

**Item 1 - Cover Page**



Part 2A Appendix 1 of Form ADV:  
*EQIS Capital Wrap Fee Program Brochure*

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CRD # 126052

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This Wrap Fee Program brochure provides information about the qualifications and business practices of EQIS Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 800-949-9936 or [support@eqiscapital.com](mailto:support@eqiscapital.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 EQIS Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 126052.

Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

**Item 2 - Material Changes**

This “Item 2 – Material Changes” summarizes material changes since the date of our last annual updating amendment. This Brochure replaces the firm’s prior Brochure as of the effective date noted on the cover page.

Since the annual updating amendment, the Firm has added a new Co-Adviser service type that FPs can utilize in customizing a Client’s allocation. See item 4 for a complete discussion of the new service type.

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## **Item 4 - Service Fees and Compensation**

### **PROGRAM SUMMARY:**

EQIS Capital Management, Inc. (“EQIS” or “Firm”) offers a Turnkey Asset Management Platform (the “Platform”) for Financial Professionals (“FP”). Through the Platform, a FP can access the EQIS Capital Wrap Fee Program (the “Program”) which provides pre-determined models. Alternatively, the FP can leverage the Platform’s technology to create a customized allocation of asset class weightings and portfolio strategists, which are investment advisers that manage particular strategies (the “Portfolio Strategists”). Through the Platform, each client (“Client”) account (“Account”) will be assigned one or more Portfolio Strategists to manage its respective portion of the allocation (each a “Sleeve” or “Portfolio”). The customized allocation is either constructed by the FP (“Co-Advised”) or selected by EQIS (“Solicited” or “EQIS Managed”). Clients can place reasonable restrictions on the types of investments to be made on the client’s behalf and Clients always retain individual ownership of all securities.

EQIS believes the Program provides investors an investment management solution with lower account minimums and costs than what is typical for similar programs. Independent and unaffiliated financial services firms (“Introducing Firms”), which include broker-dealers and other registered investment advisers, introduce clients to EQIS through the Introducing Firm’s FPs that are duly licensed to offer fee based financial products and services.

Clients pay a fee calculated on the average daily balance of the account for any month for which the fee is calculated. EQIS retains a portion of the fee to cover the cost of administering the program and for providing portfolio management. Portions of the fee are further shared with the Account Custodian for providing custody, clearing and other services. Depending on the negotiated agreement between EQIS and the Introducing Firm, a portion of the Program Fee may be paid to the Introducing Firm in addition to the Financial Professional fee (See “Program Fees” infra for additional information pertaining to fees).

EQIS typically will not accept a client into the Program that is not introduced by a FP. However, EQIS may at times offer the Program to investors through FPs that are Investment Adviser Representatives (“IAR”) of EQIS. The services to be provided and the expectations of Client, FP and EQIS are outlined in the Account Application entered into at the time of establishing the Program Account (“Account”) which may be amended

in writing from time to time. Clients are free to direct the account in any manner that meets their objectives to include determining the asset allocation, Portfolios to be used, as well as any restrictions (such as social exclusions) the client wishes to place on the account.

The introducing FP serves as the liaison between EQIS and the client and is responsible for gathering and communicating the client's financial information, risk tolerance and investment objectives. Clients grant EQIS discretionary authority to place trades for the Account and when appropriate - relative to the client's investment objectives or any restrictions placed on the Account by the client - to make changes to the asset allocation or Portfolio selection. By executing a Limited Power of Attorney ("LPOA"), Clients may also grant to their FP the authority to effect changes to the Account to include the Portfolio selection and/or disbursement from an Account. Once an Account is established, EQIS continuously monitors the Portfolios and executes all trades for the Account. The FP will continue to service the client relationship by meeting with the client at least annually and communicating to EQIS any changes to the client's Account, as appropriate.

FPs may provide other clerical or administrative duties for a Client's Account and may also provide other services outside and in addition to the services offered through the Program. This Brochure describes the products and services offered by or through EQIS only. Since FPs may offer other third party services in conjunction with, or outside those provided through the Program, clients should read and review the Introducing Firm's disclosure brochure so as to fully understand the services being rendered to the client by the Introducing Firm through the FP. Clients may also wish to consult with their FP about the services provided by Portfolio Strategists, and may obtain information about the Portfolio Strategists in their respect Form ADV filed with the SEC and available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Using information provided by the Client, EQIS generates a proposal that recommends an asset allocation diversifying the Client's Account across asset classes, equity styles, and portfolio strategists. In determining an appropriate asset allocation, the proposal generation system considers the results of the client's Risk Tolerance Questionnaire ("RTQ") which categorizes the client's investment risk appetite into any one of five risk categories ranging from conservative to aggressive. Other factors considered when determining the appropriate allocation include the individual needs of the client, the client's income, age, net worth, any restrictions the client wishes to place on the account, and other factors as may be applicable and provided by the Client or its FP. Clients can choose to allocate their investments using one of the Investment Program Types offered.

The Program Type selected will comprise one or more Portfolios providing

diversification across the spectrum of domestic and international equity styles, fixed income and other asset classes. A Portfolio is comprised of a basket of securities or other investment vehicles which meet the asset classification of the desired allocation which may contain without limitation individual stocks, American Depositary Receipts (ADR's), exchange traded funds (ETF's), fixed income, mutual funds or money market funds. For example, a Portfolio within an Account assigned to a Large Cap allocation will have within the portfolio individual securities of Large Cap companies or other investment vehicles comprised of Large Cap securities.

