

FULCRUM CAPITAL

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This Brochure provides information about the qualifications and business practices of Fulcrum Capital, LLC. If you have any questions about the contents of this Brochure, you may contact us at (206) 223-9790, or email info@fulcrumcapllc.com to obtain answers and additional information. Fulcrum Capital, LLC is a registered investment advisor with the Securities and Exchange Commission. Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC).

Additional information about Fulcrum Capital, LLC is available on the SEC's website at www.Adviserinfo.sec.gov.

Item 2 — Material Changes

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. A Summary of Material Changes is also included with our Brochure on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Fulcrum Capital, LLC is 145322. The Summary of Material Changes is included in our Brochure under Item 2 — Material Changes. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting us at (206) 223-9790, or by email to info@fulcrumcapllc.com.

The following Summary of Material Changes discusses only specific material changes that have been made to our Brochure since the date of our last annual update, which was March 28, 2018. Since that date we have made the following material changes:

In Item 4, we describe ownership and management changes related to our ongoing attention to business continuity and our duty to provide effective service to clients over time.

In Item 14, we provide additional detail about our policies for accepting industry-related education and entertainment.

We have made other minor updates not detailed here and we encourage you to read this Brochure in its entirety.

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Item 4 – Advisory Business

- A** Fulcrum Capital, LLC (“Fulcrum,” “we,” “us,” “our,” and “Advisor”) is a Seattle company registered with the Securities and Exchange Commission as an investment advisor. The firm was founded in 2007 and our principal place of business is located in Seattle, Washington. Fulcrum is employee-owned and pays careful attention to its obligation to clients to provide long-term continuity of service. Robert Kuehn, one of the firm’s founders, retired from management in 2019 and is no longer a controlling member. Darcy Johnson, the remaining founder, remains a Managing Member and owns over 25% of the company. Following Mr. Kuehn’s retirement, Michelle Mathieu, the firm’s Chief Investment Officer, is now a Managing Member and now also owns more than 25% of the company.
- B, C** We offer a wide range of investment advisory services to our Clients. Advice and services are tailored to the stated objectives of the Client(s). Generally, we have the authority to determine, without obtaining specific Client consent, the securities bought or sold and the amount of securities bought or sold and commission rates paid. Occasionally clients will direct us to buy or sell specific securities, or not to buy or not to sell specific securities.
- D** We do not participate in any wrap fee programs.
- E** As of December 31, 2018, we managed approximately \$376.8 million of Client assets on a discretionary basis and approximately \$41.8 million of Client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

- A** We are a fee-only advisory firm, meaning we are compensated only by our Clients and do not receive compensation or commissions from any other parties. We believe this method of compensation minimizes conflicts of interest.

In consideration for our services, Clients pay us a fee monthly in arrears. The fee is equal to the agreed upon rate per annum, times the market value of the account, divided by 12 and prorated for the number of days in the month. The market value for billing purposes equals the sum of the values of all assets in the account at

month end, as reported by the custodian, not adjusted by any margin debit. Our advisory fees will be adjusted when Client accounts have cash inflows or outflows of \$25,000 and higher. The fee adjustment will be assessed or refunded at month-end and prorated as of the date of the flow.

Compensation for our services is calculated in accordance with "Schedule A" of the Investment Advisory Agreement (IAA") entered into with each Client when we begin our professional relationship. The IAA may be amended from time to time by us upon 30-days prior written notice to Client.

STANDARD FEE SCHEDULE

<u>Asset Range Increments</u>	<u>Rate</u>
Zero to \$2,000,000	1.00%
\$2,000,000 to \$5,000,000	0.70%
\$5,000,000 to \$10,000,000	0.55%
\$10,000,000 to \$25,000,000	0.40%
Above \$25,000,000	negotiable

Notwithstanding the schedule above, we assess a minimum annual fee of \$10,000 per billing relationship, not additive to the standard tiered fee schedule in the IAA. Our fee schedule, as well as the minimum, are negotiable. All security pricing is provided by the Client's custodian, in accordance with the custodian's pricing policies, which are disseminated periodically to their customers.

