

# Clockwise Capital LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Clockwise Capital LLC. If you have any questions about the contents of this brochure, please contact us at (305) 200-8800 or by email at: [eli@clockwisecapital.com](mailto:eli@clockwisecapital.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.*

*Additional information about Clockwise Capital LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Clockwise Capital LLC's CRD number is: 175233.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Clockwise Capital LLC on 03/13/2023 are described below. Material changes relate to Clockwise Capital LLC's policies, practices or conflicts of interests.

- Clockwise Capital LLC has updated their Assets Under Management (Item 4.E).
- Clockwise Capital LLC is now a subadvisor (Items 4 & 5).
- Clockwise Capital LLC now has a Soft Dollar arrangement (Item 12).
- Clockwise Capital LLC has added the custodian Betterment Securities

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Clockwise Capital LLC (hereinafter “ClockCap”), also d/b/a Clockwise Capital, is a Limited Liability Company organized in the State of Delaware. The firm became registered as an investment adviser in 2015. The principal owners are Garari Eli Mikel, & Ryan Jeffrey Guttridge.

### **B. Types of Advisory Services**

#### ***Portfolio Management Services***

ClockCap evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client. The firm bases its services on the individual goals, objectives, time horizon, and risk tolerance of each client. Depending on the needs of the client, ClockCap may create an Investment Policy Statement for the client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Risk tolerance

ClockCap seeks to provide investment advices in accordance with the fiduciary duties owed to its accounts and without consideration of ClockCap’s economic, investment or other financial interests. ClockCap does directly invest the client’s portfolio. Clients should be aware that ClockCap offers to different investment strategies: its standard Professor Portfolios Strategy and its Clockwise Capital Strategy. The main investment difference is that the Clockwise Capital Strategy provides a more adaptive investment approach based on the market environment with the goal of providing positive market returns regardless of the market.

#### ***Clockwise Capital Innovation ETF***

In January of 2022 ClockCap launched the Clockwise Capital Innovation ETF (“TIME”). This is the first opportunity for ClockCap to serve as an Investment Adviser to a Registered Investment Company. In addition, ClockCap will serve as the fund’s Subadviser. This fund is a diversified, actively managed exchange-traded fund (“ETF”) that will invest opportunistically in companies with distinct secular advantages. ClockCap balances the portfolio between next-gen companies and legacy enterprises that are adapting to the new paradigm at rates fundamentally undervalued by the market.

### ***Selection of Other Advisers***

ClockCap may direct clients to third-party investment advisers. Before selecting other advisers for clients, ClockCap will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where ClockCap is recommending the adviser to clients.

### ***Subadviser Services***

ClockCap may also act as a subadviser to advisers unaffiliated with ClockCap. These third-party advisers would outsource portfolio management services to ClockCap. This relationship will be memorialized in each contract between ClockCap and the third-party advisor. The advisers are Fiduciary Planning, LLC (CRD# 304104) and Legado Wealth Management LLC (CRD# 305263).

### ***Betterment Securities***

Betterment for Advisors is a digital wealth management platform generally serving independent investment advisory firms and advisors. Betterment LLC ("Betterment"), a registered investment advisor, serves as sub-advisor to Advisor's clients ("Clients"). MTG LLC, dba Betterment Securities ("Betterment Securities"), a registered broker-dealer and member of FINRA and SIPC, serves as broker-dealer and custodian.

The services provided by Betterment include:

- **Goal-Based Investment Management:** Betterment's goal-based investment platform allows Advisors and Clients to identify multiple investment goals for each Client, each with specific portfolio allocations;
- **Portfolio Construction Tools:** Advisor and Advisor's Clients have access to a set of Betterment constructed portfolio strategies, third-party model portfolio strategies, or, if applicable, Advisor constructed custom portfolio strategies (described below), each of which is comprised of low cost, index-tracking exchange-traded funds or mutual funds (the latter only for advisors who are approved to construct portfolios with Dimensional Fund Advisors mutual funds), and are able to customize the risk-level for each investment goal (collectively "traditional securities portfolios");
- **Automated Investment Management Services:** Betterment's algorithms automate back-office tasks such as trading, portfolio management, and account rebalancing;
- **Website and Mobile Application:** Betterment's website and mobile application provide a platform for account access and monitoring and delivery of account documentation and notices; and
- **Advisor Dashboard:** Advisors have access to a dashboard for purposes of monitoring and managing Client accounts.