EQIS manages the Portfolios whether the Portfolio is constructed by EQIS ("EQIS Managed Portfolios") or by Portfolio Strategists which EQIS has contracted with to provide the recommended securities to fill a particular asset class allocation. Collectively, whether the Portfolio is an EQIS Managed Portfolio or a Portfolio Strategist's recommended allocation, it may be referred to here as a "Portfolio Strategy", "Portfolio" or "Strategy". Depending on the underlying securities comprising a Portfolio, some Portfolios may have minimum investment amounts or limitations on trades that can be executed.

EQIS typically utilizes a long term buy and hold approach however some Portfolios may deploy strategies having shorter hold periods or more active trading strategies may be used when deemed appropriate. When Co-Advised, the FP may choose to rotate Portfolio Strategists. Portfolio Strategists provide their recommendations and trade signals to EQIS for execution purposes. Portfolio Strategists do not have access to Program Accounts or any other client information.

## **SERVICE TYPES**

FPs utilizing the Platform can manage their client's Account as a solicitor ("Solicitor") or as a Co-Adviser (each a "Service Type").

When acting as a Solicitor, the FP assists the Client in completing a RTQ and, based on the information provided, the Platform will generate an EAS-E Model recommendation.

FPs can also be engaged as Co-Advisers to the Account. As a Co-Adviser, the FP can choose from any of the Program Types offered and can customize the Client's allocation by selecting from the Portfolio options made available on the Platform to fill the proposed allocation target weighting. The FP as Co-Adviser can also adjust the proposed target weighting, or build an allocation weighting and Portfolio selection independent of the Program's recommendation. While the FP may construct the Portfolio allocation, the FP is limited to allocating to Portfolios offered through the Program to their Accounts and is not able to recommend individual securities for their Accounts through the Program. For Co-Advised allocations, while EQIS will monitor the

Portfolio Strategists and execute trades based on the signals provided by the Strategist, the FP is responsible for (1) constructing the Portfolio, (2) determining the appropriateness of Portfolio allocations for the Client, and (3) assigning the various Portfolios to each Account.

Clients generally grant the FP a limited power of attorney (“LPOA”) which will authorize EQIS to accept instructions directly from the FP. The authorization granted is limited to changing an Account allocation or Portfolio Strategist selection, or if applicable, to managing disbursements to the Client. The Client must review the complete details of the authority provided for in the LPOA. Each LPOA provides that it may be revoked by the Client at any time.

The Service and Program Type are selected by the Client or the FP, on behalf of the Client and outlined in the Account Application.

## **PROGRAM TYPES**

### **ETF Program:**

Clients can participate in the EQIS exchange traded fund (“ETF Program”) which consists of 19 asset classes. Each asset class is represented by multiple exchange traded funds (“ETFs”) with the objective of capturing the entire asset class. The ETF Program Portfolios are created and managed by EQIS. When the ETF Program is elected, the Introducing FP will enter client specific information and the Platform will generate a recommended investment allocation weighting of the appropriate asset classes and allocation recommendation. The FP is free to accept EQIS’s recommendation or adjust the weighting of the asset allocation.

### **UMA Program:**

The Unified Managed Account Program (“UMA Program”) permits an investor to choose from 20 asset classes. Each asset class may contain a different Portfolio Strategist or may be an EQIS Managed Portfolio. Portfolios in the UMA Program may contain a combination of individual stocks, exchange traded funds, and/or mutual funds. When a Portfolio Strategist is used, the Portfolio Strategist will provide EQIS the initial security allocation and will continuously manage and update the allocation. When the Portfolio Strategist determines that a change in the Portfolio is necessary, the Portfolio Strategist provides EQIS with its recommendation and EQIS will execute the corresponding trades. When an EQIS Managed Portfolio is included in the UMA program, EQIS manages the Portfolio within the Portfolio’s stated objectives. In this regard, the UMA Program may contain a blend of Portfolios consisting of Portfolio Strategist and EQIS Managed Portfolios. When the UMA Program is elected, the Introducing FP will enter

client-specific information and the Platform will generate a recommended investment allocation weighting. Based on the recommended weighting, the Introducing FP may select one or more Portfolio Strategists offered through the Platform to manage the various asset classes. If the Client has elected a UMA -Custom Service Type, the FP may alter the recommended weighting of any asset class or develop a custom Allocation for the Account in addition to choosing the Portfolio Strategists.

### EAS-E Program Type:

As a subset of the UMA Program Type, EQIS has developed the EQIS Allocations Scientifically-Engineered model allocations (the “EAS-E Models”). The EAS-E models consist of various models which span the spectrum of investment philosophies - from strategic to tactical and income to distribution- and all allocations are scientifically engineered. The EAS-E models are designed to offer broad diversification with the goal of providing investors long term risk-adjusted returns. The allocations, which are managed by EQIS, are developed by the Investment Committee premised on academic theory and research, in-house scenario analysis, computerized mathematical simulations, and EQIS’s own proprietary quantitative modeling.

The EAS-E Strategic models are available in Strategic 100, Strategic 85, and Strategic 65; where the number indicates the minimum percentage that a model will be allocated to strategic management, with the remaining percentage allocated to alternative strategies or tactical management. The more tactically-oriented models are known as the EQIS EAS-E Dynamic models, which consist of both tactical and concentrated sector strategies. Tactical managers, using disciplined methodologies, can do any or all of the following: increase equity exposure, rotate sectors, asset classes, and geographic regions, and go to cash (i.e., allocate to cash or cash equivalent securities).

The Strategic Income models are a set of Portfolios that consist primarily of high dividend-yield stocks and high-yield bonds. The associated Portfolios are designed to be broadly diversified across asset classes and geographic regions. The particular holdings generally include both large firms and also firms in specific sectors and asset categories such as utilities, real estate, and energy.