We also may select third-party managers ("sub-advisors") where we believe it is appropriate for the Client's investment needs. The sub-advisor's fees, if any, are charged in addition to Fulcrum's fees above and are processed through the sub-advisor, not through Fulcrum. Clients will receive current copies of any sub-advisor's Brochure and may be required to execute additional agreements directly with the sub-advisor.

- B** We require Clients to pay our fees by direct debit from the custodial account, as authorized in the investment advisory agreement. Payment of fees may result in the liquidation of Client's securities if there is insufficient cash in the account. While we have controls in place to ensure accuracy, the custodian does not independently

confirm our calculations; Clients bear responsibility for verifying fee billing accuracy and we urge Clients to review their custodial statements carefully and notify us promptly of any discrepancies.

- C** In addition to our fee and any sub-advisor's fees, Clients may be required to pay a proportionate share of any mutual fund's fees and charges for brokerage commissions, stock transfer fees, and other similar charges incurred in connection with transactions for their account. These fees are paid out of the assets in a Client's account and are in addition to the investment management fees paid to us. Please see Item 12 — Brokerage Practices for more information.
- D** In the event the advisory relationship is terminated, Clients are responsible for Fulcrum's compensation for work performed through the date of termination. Fees for partial months at the commencement or termination of this Agreement will be billed or refunded on a pro-rata basis reflecting the number of days the account was open during the month. Monthly fee adjustments for additional assets received into the account during a month or for partial withdrawals will also be provided on the above pro rata basis.
- E** We are a fee-only investment advisory firm paid on a percentage of Client assets managed or a flat fee. This means that no supervised person associated with us receives or accepts any compensation for the sale of securities or investment products.

Item 6 — Performance-Based Fees and Side-By-Side Management

We do not charge any performance-based fees for our services. Accordingly, this Item is not applicable to our firm.

Item 7 — Types of Clients

We provide investment advice to the following types of Clients:

- Corporations
- Individuals
- Trusts, Estates or Charitable Organizations

Because each Client is unique, we encourage involvement in the planning and processes involved in the management of their accounts. Such involvement does not have to be time consuming, though we want our Clients to remain informed and have a sense of security about their investments. Our minimum household size is \$1 million, though we may accept, in our sole discretion, households with fewer assets.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

- A** Our primary investment strategies used to implement investment advice given to Clients include long-term (securities held at least one year) and short-term (securities sold within a year) purchases, trading (securities sold within 30 days), as well as covered call option strategies.

We research and analyze securities using fundamental and technical methods. The main sources of information on which we rely include research materials prepared by others, annual reports, prospectuses, direct contact with corporations and filings with the Securities and Exchange Commission.

- B** We use our best judgment and good faith efforts in rendering services to Clients. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. Clients assume all market risk involved in the investment of account assets under the IAA and understand that investment decisions made for their account are subject to various market, currency, economic, political and business risks.
- C** All investing involves risks that clients must be prepared to bear. While losses can and will occur, we generally recommend a broad and diversified allocation of equities, fixed income, ETFs and mutual funds thereby reducing specific risks associated with a concentrated or undiversified portfolio.

Item 9 – Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. We have no information to disclose applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Neither Fulcrum nor its management persons has any ownership or other affiliation with other financial services companies. We do not have fee sharing or referral arrangements with other professionals, except as described in Item 14.

Our CEO is a member of the Schwab Advisor Services Advisory Board (“Advisory Board”), serving a two-year term ending December 2020. As discussed in Item 12 of this Brochure, Fulcrum recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc. (“Schwab”) to maintain custody of Client assets and to effect trades for their accounts. Fulcrum believes that our CEO’s serving on the Advisory Board provides an opportunity for us to stay informed about important industry developments and to potentially influence the services Schwab provides. At the same time, these sorts of close connections with a vendor may tend to encourage us to continue to do business with Schwab separate from our ongoing arms-length assessment of the overall quality and prices of Schwab’s services. We evaluated that issue prior to our CEO’s accepting the role and do not believe that it will affect our decision to recommend Schwab. We will continue to evaluate the factors identified in Item 12, which we believe effectively mitigate any potential or actual conflict of interest. The Advisory Board consists of approximately 20 representatives of independent advisory firms, invited by Schwab management to participate in discussions of the services Schwab provides to independent investment advisory firms and their clients. All Advisory Board members serve for two-year terms, and enter into non-disclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally does not include material non-public information about the Charles Schwab Corporation, whose common stock is listed for trading on the New York Stock Exchange and the NASDAQ Stock Market (symbol SCHW). The Advisory Board meets in person approximately twice per year and has periodic conference calls scheduled as needed. Board members are not compensated by Schwab for their service, but Schwab does pay for or reimburse Advisory Board members’ travel, lodging, meals and other incidental expenses incurred in attending the meetings.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