Certain Advisors offer to their Clients through Betterment's platform custom portfolio strategies. If Advisor chooses to participate in this offering, Advisor may construct

Custom Portfolios using Advisor's own investment methodologies, and Advisor's Clients are able to use Betterment's automated advice features, including automatic rebalancing, dividend reinvestment, tax loss harvesting, and asset location services. Advisor, and not Betterment, is responsible for managing any goal for which a Custom Portfolio is elected on the basis of a Client's financial situation and investment objectives. Betterment will not evaluate whether any Custom Portfolio is suitable for any Client's individual investment objectives, either at the time of election or on an ongoing basis. In addition, Advisor, and not Betterment, is responsible for disclosing to Advisor's Clients any limitations to Betterment's features caused by the election of a Custom Portfolio strategy. Betterment for Advisors offers several account types to Advisors and their Clients, such as taxable investing accounts, individual retirement accounts (IRAs), and cash management accounts (Cash Reserve). If Advisor's Client also is employed by a company that utilizes Betterment's 401(k) offering, Betterment at Work, Advisor may also manage Client's Betterment 401(k) account if Client delegates investment management authority of their 401(k) to Advisor. Advisors can also view Clients' Betterment checking account in their Advisor Dashboard, and Advisors can also view Clients' health savings accounts (HSAs), if the Client has a Betterment HSA through their employer.

#### Tailored Services and Investment Restrictions

To use Betterment for Advisors' services, Clients and/or their Advisors must inform Betterment of their financial situation and preferences through Betterment's online application. To set up an investing account through the Betterment platform, Advisors and/or their Clients must select an investment goal, select a portfolio strategy (or follow the Advisor's pre-set default portfolio strategy), and set an allocation (the risk level of the portfolio which corresponds to a ratio of stock to bonds), and may provide additional details about the Client's investment objectives within Betterment's interface. Guidance provided by Betterment is available in the online application, but Advisors are ultimately responsible for ensuring that Advisor's Clients are placed in suitable investments. Advisors are also responsible for ensuring that the information they provide to Betterment about their Clients is accurate and up-to-date.

Advisors can also restrict the securities purchased for Client accounts by electing Betterment's Flexible portfolio strategy or Advisor's Custom Portfolio strategy to choose their own asset classes and adjust allocation weights. Clients and/or their Advisors can influence Betterment's discretionary management of their account by turning on or off several of Betterment automated portfolio management features.

### **C. Client Tailored Services and Client Imposed Restrictions**

ClockCap offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients are not permitted to impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.



## D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. ClockCap does not participate in any wrap fee programs.

## E. Assets Under Management

ClockCap has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$269,532,513 .00	\$60,557,596 .00	December 2023

# Item 5: Fees and Compensation

## A. Fee Schedule

### *Portfolio Management Fees*

#### Clockwise Capital Strategy

Total AUM	Annual Fee
All Assets	1.20%

#### Clockwise Capital Strategy w/Options Income & Protection

Total AUM	Annual Fee
All Assets	1.50%

ClockCap uses the end of quarter balance of a portfolio upon which the advisory fee is based. These fees are negotiable and the final fee schedule is attached as Exhibit II of the advisory contract. Clients may terminate the agreement without penalty for a full refund of ClockCap's fees within five business days of signing the advisory contract. Thereafter, clients may terminate the advisory contract immediately upon written notice.

### ***Performance-Based Portfolio Management Fees***

<b>Total Assets</b>	<b>Annual Management Fee (on all assets managed)</b>	<b>Annual Performance Fee (on capital appreciation)</b>
All Assets	1.5%	20.0%

Qualified Clients will pay an annual fee of 1.5% of assets under management along with a 20% performance fee based on capital appreciation. If the portfolio rises in value, then the client will pay 20% on that increase in value, but if the portfolio drops in value, then the client will not incur a new performance fee until the portfolio reaches the last highest value, adjusted for withdrawals and deposits, which is generally known as a “high water mark.”