The EAS-E Dynamic Distribution strategies primarily consist of high dividend-yield stocks and high-yield bonds. The associated Portfolios are designed to be broadly diversified across asset classes and geographic regions. The particular holdings include both large firms that typically generate dividends and also firms in specific sectors and asset categories that have historically generated reliable income, such as utilities, real estate, and energy. The core equity investment is generally in domestic large cap and value firms. The allocation is diversified across domestic and



international assets, utilities, energy firms, REITs and deploys a hedging strategy (for some downside protection), with a tactically managed fixed income component. The model also includes an allocation that can be used, if necessary, for tactical distributions.

Each of the EAS-E models are available in five risk categories, from Conservative to Aggressive. These models may be selected either through the Program's proprietary proposal generation system or individually selected by the Client or the FP based on the Client's risk tolerance. Unlike portfolios that can be individually selected by the Client or FP, the EAS-E models are constructed and managed exclusively by EQIS and EQIS may make allocation and manager changes from time to time. Though each Client retains control over their Account, Clients may be limited in the restrictions they can impose on an Account participating in any one of the EAS-E models. See the appropriate EAS-E Model Fact Sheet and/or strategy brochure for specifics as to the compilation or methodology deployed in any particular EAS-E model.

### **STATEMENTS & REPORTS:**

Clients will receive all brokerage statements (at least quarterly) and trade confirmations directly from FOLIO Investments, Inc. ("Account Custodian" or "Custodian"), and will also receive monthly performance reports from EQIS. Clients will have access to Account information and reporting through the Account Custodian's website and will also have access to their Account information through the Platform. When establishing an Account, EQIS provides all Clients a "virtual filing cabinet" which contains electronic copies of performance statements, account opening documents and other statements and disclosures. Clients may consent to receive all notices, documents, and other information related to the Account electronically. Electronic delivery may be done via email, electronic delivery of a portable document format (PDF), hypertext mark-up language (HTML), or other electronic media. The client's consent to electronic delivery extends to all information required to be provided by EQIS and/or the Account custodian, the security issuers, and other third parties. Clients may revoke their consent to electronic delivery at any time. Clients who choose to receive paper statements instead of electronic delivery may incur additional fees or costs to receive paper statements. Clients are advised to carefully compare the information provided by EQIS with the official records provided by the Account Custodian.

### **PROGRAM FEES:**

EQIS charges an annual fee (the "Program Fee") depending on the Program Type selected that covers the costs of administering the Program as well as Portfolio Strategist costs, trading, custody and clearing. The Program Fee, which is paid monthly

in arrears, is exclusive of the FP Fee or other ancillary fees as may be applicable such as internal fund fees or custodian maintenance fees. The Program Fee, as noted in the table below, is calculated monthly as a percentage of the Account value using the average closing market value of the Account for the number of days for which the securities markets were open for the month in which the Program Fee is calculated. In the absence of a specific market value for any security, the fair market value for that security will be used. The Program Fee is tiered, meaning each tranch of the Account value will be assessed the corresponding fee per tier. Program Fees are directly debited monthly from the Account in the month following the month for which the Program Fee was calculated and are paid to EQIS by the Account Custodian. For clients with more than one Account, each Account is mutually exclusive for purposes of calculating and debiting the Program Fee. Clients should fully review all disclosures relevant to their Account as the Account will be assessed fees in addition to the Program Fee.

<b>Account Value</b>	<b>Unified Managed Account Program Fees</b>	<b>EQIS Exchange Traded Fund Program</b>
First \$250,000	1.15%	0.90%
Next \$250,000	1.05%	0.80%
Next \$1,500,000	0.95%	0.70%
Next \$3,000,000	0.85%	0.60%
Amounts over \$5,000,000	0.75%	0.50%

The Program Fees are negotiated between EQIS and the Introducing Firm therefore clients may pay more or less for the services than other clients in the Program who are serviced by other Introducing Firms. The amount of Program Fees paid are noted in the Account Application based on the proposed investment amount. All applicable fees are further disclosed in the monthly performance report provided by EQIS as well as in the statements provided by the Account Custodian.

If an account has a blend of both the UMA and ETF Programs, the entire account will be assessed the higher of the two applicable Program Fees. For example, if at Account opening the ETF Program is selected but later includes all or a portion of the UMA Program, the higher fee (i.e., either the ETF Program or UMA Program fee) will apply to the entire Account. If an Account is established electing the UMA Programs and subsequently moves entirely to the ETF Program, the lower fee will be applicable after such change is affected.

When constructing the EAS-E models, EQIS may use one or more EQIS managed

Sleeves within the Model. As a result, EQIS will receive additional compensation

beyond the Program Fee which may create a conflict of interest as EQIS has an incentive to create models which contain its managed sleeves over those managed by third parties. Generally, EQIS will only recommend an EQIS-managed Sleeve when no feasible third party option is available, in an effort to reduce conflicts. If an Account is allocated to an EAS-E model, EQIS will reduce the Program Fee by the weighted percent of the model allocated to the Sleeve(s) managed by EQIS.

The Program Fee does not include the FP fee which is negotiated between the client and FP as disclosed in the Account Application. Any debits to the Account are reflected on the EQIS statement as well as the Account Custodian's statement. The Program Fee noted does not include additional Account maintenance charges which might include wire transfer fees, annual charges for qualified accounts, or fees associated with an investment vehicle within the Account. Nor does it include any special trade charges or other fees which may be assessed by the Account Custodian, or any exchange which may assess a fee for investments transacted for the Account.