- A** Fulcrum discloses to Clients material conflicts of interest which could reasonably be expected to impair the rendering of unbiased and objective advice. Fulcrum has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines proper conduct related to all services provided to Clients. Prompt reporting of internal violations is mandatory. Fulcrum's chief compliance officer regularly evaluates employee performance to ensure compliance with the Code of Ethics. A copy of the Code of Ethics is available to current or prospective Clients upon request.
- B-D** Fulcrum or individuals associated with us may buy and sell some of the same securities for their own accounts that we buy and sell for our Clients. When purchasing or selling a security for a group of our existing accounts, we either (1) aggregate employee trades with client trades and allocate all transactions at the same average price; or (2) we ensure that client trades are completed before employee trades are entered. In some cases, we may buy or sell securities for our own accounts for reasons not related to the strategies adopted by our Clients.

As stated above, we disclose to Clients material conflicts of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

Item 12 – Brokerage Practices

A Recommendation of a Broker / Custodian; Factors Considered in our Recommendations

Although we occasionally work with other broker/dealers and custodians, we recommend Charles Schwab & Co., Inc. ("Schwab") to our clients who need such services.

We have evaluated Schwab's services and determined that the following items are of value to both Fulcrum and our clients when compared to other brokers or custodians:

- Mix of brokerage execution services
- Reasonableness of compensation (low negotiated commissions and other charges)
- Research availability
- Variety of securities that can be purchased or sold (including a large number of mutual funds) on a load waived or no-load basis, with many also on a no-transaction fee basis
- Access to mutual funds or other vehicles that are otherwise generally available only to institutional investors, or would require a significantly higher minimum investment
- The fact that the recommended broker does not charge for custodial services for assets held at Schwab

We participate in a program called “Schwab Advisor Services” which is sponsored by Schwab and made available to us and other investment advisers. By participating in this program, and through custody of client assets with Schwab, we receive access to tools and services, such as:

- Software and other technology that provides access to client account data
- Facilitation of trade execution and the allocation of blocked orders for multiple accounts
- Research, pricing and other market data
- The payment of our fees directly from your account, if authorized in your advisory agreement
- Assistance with back-office functions, recordkeeping and client reporting
- Services related to the management and development of our business, such as compliance, legal, and business consulting
- Educational events and conferences, including covering travel costs and other associated expenses, or occasional business entertainment of our employees

The software, technology, and account access Schwab provides create an operational and compliance benefit for Fulcrum that does not necessarily translate directly into a client benefit. While we believe that Schwab is competitive and provides good value to our clients overall, the efficiencies provided to us create an incentive for us to recommend Schwab over other custodians. In some cases, this means that clients could pay more for custody and execution through the custodian we recommend than through others. We review the capacities and costs of Schwab regularly to ensure that our clients are receiving quality executions and competitive pricing, as well as more intangible service benefits.

Sub-Advisors

As described above, in some cases we may select sub-advisors to advise on a portion of your assets. Sub-advisors will typically place all transactions for your account at your broker/ custodian, subject to its obligation to you to seek best execution. As custodians typically charge fees for transactions that are placed with outside brokers ("trade-away transactions"), sub-advisors will most often select your custodian as the broker who provides the best execution on a specific transaction after weighing possible price improvement versus the trade-away fee. Sub-advisors may, however, choose to trade away from your custodian when they believe (in their sole determination) that doing so is in your best interest. As a result, in addition to the trade-away fee described below, you may pay an additional fee to the broker/dealer used for your transactions.