The performance fee is also contingent upon returns for Clockwise Ventures I L.P. private fund exceeding a certain threshold; this is known as a hurdle rate. Specifically, performance fees are only assessed on returns (capital appreciation, including dividends and interest, but net of ClockCap’s advisory fee) greater than 20% per year. Custodial fees, transaction fees, and certain other third-party fees are assessed to the client and are not a reduction of returns for the purposes of the hurdle rate. The hurdle is otherwise pre-tax.

In general, a “Qualified Client” is:

- (1) a natural person or company who at the time of entering into such agreement has at least \$1,100,000 under the management of the investment adviser;
- (2) a natural person or company who the adviser reasonably believes at the time of entering into the contract: (A) has a net worth of jointly with his or her spouse of more than \$2,200,000 excluding the value of the client’s primary residence; or (B) is a qualified purchaser as defined in the Investment Company Act of 1940, §2(a)(51)(A) (15 U.S.C. 80a-2(51)(A)); or
- (3) a natural person who at the time of entering into the contract is: (A) An executive officer, director, trustee, general partner, or person serving in similar capacity of the investment adviser; or (B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the investment adviser), who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar function or duties for or on behalf of another company for at least 12 months.

### ***Educational Seminars/Workshops***

ClockCap provides periodic educational seminars and workshops to clients/the general public.

### ***Clockwise Capital Innovation ETF Fees***

The investment advisory rate for the ETF is currently 95 basis points.

### ***Selection of Other Advisers Fees***

ClockCap may direct clients to third-party investment advisers. ClockCap will be compensated via a fee share from the advisers to which it directs those clients. The fees shared are negotiable and will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

ClockCap may specifically direct clients to The Burney Company. The annual fee schedule is as follows:

<b>Total Assets</b>	<b>CLOCKCAP's Fee</b>	<b>Third Party's Fee</b>	<b>Total Fee</b>
All Assets	1.10%	0.10%	1.20%

### ***Subadviser Services Fees***

ClockCap may also act as a subadviser to unaffiliated third-party advisers and ClockCap would receive a share of the fees collected from the third-party adviser's client. The fees charged are negotiable and will not exceed any limit imposed by any regulatory agency. This relationship will be memorialized in each contract between ClockCap and the third-party adviser.

### **Betterment Fees and Compensation**

Unless you have negotiated a specific fee discount, Betterment charges your Clients an asset-based wrap fee on amounts invested via the Betterment for Advisors platform that is tiered based on the aggregate balance of all of your firm's Client accounts at Betterment (not including funds held in Betterment Cash Reserve). That wrap fee currently ranges from 0.12% to 0.25% of account balances. The asset-based wrap fee is charged monthly or quarterly, as determined by Advisor's election in the Betterment for Advisors platform, in arrears. The services included for the wrap fee include all of the services provided by Betterment and Betterment Securities through the Betterment for Advisors platform, including advisory services, custody of assets, execution and clearing of transactions, and account reporting. Betterment collects wrap fees directly from Clients pursuant to the terms of the sub-advisory agreement between Betterment and each Client. Clients utilizing the Betterment for Advisors platform may pay a higher aggregate fee than if the advisory, custodial, trade execution, and other services were purchased separately. Advisors with Clients on this pricing structure typically also pay a fixed monthly fee to Betterment. If you charge Clients a fee in addition to the Betterment for Advisors platform fee for assets held on the Betterment for Advisors platform, Betterment will collect both

its and your fee from each Client and remit your portion of the fee directly to you. Clients should be made aware of this arrangement.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Advisory fees are withdrawn directly from the client's accounts by ClockCap with client's written authorization. Fees are paid quarterly in arrears.

### ***Payment of Performance-Based Fees***

Performance-based fees are withdrawn directly from the client's accounts with client's written authorization. Fees are paid annually in advance.

### ***Payment of Educational Seminar/Workshop Fees***

Educational seminars and workshops are offered free of charge.

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of The Burney Company as third-party adviser are withdrawn directly from the client's accounts by ClockCap with client's written authorization, ClockCap then pays The Burney Company. Fees are paid either monthly or quarterly in arrears.

### ***Payment of Subadviser Fees***

Subadviser fees may be withdrawn from client's accounts or clients may be invoiced for such fees, as disclosed in each contract between ClockCap and the applicable third-party adviser.

## **C. Client Responsibility for Third Party Fees**

ClockCap collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check or return deposit back into the client's account.