#### Financial Professional Fee:

In addition to the Program Fee, the FP will typically charge a financial professional fee ("FP Fee") for his/her services as compensation for introducing clients to the Platform, gathering and communicating client's financial information, assisting in the Portfolio allocation, monitoring the Account, and informing EQIS of any material changes in the Client's objectives, as well as other administrative duties performed by the FP. The FP Fee is negotiated between the client and the FP but under no circumstances shall the FP Fee exceed 1.5% of the Account value per annum. Because the FP receives compensation for introducing clients to the Program, the FP has an incentive to recommend the Program over other services and this incentive poses a conflict of interest. Client's should review the Introducing Firm's Brochure or other disclosure documents for any issues or conflicts which result from the payment of fees or other compensation paid to the Introducing Firm or its FP for participating in the Program. Purchasing the services separately may cost less than participating in the Program. The Financial Professional Fee is in addition to the Program Fee but will be calculated and debited from the Account in the same manner as the Program Fee as noted above except that the Financial Professional fee is a flat fee assessed against the account without tiers.

Certain FP's have purchased stock in EQIS's parent company, EQIS Holdings, Inc. ("EQIS Holdings"). As shareholders in EQIS Holdings, those FPs may receive benefits to the extent EQIS Holdings pays dividends to its shareholders and to the extent the value of shares in EQIS Holdings increases. These benefits may be a form of indirect compensation that creates a conflict of interest as the FP has an incentive to refer

clients to EQIS over other firms with which the FP does not have a shareholder relationship.

Other Fee Disclosure:

Clients are advised to review the Account Custodian's fee schedule for additional fees which may apply. Clients should review the statements provided by the Account Custodian and immediately notify their FP or EQIS if a discrepancy is discovered. Clients should also review their custodial agreement, any prospectus, or other disclosure documentation for any internal fund fees or other charges which may be assessed against the account or investment vehicle. Clients should be aware that if participation in the Program is terminated for any reason but the assets remain in the Account, the Account Custodian may assess an annual fee for custody, clearing and servicing the account of up to .20% (20 basis points). The fee/fees paid to participate in the Program may exceed the aggregate cost of such services if they were to be provided separately and not combined within the Program.

**CUSTODY, CLEARING & TRADING:**

When establishing an Account, clients will authorize EQIS to open an account with the Account Custodian on behalf of the client. Although it is included in the Account Application, the agreement between the Client and the Account Custodian is solely between the Client and the Account Custodian. There is no affiliation between EQIS and the Account Custodian. The Account Custodian is a broker-dealer and FINRA member which executes transactions for Program Accounts, maintains custody of client assets in the Account, and provides other brokerage, custodial and recordkeeping services on the Client's behalf. In order to manage the Account, the Client grants to EQIS the authority to establish the account with the Account Custodian and to take other actions, which include allocating Sleeves to the Account, executing trades, and executing other instructions as may be provided by Client or the FP if so authorized.

Best Execution:

When executing transactions in an Account, EQIS does not have the authority to determine the broker-dealer to be used or to direct where trades are to be executed. EQIS reviews the Account Custodian's executions, but EQIS will not utilize other brokers-dealers. Not all wrap programs require clients to use a particular broker-dealer. Clients should consider whether or not the appointment of the Account Custodian as the exclusive broker-dealer for the Account may or may not result in certain costs or advantages or disadvantages to the Client as a result of possibly more or less favorable executions.

Trade Windows:

When executing trades through the Account Custodian, the Program is limited to submitting trades twice a day during any full trading day (each a “Trade Window”) and trading may be limited on partial days. The Trade Window provides economies of scale to trade execution. Because of the Trade Window limitation as to when trades occur, Portfolio Strategists managing same or similar strategies through other broker-dealers or programs may achieve better prices for securities bought or sold than those obtained by EQIS. As such, Portfolios and/or the underlying securities in a Portfolio may experience dispersion from the same or similar portfolios deployed elsewhere.

Accounts may buy or sell securities outside of any Trade Window and requests are processed in the order they are received. However, the cost of non-Trade Window trades is not included in the Program Fee and therefore will be billed as a separate trade cost. Clients are advised to review the Account Custodian’s trade costs as may be applicable to trades executed outside a Trade Window.

Block Trading:

EQIS will generally aggregate transactions when submitting trades to the Account Custodian. Aggregating transactions (or “block trading”) is when a block of the same securities for various Accounts or Portfolio(s) are bundled and submitted for execution to the Account Custodian. When securities are bought and/or sold in blocks, the price paid or received is the average price received for all securities involved in the transaction(s) in order to fill the block. However, because Accounts may be allocated fractional shares, the decimalization of the share when calculated against the price received per share may result in clients paying a slightly different price per share. This difference is de minimis typically resulting in a difference of a penny or a fraction of a penny. When block trading, the allocation of securities or proceeds is determined by EQIS before the block trade is submitted to the Account Custodian. If a block trade is not able to be completed in its entirety, the pre-determined allocation will be adjusted pro-rata across the Accounts involved so that no one Account or series of Accounts are treated more favorably than others.

Trade Thresholds:

EQIS and/or the Custodian may establish trade thresholds in which one or more positions may not be traded. These situations may arise when the position slated to be bought or sold is too small, in the determination of the Custodian, to execute. The Thresholds may be a dollar and/or a percentage threshold. The percentage threshold is the minimum percentage by which the current weight of a security as determined by the target allocation deviates before an order will be placed. The dollar threshold is the

minimum dollar amount a trade must meet before the trade for that position will be executed. The trade thresholds will cause some Accounts to experience dispersion from the Portfolio or other accounts assigned the same Portfolio.

#### Dispersion:

The performance of a Model Portfolio and a client's actual Portfolio can vary. The difference between Model Portfolio performance and actual performance is called dispersion. Dispersion can occur between Portfolios and Model Portfolios within the Program, as well as from a Model Portfolio when managed outside the Program.