Commissions & Other Custodian Compensation

Your custodian typically receives compensation through account holder commissions and other transaction-related fees for securities trades executed by them or settled into your accounts.

Schwab, in the programs provided to advisers, establishes flat commission charges for various types of securities transactions; we generally do not negotiate the commissions you pay on a transaction-by-transaction basis. We may negotiate per-

share or per-transaction commissions with a custodian, in certain unique circumstances and on an exception basis.

Commissions you pay to the custodian, if any, are disclosed on the confirmation of each security transaction we place on your behalf. These confirmations are sent directly to you by the custodian and we receive a copy of them. Clients are solely responsible for these charges, and Fulcrum does not share in this compensation.

In some cases the mutual funds or ETFs we purchase or sell for your accounts are made available by the custodian on a no-load or load-waived basis. In addition, certain mutual funds and ETFs are made available for no transaction fee; as a result the confirmation may show “no commission” for a particular transaction. Typically the custodian (but not Fulcrum) earns additional remuneration from such services as recordkeeping, administration, and platform fees, for the funds and ETFs on their no-transaction fee lists. This additional revenue to the custodian will tend to increase the internal expenses of the fund or ETF. We select investments based on our assessment of a number of factors, including liquidity, asset exposure, reasonable fees, effective management, and low execution cost. Where we choose a no-transaction fee fund or ETF, it is because it has met our criteria in all applicable categories.

Directed Brokerage

Because we execute your investment transactions through the custodian holding your assets, we are effectively requiring that you “direct” your brokerage to your custodian, absent other specific instructions as discussed below. Because we are not choosing brokers on a trade-by-trade basis, we may not be able to achieve the most favorable executions for clients and this may ultimately cost clients more money. Not all investment advisers require directed brokerage.

We do not use, recommend, or direct activity to brokers in exchange for client referrals.

Although not a normal business practice for Fulcrum, we may permit clients to direct us to use brokers other than the custodian. If we agree to accommodate your request to do this, we will likely have little or no ability to negotiate commissions or influence execution price, and you will also not benefit from any trade aggregation we may implement for other clients. This may result in greater costs to you.

B Trade Aggregation

We routinely aggregate client transactions with those of other client accounts at the same custodian. This results in client trades being executed and billed at the same price. Schwab's flat commission rate will be applied to each account participating in the transaction, rather than a single ticket charge for the entire block; for other custodians, the current commission schedule will apply and the trade would typically not be executed as a block.

We may aggregate Client orders, so long as it is done for purposes of achieving best execution, and so long as no Client is systematically advantaged or disadvantaged. Before aggregating Client orders, we document the participating accounts and the allocation instructions. Generally, we submit allocation instructions to the broker-dealer before the market closes on the day of the order. We allocate aggregated orders to Client accounts (including employee accounts, if applicable) at the average price obtained. We allocate partially filled orders pro rata based on the size of the order placed by each account. If we judge that we cannot or should not allocate a partially filled order pro rata (e.g., if the quantity of securities obtained is too small or would not have a material impact if distributed among each account), we will document our allocation decision and we will review our allocations to ensure they result in a fair and equitable distribution of opportunities over time.

Item 13 – Review of Accounts

- A** All Client accounts are reviewed by our Chief Compliance Officer on a regular basis. The frequency of reviews is determined by various factors, but no less frequently than twice per year.
- B** More frequent reviews may be triggered by a change in Client's investment objectives, tax considerations, large deposits or withdrawals, large sales or purchases, or changes in the manager's investment strategy.
- C** All Clients receive monthly statements from the custodian holding their accounts. We may prepare separate reports at the time of Client meetings or periodically, depending on Client needs. The custodial statement is the official record of the account and we urge Clients to carefully compare reports we provide to those provided by the custodian and to notify us of any discrepancies.

Item 14 – Client Referrals and Other Compensation

We compensate certain non-employees when they refer clients to us. These referral sources are referred to as “solicitors,” and they provide referrals to us subject to a written agreement that specifies, among other things, the amount of compensation the solicitor will receive. The solicitor's compensation does not increase the fees that any client pays to us. Any clients referred to us by a solicitor are furnished with a written disclosure document that details the compensation arrangement between the solicitor and Fulcrum. Clients also receive our Brochure before signing a contract with us.