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by ClockCap. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

For all asset based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in

the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee by 365.)

### **E. Outside Compensation for the Sale of Securities to Clients**

Neither ClockCap nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

ClockCap manages accounts that are billed on performance-based fees (a share of capital gains on or capital appreciation of the assets of a client) as well as accounts that are NOT billed on performance-based fees. Managing both kinds of accounts at the same time presents a conflict of interest because ClockCap or its supervised persons have an incentive to favor accounts for which ClockCap and its supervised persons receive a performance-based fee. ClockCap addresses the conflicts by ensuring that clients are not systematically advantaged or disadvantaged due to the presence or absence of performance-based fees. ClockCap seeks best execution and upholds its fiduciary duty for all clients.

Clients that are paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

Betterment for Advisors does not charge performance-based fees.

## **Item 7: Types of Clients**

ClockCap generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pooled Investment Vehicles

There is \$5,000 account minimum for the Professor Portfolios Strategy, while there is a \$1,000,000 account minimum for the Clockwise Capital Strategy.

## **Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss**

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

#### ***Methods of Analysis***

ClockCap uses both asset allocation models for investment portfolios as well as an analytical approach to stock picking. As noted above, the main investment difference between its standard Professor Portfolios Strategy and its Clockwise Capital Strategy is that the Clockwise Capital Strategy provides a more adaptive investment approach based on the market environment with the goal of providing positive market returns regardless of the market.

ClockCap believes a potential investment can only be evaluated correctly by using original, primary data. To start our analysis, we manually rebuild a company's balance sheet and income statement with data from the past five years. We use the Sustainable Free Cash Flow Model (SFCF) to develop a discounted cash flow model of the company under consideration.

A company's fair market value is determined by its free cash flow. A successful investor must have an understanding of the prospective distribution of free cash flows per share (fair values). Armed with this information, ClockCap can determine where the current share price (the objective measure of value) is located on the distribution of free cash flow per share. This enables us to calculate the probabilities for gains and losses. If we can get started on all this soon, that would be great. Please let me know what questions come up.

Betterment for Advisors makes available three categories of securities portfolio strategies: Betterment Constructed Portfolios, Third-Party Portfolios, and Custom Portfolios.

- Betterment Constructed Portfolios are portfolios composed of securities for which Betterment selects the underlying securities and weightings of those securities associated with particular allocations. Betterment Constructed Portfolios are composed of publicly traded ETF securities.
- Third-Party Portfolios are portfolio strategies that are constructed and updated by third-party managers. Betterment does not select the underlying securities in Third-Party Portfolios but periodically reviews the Third-Party Portfolios to ensure that the portfolios remain consistent with the portfolio objectives identified by the third-party manager.
- Custom Portfolios are Advisor-designed custom portfolios that Advisors are able to construct. A Custom Portfolio consists of a set or multiple sets of securities and allocations with underlying return and volatility assumptions that are either (i) provided by the Advisor to Betterment or (ii) defaulted to Betterment's capital markets assumptions if the Advisor does not provide assumptions. For any Advisor and/or Client who elects a Custom Portfolio, Betterment will allocate the Client's assets in accordance with the

Custom Portfolio. For Custom Portfolios, the Advisor and not Betterment is responsible for ensuring the Custom Portfolio (1) is suitable for its Clients, and (2) is constructed and managed in a manner consistent with the Client's financial situation and investment objectives. For certain DFA-authorized Advisors on the Betterment for Advisors platform, an Advisor may design a Custom Portfolio constructed entirely of DFA mutual funds and ETFs (such Custom Portfolio, a "DFA Portfolio"). Betterment does not independently review and/or approve Advisor-built Custom Portfolios

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

**Modern Portfolio Theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. Most investments are not guaranteed or insured by the FDIC or any other government agency.

**Hedge Funds** often engage in leveraging and other speculative investment practices that may increase the risk of investment loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; may involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither ClockCap nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither ClockCap nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

ClockCap is the sole owner and subadvisor to the Clockwise Capital Innovation ETF ("TIME"). This fund is a diversified, actively managed exchange-traded fund ("ETF") that will invest opportunistically in companies with distinct secular advantages. ClockCap balances the portfolio between next-gen companies and legacy enterprises that are adapting to the new paradigm at rates fundamentally undervalued by the market.

