentiality, privacy and cyber security. Although the Firm has implemented the above measures to manage security risks, there is no guarantee that the system will not be compromised.

**Epidemics, Pandemics and Market Disruption.** Large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption. The Firm has not experienced any problems due to the pandemic.

## **Item 9. Disciplinary Information**

No items to disclose.

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

None.

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

### **Code of Ethics**

RMSCM has adopted a Code of Ethics (the "Code") that obligates the Adviser and its related persons to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. RMSCM's personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Richard M.



Sincerbeaux (Chief Compliance Officer) by email at [dick@rmscapitalmgmt.com](mailto:dick@rmscapitalmgmt.com), or by telephone at 917-324-1603. Richard Sincerbeaux and/or his employees may own securities owned by clients. If it is deemed that a co-owned security is to be sold for fundamental reasons, client positions are liquidated prior to the sale of those securities by the adviser and its employees. Similarly, client purchases would occur before purchases by the adviser or its employees.

## **Item 12. Brokerage Practices**

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

RMSCM has a policy of allowing its clients to retain established brokerage relationships and directing transactions through those brokerage accounts pursuant to third-party trading authorizations. However, there was an agreement in April 2007 between Mr. Sincerbeaux and Goldman Sachs & Co. ("GS") which was entered upon Mr. Sincerbeaux's retirement as a Vice President in the GS Private Wealth Management Division. Pursuant to this agreement, Mr. Sincerbeaux was permitted to offer equity and fixed income portfolio management services to his former GS clients and would direct their transactions through their already established GS accounts. Clients who chose to retain Mr. Sincerbeaux following his retirement from GS, continue to maintain their accounts and professional relationships at GS.

#### **Soft Dollars Research, Reporting, Custody and Other Benefits**

Client commissions are paid to Goldman Sachs for executing brokerage transactions.

GS provides RMSCM with access to its institutional brokerage platform. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that support our firm in conducting business and in serving the needs of our clients.

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

### **Frequency and Nature of Review**

RMSCM monitors client portfolios on a continuous basis. Matters considered include the following – client investment objectives, performance of each client account and in view of economic outlook, current market conditions and the determination of whether individual security positions should be adjusted, or new securities added.

Content and Frequency of Regular Account Reports. Clients receive detailed monthly statements, including performance reports, from their custodian.

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

RMSCM does not have any soft-dollar arrangements and does not compensate any third party either directly or indirectly for client referrals.

## Item 15. Custody

RMSCM client securities and cash reserves are held in custody accounts at their designated Qualified Custodian. Clients receive detailed monthly statements directly from their custodians. The monthly statements show all account activity, security holdings and an update of account performance.

The quarterly investment management fees are paid to RMSCM by the custodian upon presentation of a proper invoice. However, IRA accounts are billed to and paid by clients directly.

## Item 16. Investment Discretion

Unless otherwise instructed or directed by a discretionary client, RMSCM has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. RMSCM may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is RMSCM's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead RMSCM to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the investment.

**IPOs or Secondary Offerings.** RMSCM does not typically participate in initial public offerings (IPOs) or secondary offerings. However, if the adviser were to participate in IPOs and secondary offerings, allocations would be made in client accounts eligible to participate on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate. Such instances may include an explicit prohibition against participation in IPOs or secondary offerings in the client's investment guidelines or a client's status as a "restricted person" under applicable regulations.

**Trade Errors.** If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines or restrictions occur, the Adviser's error correction procedure is designed to treat clients fairly and, following error correction, put them in the same position they would have been had the error not occurred.

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

Clients receive proxies directly from their custodians. Upon request, RMSCM will vote client proxies, will advise clients how to vote, and arrange for email proxies to be sent to clients.

## **Item 18. Financial Information**

Nothing to disclose. Client fees are paid in arrears.