Dispersion can cause performance of an Account Portfolio to be either greater than, equal to, or less than the performance of the Model Portfolio. In addition, dispersion can account for slightly different holdings or percentage holdings in a Program Account versus the Model Portfolio. Finally, there may be dispersion between the returns earned by different clients whose investments are tracking the same Portfolio(s). Dispersion among Accounts can occur because of the combination of each client's assets being held directly in their own Account and the differences between Account size, client additions or withdrawals, and client imposed restrictions, trade thresholds among other factors.

EQIS treats all Portfolio Strategist updates including security selection and timing as recommendations. As such, EQIS, in its sole discretion, may determine whether Portfolio Strategist recommendation(s) will be implemented which may also cause dispersion.

EQIS will undertake reasonable efforts to mitigate the effects of dispersion by: (i) periodically reviewing and monitoring Accounts to identify significant dispersion, and (ii) where appropriate, executing trades or account rebalancing to minimize dispersion. Any significant performance dispersion is reviewed periodically to determine if any action is necessary.

### **Item 5 - Account Requirements and Types of Clients**

#### **MINIMUM ACCOUNT REQUIREMENTS:**

Participation in the Program is subject to certain minimum account requirements. A minimum Account value of \$25,000 is generally required to participate in the Program. This minimum may be negotiated under certain circumstances. For ERISA accounts, Plan Participants can establish an Account with an Account minimum as low as \$1.00 if so permitted by the Plan.

Clients can make subsequent contributions at any time. Subsequent contributions will be



held in a money market fund until such time as there is a minimum of \$1,000 to reallocate into the designated asset allocation within the Account.

Clients must establish their Accounts with the Account Custodian in order to participate in the Program. EQIS is not able to accept accounts held with other custodians. EQIS reserves the right to not accept any Account for which the client directs the use of a broker dealer/custodian other than FOLIOfn Investments, Inc.

### **TYPES OF CLIENTS:**

The Program is offered primarily to retail Clients such as individual Accounts, trusts, 401(k)s, IRAs and other retirement and business accounts. In limited situations, Portfolios or other services may be made available to institutional investors or other program sponsors.

The Program is designed to continuously manage Accounts based on the individual needs of the client through the use of Portfolio Strategists that are either employed by EQIS or contracted by EQIS. Each Account may have a combination of Portfolios. A Portfolio within an Account will typically be managed in accordance with the Portfolio Strategist's discipline. For example, one Strategist may be selected to manage a large cap allocation of an Account while a different Strategist may be chosen to manage a fixed income allocation. It is possible for a Portfolio Strategist to manage more than one Portfolio and be utilized for more than one asset class.

### **Client Information:**

Information provided by Clients is critical for determining the appropriate asset allocation and Portfolio. Though an Account's initial allocation is determined by information provided by the Client regarding the Client's objectives, the Client must inform the FP, who in turn will inform EQIS, of any changes which occur in a Client's investment objectives, timeline, risk tolerance or liquidity which may affect the Account Portfolio allocations.

### **Terminating the Account Agreement:**

A Client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice to the FP or to EQIS. The Client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement. Upon termination of any agreement, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees for any unbilled portion of a month will be collected prior to disbursement of funds.

Under certain circumstances, a Client may choose to leave his/her FP or the FP may choose to no longer service the client's Account. Under these circumstances - as well as when the Client chooses to terminate the Client agreement - the Account will not be assessed the FP Fee nor the Program Fee going forward from the day in which EQIS receives or provides notice of the intent to cancel the agreement. However, the Account will be assessed a custody and clearing fee imposed by the Account Custodian which can be an annualized charge of .20% (20 basis points) of the Account value. When an agreement is terminated, Clients are advised to transfer the Account assets to a new FP to ensure continued supervision of the Account.

#### ERISA & Other Retirement Accounts:

EQIS may serve in one or more capacities as a fiduciary to employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), regulations under the Internal Revenue Code of 1986 (the "Code") as well as rules and regulations as may be promulgated by the Department of Labor. As such, EQIS is subject to certain duties and obligations which include among other things, the accurate and transparent disclosure of fees and Program expenses, restrictions concerning certain forms of compensation and other prohibited transactions. Program Accounts subject to ERISA will typically not include assets that charge a commission or pay 12b-1 fees. If for some reason an Account holds an assets that has such fees, the fees will be used to offset the Program Fee. EQIS does not provide administrative, or recordkeeping services to ERISA plans nor does it provide individualized investment advice to plan participants.

### **Item 6 - Portfolio Manager Selection and Evaluation**

#### **PORTFOLIO MANAGER SELECTION:**

The EQIS Investment Committee, under the direction of the Chief Investment Officer ("CIO"), determines Program offerings which include EQIS managed Portfolios as well Portfolios designed by contracted Portfolios Strategists. The Investment Committee is responsible for the Program offerings, including conducting research and due diligence, approving and removing Portfolios and Portfolio Strategists, and generally supervising and overseeing the Program. Please see the ADV 2Bs enclosed here for additional information pertaining to the education and qualifications of the Investment Committee.

The Investment Committee designs Asset Allocation Models ("Models") comprised of



various Portfolios diversified across multiple asset classes. The Models are constructed taking into consideration the needs and risk preferences of Clients. The core of EQIS's management philosophy employs an augmented version of the Porter Five Forces Model, a tool used in analyzing the competition of a business, in conjunction with the implications of modern portfolio theory and other fundamental research. Portfolio Strategists are selected according to their track records, risk controls, and investment methodologies. When adding Portfolios to the Program, the Investment Committee will include only those Portfolios that it believes will provide the best risk adjusted return for the asset class and/or equity styles relative to the Portfolio's peer group. Strategists usually must have a minimum period of real money returns before being considered. Though each Portfolio Strategist undergoes stringent due diligence and monitoring, the Investment Committee does not independently verify their returns.