Garari Eli Mikel is general partner of Clockwise Ventures I L.P., the general partner of Clockwise Ventures I L.P., a private fund. ClockCap will recommend investments in this private fund to those clients for which investment in the fund is suitable. This presents a conflict of interest in that ClockCap or its related persons may receive more compensation



from investment in the fund than from other investments. Nevertheless, ClockCap acts in the best interest of the client consistent with its fiduciary duties and clients are not required invest in the private fund if they do not wish to do so.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

ClockCap may direct clients to third-party investment advisers. ClockCap will be compensated via a fee share from the advisers to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that ClockCap has an incentive to direct clients to the third-party investment advisers that provide ClockCap with a larger fee split. ClockCap will always act in the best interests of the client, including when determining which third party investment adviser to recommend to clients. ClockCap will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where ClockCap is recommending the adviser to clients.

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

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

ClockCap has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. ClockCap's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

ClockCap and its associated persons may have material financial interests in issuers of securities that ClockCap may recommend for purchase or sale by clients. For example, Garari Eli Mikel is general partner of Clockwise Ventures I L.P., the general partner of Clockwise Ventures I L.P., a private fund. ClockCap will recommend investments in this private fund to those clients for which investment in the fund is suitable. Additionally ClockCap is the sole owner of Clockwise Capital Innovation ETF, ClockCap also acts as the sole advisor to the ETF. This presents a conflict of interest in that ClockCap or its related persons may receive more compensation from investment in the fund than from other investments. Nevertheless, ClockCap acts in the best interest of the client consistent with its fiduciary duties and clients are not required invest in the private fund if they do not wish to do so.

This presents a conflict of interest in that ClockCap or its related persons may receive more compensation from investment in a security in which in which ClockCap or a related person has a material financial interest than from other investments. Client approval will be sought for client investment in such recommendations and, if granted, such approval will be binding. ClockCap always acts in the best interest of the client consistent with its fiduciary duties and clients are not required invest in such investments if they do not wish to do so.

As part of your relationship with Betterment and Betterment Securities, Betterment may offer you services intended to help you manage and further develop your business enterprise, such as additional advisory services, access to webinars, and advice about using the Betterment for Advisors platform to grow your business. Betterment may offer different or expanded services in the future. These services could create an incentive for you to recommend that your Clients invest through the Betterment for Advisors platform. This is a potential conflict given that your interest in recommending Betterment could be influenced by your receipt of Betterment's and/or Betterment Securities' services to your business. Additionally, Betterment may offer discounted pricing to your Clients based on the total combined assets of all of your or your firm's Clients on the Betterment for Advisors platform. Other potential conflicts may exist regarding your use of the Betterment for Advisors platform.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of ClockCap may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of ClockCap to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. ClockCap will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of ClockCap may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of ClockCap to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, ClockCap will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on ClockCap's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and ClockCap may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in ClockCap's research efforts. ClockCap will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

ClockCap will recommend clients use TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC, Interactive Brokers LLC (CRD# 36418), Charles Schwab & Co., Inc. and Betterment Securities (CRD# 47788)

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

ClockCap has access to research, products, or other services from its broker/ dealer in connection with client securities transactions ("soft dollar benefits") consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended, and may consider these benefits in recommending brokers. There can be no assurance that any particular client will benefit from any particular soft dollar research or other benefits. ClockCap benefits by not having to produce or pay for the research, products or services, and ClockCap will have an incentive to recommend a broker dealer based on receiving research or services. Clients should be aware that ClockCap's acceptance of soft dollar benefits may result in higher commissions charged to the client.

#### ***2. Brokerage for Client Referrals***

ClockCap receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker-Dealer/Custodian to Use***

ClockCap does trade clients' accounts. The ability for clients to direct that transactions be executed through a specific broker-dealer will depend on the specific adviser managing the portfolio.