Industry vendors, fund managers, and other advisors, periodically provide us with educational offerings and business entertainment as part of those vendors' marketing of their products and services. The benefits we receive create a conflict of interest in that we have an incentive to use the vendors' products and services if we believe we will continue to receive the benefits. To mitigate the conflict, we accept only those benefits we see as non-material and widely offered (e.g., receptions at industry conferences at which food and beverage are provided, and other advisors also attend). Further, we follow an internal due diligence process when selecting third-party service providers for clients; that process does not consider these kinds of benefits as a selection criterion.

We receive some benefits from Charles Schwab & Co., which are common to other advisors who use their services, and which are described in Item 12, above.

Item 15 — Custody

All client funds and securities are maintained with a qualified custodian; we don't take physical possession of client assets. Our clients will receive account statements directly from the custodian at least quarterly, which they should carefully review. We urge clients to carefully compare the custodian's account statements with the periodic statements and reports they receive from us and to notify us promptly of any discrepancies.

Fulcrum has the ability to deduct our advisory fees directly from client accounts based on the Client's written authorization to do so, and this ability is technically considered "custody" but doesn't require separate reporting or surprise audits. In addition, in some cases Clients provide us with standing letters of authorization ("SLOAs"). These are written directives from the client authorizing us to initiate payments from their custodial accounts to specified third parties. This authority is considered "custody" under current SEC guidance and requires us to report that we have custody over these account assets on our ADV 1A. To the extent the SLOAs comply with certain conditions, however, including that clients have the right to terminate the SLOA, and that the qualified custodian will confirm the status of the SLOA annually directly with the client, we are not subject to a surprise custody audit.

Item 16 — Investment Discretion

Our investment advisory agreement gives us discretionary authority to make investment decisions for your account, without obtaining your specific consent before each decision, with the following limitations:

- We must make investment decisions in accordance with investment objectives documented in the Client's Investment Policy Statement, or with any other written directions or preferences provided to us by each Client.

Item 17 – Voting Client Securities

Generally, we do vote proxies for Client accounts. However, Clients may retain the right to vote their own proxies.

We have established guidelines (“Guidelines”) in our Proxy Voting Policies and Procedures in a manner generally intended to support the ability of management to run its business in a sustainable and cost effective manner while staying focused on maximizing shareholder value. Generally, we will vote proxies in accordance with management’s recommendations. However, all proxy votes are ultimately cast on a case-by-case basis, taking into account relevant facts and circumstances at the time of the vote. For this reason, consistent with our fiduciary duty to ensure that proxies are voted in the best interest of our Clients, we may from time to time vote proxies against management’s recommendations, in accordance with our Guidelines.

Where a proxy proposal raises a material conflict between us and a Client’s interest, we will resolve the conflict as follows:

1. Vote in Accordance with the Guidelines. To the extent that we have little or no discretion to deviate from the Guidelines with respect to the proposal in question, we will vote in accordance with the pre-determined voting policy.
2. Obtain Consent of Clients. To the extent that we have discretion to deviate from the Guidelines with respect to a proposal in question, we will disclose the conflict to the relevant Clients and obtain their consent to the proposed vote prior to voting the securities. The disclosure to the Client will include sufficient detail regarding the matter to be voted on and the nature of the conflict so that the Client can make an informed decision regarding the vote. If a Client does not respond to such a conflict disclosure request or denies the request, we will abstain from voting the securities held by the Client’s account.

We will review the proxy proposal for conflicts of interest as part of the overall vote review process. Any material conflict of interest identified by us will be addressed as described above.

If we determine that it is in the Client's best interest, we will not vote proxies received. We will not vote proxies received for securities which are no longer held by the Client's account.

Clients may obtain information on how proxies were voted with respect to Client's portfolio securities or a copy of our Policies and Procedures by calling us at (206) 223-9790 or email to info@fulcrumcapllc.com.

Item 18 – Financial Information

We are required to disclose specific financial information in response to this item. We do not solicit or require prepayment from any Client for advisory services. We do not have any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our Clients.