The ETF Program Portfolios and portions of the EAS-E models are proprietary Portfolios managed by EQIS. This creates a conflict of interest as the fee that would otherwise be paid to a Portfolio Strategist is retained by EQIS therefore EQIS has an incentive to use its proprietary Portfolios over Portfolios provided by contracted Portfolios Strategists. EQIS discounts the Program Fee for Accounts utilizing the EAS-E models.

#### Methods of Analysis:

In developing and/or reviewing Portfolios, the Investment Committee will utilize a variety of analysis methodologies.

EQIS utilizes a number of sources of financial information in the analysis of the securities it selects for its proprietary Portfolios including financial newspapers and magazines, research materials and reports, corporate rating services, annual reports, prospectuses, SEC filings and company press releases. EQIS utilizes several data resources in gathering historical information, as well as annual and quarterly reports. Using fundamental analysis, securities are actively monitored and evaluated relative to market and industry conditions.

When selecting individual equities, EQIS also takes the industry into consideration in the interest of maintaining diversification to maximize risk adjusted returns. ETF's or mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure.

EQIS generally recommends the purchase of securities to be held for a year or longer in Client Accounts. A risk in a long-term purchase strategy is that by holding the

security for a length of time, the Account may not take advantage of short-term gains that could be profitable. Additionally, a security may decline sharply in value before the recommendation to sell is made.

EQIS researches Portfolio Strategists and their security analysis methods for different classes and investment styles. Other sources of information for evaluating Portfolio Strategists are the qualitative and quantitative materials prepared by in-house analysts; publicly available information contained in the financial press and other sources; information, research and statistical materials prepared by third parties; and computer readable financial databases containing business and financial statistics. Third party consultants may be utilized to support the ongoing evaluation process.

#### Changing Model Managers / Portfolios:

Performance of the Portfolios is monitored by the Investment Committee and there may be an occasion where it is determined that a Portfolio is no longer appropriate for Client Accounts. Portfolios that materially under-perform relative to their asset class and/or equity style will be reviewed by the Investment Committee and likely will be replaced. A Portfolio may be replaced for any of a variety of other reasons including, but not limited to, a change in the investment style or processes employed by the Strategist, and a change in key personnel. EQIS may change a Portfolio at any time in its discretion but typically will provide Clients and their FPs advance notice of any proposed changes.

EQIS does not charge Clients a fee to change Portfolios and/or allocations, however, the Program is generally intended for investors with a longer time horizon and is not designed for clients who plan to make frequent changes. Clients will pay other fees, such as Account Custodian fees, when changing Portfolios and/or allocations.

#### Voting Client Securities:

As a matter of firm policy, EQIS does not vote proxies on behalf of Clients. Therefore, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing the Account Custodian to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

#### Performance Based Fees and Side-by-side management:

EQIS does not participate in gains achieved in client accounts and as such it does not receive any performance based fees. Additionally, EQIS does not engage in in side-by-

side management.

### **Item 7 - Client Information Provided to Portfolio Managers**

Portfolio Strategists do not trade or review a Client's specific account or allocation and as such they are not provided any information about individual clients.

### **Item 8 - Client Contact With Portfolio Managers**

Portfolio Strategists do not generally interact with individual Clients, however EQIS may make its Investment Committee members responsible for proprietary Portfolios members available to discuss EQIS's proprietary Portfolios. Clients may also request meetings with contracted Portfolio Strategists through their FP.

### **Item 9 - Additional Information**

#### Disciplinary Information:

Neither EQIS nor its principals have any disclosable disciplinary history.

#### Other Financial Industry Activities and Affiliations:

EQIS recently acquired a broker dealer, Progressive Asset Management, Inc.

Certain of EQIS's principals, IARs or other supervised persons may be licensed as registered representatives or insurance agents. As such, certain supervised persons receive separate compensation and/or commissions for selling insurance and or other investment products to advisory Clients. This receipt of additional compensation creates a conflict of interest.

#### Inherent Risks:

There are inherent risks related to investing. This includes, but is not limited to, the potential complete loss of principal. Program returns are highly dependent upon market trends, especially over shorter time frames. Therefore, the Program is generally most appropriate for investors seeking long-term investment objectives as opposed to investors seeking to use the Program for short-term trading purposes. EQIS makes no guarantees as to the performance of Client Program Accounts and/or the securities in the Portfolios allocated to Client Accounts. There is no guarantee that a Client's investment objectives will be achieved. Clients should be aware they could suffer the total loss of their investment through the Program.

#### Notification of Error Reports:

Clients must notify EQIS promptly if they suspect there has been an error related to their Account. It is the Client's responsibility to seek immediate clarification about entries that are not clearly understood. All Client communications sent to the address of record or in the manner requested by the client are presumed to have been delivered and received whether or not actually received.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading:

EQIS has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. EQIS and its personnel owe a fiduciary duty to Clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the periodic review of securities transactions and securities holdings that must be submitted by the firm's access persons. Among other things, our Code of Ethics requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering and incorporates provisions for oversight, enforcement and recordkeeping.

EQIS' Code of Ethics also includes the firm's policy prohibiting the use of material nonpublic information. While we do not believe that we have a high risk of receipt of material nonpublic information, all employees are reminded that such material nonpublic information may not be used for any purposes and must report the receipt of any material nonpublic information to the CCO immediately.

A copy of our Code of Ethics is available to clients and prospective clients. Clients may request a copy by email sent to [compliance@eqis.com](mailto:compliance@eqis.com), or by calling us at 800.949-9936.