Betterment Brokerage Services

With respect to the Betterment wrap program, Betterment Securities is responsible for execution of securities transactions and maintains custody of customer assets. Betterment Securities exercises no discretion in determining if and when trades are placed; it places trades only at the direction of Betterment. Clients should understand that the appointment of Betterment Securities as the broker for their accounts held at Betterment may result in their receiving less favorable trade executions than may be available through the use of broker-dealers that are not affiliated with Betterment. If Advisor's Clients do not wish to place assets with or execute trades through Betterment Securities, then Betterment cannot manage Advisor's Client accounts on the Betterment for Advisors platform. Order Aggregation: With respect to traditional securities portfolios, Betterment places aggregated orders involving multiple Betterment accounts trading in the same securities. Orders for the purchase or sale of securities are routed by Betterment Securities to Apex Clearing Corporation ("Apex"), the clearing broker used by Betterment Securities, for managed execution. Apex is entitled to receive payments or rebates on orders from Betterment Securities, but Apex does not pass on to Betterment Securities any portion of such payments. Research and Soft Dollar Benefits: Betterment does not provide research or other products and services to third-party Advisors in connection with Client securities transactions. Brokerage for Client Referrals: Betterment does not work with broker-dealers other than its affiliate, Betterment Securities, and Betterment does not receive client referrals from Betterment Securities. Directed Brokerage: With respect to traditional securities portfolios, Clients are required to maintain wrap accounts and execute transactions through Betterment Securities. Betterment does not permit Clients to direct brokerage.

#### **B. Aggregating (Block) Trading for Multiple Client Accounts**

ClockCap does trade clients' accounts and therefore does have the ability to block trade purchases across accounts.

### **Item 13: Review of Accounts**

#### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for ClockCap's advisory services provided on an ongoing basis are reviewed at least quarterly by Garari Eli Mikel, Chief Compliance Officer with regard to clients' respective investment policies and risk tolerance levels. All accounts at ClockCap are assigned to this reviewer.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of ClockCap's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

ClockCap receives compensation from third-party advisers to which it directs clients.

ClockCap participates in the institutional advisor program (the "Program") offered by TD Ameritrade. TD Ameritrade offers to independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. ClockCap receives some benefits from TD Ameritrade through its participation in the Program.

As part of the Program, ClockCap may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between ClockCap's participation in the Program and the investment advice it gives to its clients, although ClockCap receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving ClockCap participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have ClockCap's fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to ClockCap by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by ClockCap's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit ClockCap but may not benefit its client accounts. These products or services may assist ClockCap in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help ClockCap manage and further develop its business enterprise. The benefits received by ClockCap or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, ClockCap endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by ClockCap or its related persons

in and of itself creates a conflict of interest and may indirectly influence the ClockCap's choice of TD Ameritrade for custody and brokerage services.

Charles Schwab & Co., Inc. Advisor Services provides Clockwise Capital LLC with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For Clockwise Capital LLC client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to Clockwise Capital LLC other products and services that benefit Clockwise Capital LLC but may not benefit its clients' accounts. These benefits may include national, regional or Clockwise Capital LLC specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Clockwise Capital LLC by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Clockwise Capital LLC 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, if applicable), provide research, pricing information and other market data, facilitate payment of Clockwise Capital LLC's fees from its clients' accounts (if applicable), 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 Clockwise Capital LLC's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to Clockwise Capital LLC other services intended to help Clockwise Capital LLC 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, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to Clockwise Capital LLC by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the

fees of a third-party providing these services to Clockwise Capital LLC. Clockwise Capital LLC is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

## **B. Compensation to Non – Advisory Personnel for Client Referrals**

ClockCap does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

When considering what Client referrals and other compensation to disclose, please keep in mind that Advisors may be deemed to give Betterment an indirect benefit in the form of the asset-based fees Betterment receives from Advisor's Clients on the Betterment for Advisors platform. You also receive a non-economic benefit from Betterment in the form of the support products and services Betterment makes available to you.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, ClockCap will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. ClockCap may also be deemed to have custody over the funds and securities invested in pooled investment vehicles it that ClockCap manages.

Betterment Securities maintains custody of Advisor's Clients' traditional securities and cash assets that are managed by Betterment. Account statements are available for review on the activity section of the Advisor Dashboard and for Clients in their Betterment accounts. Clients receive periodic emails from Betterment with information about their accounts as well as links to account statements. You should encourage Clients to carefully and promptly review those statements. Advisor's Clients with IRAs also agree to specific custodial agreements with Millennium Trust Company, who serves as the custodian for Betterment IRA accounts.