Personal Trading:

Our firm and/or individuals associated with our firm may have an interest or position in certain securities which may also be recommended to Clients. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

EQIS does not typically engage in agency cross transactions. To the extent EQIS were to execute a transaction as an agency cross, EQIS would comply with the regulations and receive among other things, Client consent prior to the transaction. Personal securities transactions, activities and interests of our employees will not interfere with (i)

making decisions in the best interest of advisory Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

#### Review of Accounts:

Client allocations are reconciled with the Account Custodian's records on a daily basis. While the underlying securities within the Program Accounts are actively monitored, Program Accounts are rebalanced when the Investment Committee may deem appropriate.

The Account review process considers factors relevant to the determination of whether or not the assets held by the Account and the investment strategy employed are consistent with the investment objectives. More frequent reviews may be triggered by material changes in variables such as drift from the model portfolio weighting, the market, political or economic environments. The review will be conducted to determine if the current investment holdings of the account are consistent with the Client's investment objectives. Model Portfolios that are deemed consistent with the Client's objectives and asset allocation will not be rebalanced and will not be reviewed again until the next selected interval.

The Authorized Financial Professional will contact the client on at least an annual basis to discuss information related to changes to the client's financial circumstances or investment objectives. However, should there be any material change in the Client's personal and/or financial situation, the Client should notify EQIS or their FP immediately to determine whether any review and/or revision of the Client's investment profile is warranted.

#### Client Referrals and Other Compensation:

EQIS may enter into marketing arrangements with Introducing Firms that are independent investment advisers and/or broker-dealer firms through which FPs introduce the Program to the public. Through these arrangements, EQIS pays a percentage of the Program Fee to the FP and/or the Introducing Firm. These payments will not increase the amount of the fees paid by Program participants. Clients should be aware that these payments create an incentive for the Introducing Firm to recommend participation in the Program over other Programs for which no such compensation may be received. EQIS will provide up to five basis points (.05%) of the Program Fee paid by the Client as an incentive to the Client's Introducing Firm for the purpose of marketing and servicing new and existing clients. In order to participate in this incentive program, the FP needs to maintain and achieve certain asset levels in the Program. The level of incentive increases based on total assets brought to the firm. This incentive creates a conflict of interest for the FP and Introducing Firm.

Some FPs and/or Introducing Firms may own an equity interest in EQIS Holding, Inc., the parent company of EQIS. This creates a conflict of interest for the Introducing Firm and/or FP. This equity interest does not impact the level of fees that Clients pay and Clients are under no obligation to follow the recommendations of their FP regarding using the Program. Clients should review their FP's firm Brochure and the FP's ADV 2B for any conflicts which may arise as a result of participating in the Program and/or Platform.

#### Soft Dollars

EQIS does not currently use soft dollars. Nevertheless, EQIS may receive research reports or other non-monetary benefits from the Account Custodian. The receipt of such benefits is not related to any commitment for transaction volume in exchange for any services or products, but does create a conflict of interest of which clients should be aware of in assessing EQIS' brokerage recommendation.

#### Financial Information:

EQIS makes substantial investments in its technology and systems in accordance with practices in the FinTech business. The Firm is financed through growth capital and bank debt. EQIS manages its revenues and expenses, but is not required to maintain minimum capital in the manner of a broker-dealer. Due to its FinTech business and financing model, EQIS may be viewed as thinly capitalized. Currently, EQIS does not believe our financial condition would be reasonably likely to impair our ability to meet our contractual obligation to Clients.

EQIS has not been the subject of a bankruptcy petition at any time during the past ten years. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

#### Privacy Policy:

EQIS maintains high standards to safeguard client's personal information. We will remain vigilant and professional in protecting that information and in using it in a fair and lawful manner. As part of this commitment to fulfilling your trust we have formulated this Privacy Policy.

#### Safeguarding Customer Information and Documents:

To conduct regular business, we collect nonpublic customer data in checklists, forms, in written notations, and in documentation provided to us by our customers. We will maintain physical, electronic and procedural safeguards that meet federal and/or state

standards to guard your nonpublic personal information. Failure to observe procedures regarding customer and consumer privacy could result in discipline, including, as appropriate, termination.

Sharing Nonpublic Personal and Financial Information:

EQIS does not disclose any nonpublic personal information about its customers or former customers to third parties, except as permitted by law or otherwise disclosed herein. EQIS is committed to the privacy and protection of its customers' personal and financial information and will not share any such information with a third party except, as appropriate,:

- When necessary to complete transactions in a customer account.
- When required to service and/or maintain your account.
- In order to resolve a customer dispute or inquiry.
- When acting in a fiduciary or representative capacity as authorized by the customer.
- With consultants assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm.
- To prevent or protect against actual or potential fraud, identity theft, unauthorized transactions, claims or other liability.
- To comply with all federal, state or local laws, rules, statutes and other applicable legal requirements.
- In connection with a written agreement to provide advisory services or investment management when the information is released solely for the purpose of providing products or services covered by the Program.
- Upon the customer's specific instruction, consent or request.
- Pursuant to any other exceptions enumerated in the California Information Privacy Act.

When we share nonpublic information with any third party for the reasons stated above, we make certain that there are written restrictions in place regarding the use and/or disclosure of said information.