## **Item 16: Investment Discretion**

ClockCap has discretion to select subadvisers, if it so chooses, to manage the account. The Investment Advisory Contract established with each client outlines the discretionary authority for trading. Where discretion has been granted, ClockCap selects a subadviser to manage the client's account and make investment decisions without prior consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. Clients are not permitted to impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.



Clients who participate in the Betterment for Advisors wrap free program have discretionary accounts, meaning that Advisor and Betterment can buy and sell investments on Client's behalf when they determine it is appropriate to do so. Betterment uses algorithms to advise Clients and manage their accounts. These algorithms are developed, overseen, and monitored by Betterment's investment advisory personnel. To use Betterment's investment services, Clients and/or you inform Betterment of a Client's financial goals and personal information through Betterment's online applications. Betterment provides Advisors and Clients with information about its offered portfolio strategies to inform their decision-making but does not make recommendations to Clients that they invest in any particular strategy. Each portfolio is associated with a target allocation of investment types and/or asset classes but you or Clients can modify Betterment's initial target allocation as desired. If Advisor places a Client in a Custom Portfolio, Betterment will allocate the Client's accounts in accordance with Advisor's parameters specified in the Custom Portfolio rather than based on Betterment's own investment methodology. In the absence of a contrary direction, Betterment periodically rebalances Client portfolios so that in the face of fluctuating market prices each Client's portfolio remains within a range of the target allocation. Betterment also offers optional tax loss harvesting and automated asset location services. Clients will have fewer opportunities to harvest tax losses if an Advisor elects for that Client a Custom Portfolio strategy with fewer asset classes than are included in the Betterment portfolio strategy.

### **Item 17: Voting Client Securities (Proxy Voting)**

ClockCap will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

ClockCap will neither ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

The 1940 Act requires that the adviser vote proxies for securities held within an ETF managed by ClockCap in the best interest of the ETF shareholders. Proxies for securities held within an ETF managed by ClockCap will be voted on by majority rule of the investment advisory committee.

If a proxy proposal raises a material conflict of interest between the interests of ClockCap, the ETF's principal underwriter, or an affiliated person of the ETF, ClockCap or a principal underwriter and that of the ETF (a "Conflict"), ClockCap shall resolve such conflict by, among other things: (1) voting the proxy consistent with a pre-determined voting policy for various types of proposals ("Pre-Determined Voting Policy") if ClockCap has little or no discretion to deviate from such policy with respect to the proposal in question; or (2) disclosing the conflict to the ETF's Board and obtaining the ETF Board's consent to the proposed vote prior to voting on such proposal if ClockCap has discretion to deviate from its Pre-Determined Voting Policy or does not maintain a Pre-Determined Voting Policy. Under the policy, the ETF Board may vote a proxy subject to a Conflict disclosed by ClockCap based on the recommendation of an independent third party.



ClockCap agrees to furnish a copy of its proxy voting policies and procedures, and any amendments thereto, as well as all proxy voting records on behalf of the ETF to the ETF. ClockCap will comply with all such reporting requirements to ensure that the ETF is in full compliance with Form N-PX reporting requirements. The Chief Compliance Officer retains the following proxy records in accordance with the SEC's five-year retention requirement.

For assets managed on the Betterment for Advisors platform, Clients delegate to Betterment the authority to receive and vote all proxies and related materials for any security held in Betterment accounts. Betterment maintains policies and procedures reasonably designed to mitigate conflicts of interest and reasonably ensure that proxy matters are conducted in the best interest of Clients. Betterment will only vote on proxies and respond to corporate actions associated with securities that Betterment currently selects for Betterment Constructed Portfolios (as defined above) and will abstain from voting on other securities, including but not limited to those securities only present in third-party portfolios, Advisor custom portfolios, or securities transferred to Betterment via ACATS, in each case that are not already supported in a Betterment Constructed Portfolio. If a security is present in Betterment Constructed Portfolios and outside of Betterment Constructed Portfolios, Betterment will vote on proxies associated with that security in all portfolios in which it is held. Betterment will abstain from voting on such proxies if it determines that abstaining is in the best interest of its clients.

## **Item 18: Financial Information**

### **A. Balance Sheet**

ClockCap neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither ClockCap nor its management has any financial condition that is likely to reasonably impair ClockCap's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

ClockCap has not been the subject of a bankruptcy petition in the last ten years.