**Part 2B of Form ADV: *Brochure Supplement***

**William Robert Nelson Jr.**  
1000 4th St., Ste 650  
San Rafael, CA 94901

Telephone: 800.949.9936  
Effective Date: 7/14/2017

This brochure supplement provides information about William R. Nelson Jr. that supplements the Equis Capital Management, Inc. brochure. You should have received a copy of that brochure. Please contact Equis Support at 800.949.9936 or 1000 4<sup>th</sup> Street, Suite 650, San Rafael, CA 94901 if you did not receive Equis Capital Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about William R. Nelson Jr. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



**Item 2 Educational Background and Business Experience.**

**Full Legal Name:** William Robert Nelson Jr.      **Born:** 06/15/1971

**Education**

- George Mason University; Ph.D., Economics; 2001
- George Mason University; M.S., Economics; 1999
- SDSU; BS, Finance; 1994

**Business Experience**

- Equis Capital Management, Inc.; Chief Investment Officer; from 05/2012 to Present
- Equis Capital Management, Inc.; Chief Financial Strategist; from 06/2003 to 05/2012
- State University of New York at Buffalo; Assistant Professor, Department of Finance and Managerial Economics; from 2000 to 2004

**Designations** - Mr. Nelson does not have any professional designations

**Item 3 Disciplinary Information.**

- Mr. Nelson has not had any disciplinary action taken against him.

**Item 4 Other Business Activities.**

- Investment-Related Activities
  - Not Applicable

Non-Investment-Related Activities

- Not Applicable

**Item 5 Additional Compensation.**

Mr. Nelson does not receive any additional cash or negotiable instrument compensation for the providing of financial services through EQIS other than the fees which are disclosed pursuant the client agreement as between EQIS, Mr. Nelson and the client.

**Item 6 Supervision.**

**Supervisor:** Jason Luhan

**Title:** CCO

**Phone Number:** 800-949-9936

- **William R. Nelson** is supervised from the home office of Equis where the supervisor or his designee will review account applications and client submissions at the time of opening and on a periodic basis. In addition to the initial supervision, the client's investment allocations and/or the money managers selected are monitored to ensure the managers are adhering to the investment discipline originally selected by the client.

**Part 2B of Form ADV: *Brochure Supplement***

**Kenneth Andrew Kim**

1000 4th St., Ste 650  
San Rafael, CA 94901

Telephone: 800.949.9936

Effective Date: 7/14/2017

This brochure supplement provides information about Kenneth A. Kim that supplements the Equis Capital Management, Inc. brochure. You should have received a copy of that brochure. Please contact Equis Support at 800.949.9936 or 1000 4<sup>th</sup> Street, Suite 650, San Rafael, CA 94901 if you did not receive Equis Capital Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Kenneth A. Kim is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 Educational Background and Business Experience.**

**Full Legal Name:** Kenneth Andrew Kim      **Born:** 04/02/1968

**Education**

- University of Rhode Island; PhD, Finance; 1997
- University of Detroit; MBA, General; 1992
- University of Michigan; BA, Economics; 1990

**Business Experience**

- Equis Capital Management, Inc.; Chief Financial Strategist; from 04/01 to present
- University of Buffalo; Professor; from 09/2002 to Present

**Designations** - Mr. Kim does not have any professional designations

**Item 3 Disciplinary Information.**

- Mr. Kim does not have any disciplinary action taken against him.

**Item 4 Other Business Activities.**

- Investment-Related Activities
  - Not Applicable
- Non-Investment-Related Activities
  - Finance Professor at University of Buffalo.

**Item 5 Additional Compensation.**

- Mr. Kim does not receive any additional cash or negotiable instrument compensation for the providing of financial services through EQIS other than the fees which are disclosed pursuant the client agreement as between EQIS, Mr. Kim and the client.

**Item 6 Supervision.**

**Supervisor:** Jason Luhan

**Title:** CCO

**Phone Number:** 800-949-9936

- **Kenneth Andrew Kim** is supervised from the home office of Equis where the supervisor or his designee will review account applications and client submissions at the time of opening and on a periodic basis. In addition to the initial supervision, the client's investment allocations and/or the money managers selected are monitored to ensure the managers are adhering to the investment discipline originally selected by the client.

**Part 2B of Form ADV: *Brochure Supplement***

**Joel T. Bennett**

1000 4th St., Ste 650  
San Rafael, CA 94901

Telephone: 800.949.9936  
Effective Date: 7/14/2017

This brochure supplement provides information about Joel T. Bennett that supplements the Equis Capital Management, Inc. brochure. You should have received a copy of that brochure. Please contact Equis Support at 800.949.9936 or 1000 4<sup>th</sup> Street, Suite 650, San Rafael, CA 94901 if you did not receive Equis Capital Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Joel T. Bennett is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 Educational Background and Business Experience**

**Full Legal Name:** Joel Timothy Bennett      **Born:** 03/08/1977

**Education**

Western Michigan University; BA, Finance and Economics; 1995 - 2000

**Business Experience**

- EQIS Capital Management, VP of Business Strategy, San Rafael, CA. July, 2014- Present
- EQIS Capital Management, Business Consultant, Chicago, IL. February, 2010- July, 2014
- Unemployed, Chicago, IL. May 2009- February, 2010
- Genworth, Consultant, Chicago, IL. May, 2005- May, 2009
- Genworth Financial Securities Corporation, Registered Representative, Schaumburg, IL. April, 2008- April, 2009
- Genworth Financial Advisers Corporation, Investment Adviser Representative, Schaumburg, IL. April, 2008- April, 2009
- Capital Brokerage Corporation, Chicago, IL. Mass Transfer, Chicago, IL. April, 2008- April, 2009
- Asset Mark Capital Corporation, Internal Consultant, Chicago, IL. April, 2005- April- 2008

**Designations** - Mr. Bennett does not have any professional designations.

**Item 3 Disciplinary Information**

- Mr. Bennett has not had any disciplinary action taken against him.

**Item 4 Other Business Activities**

- Investment-Related Activities
  - Not Applicable
- Non-Investment-Related Activities
  - Not Applicable

**Item 5 Additional Compensation**

- Mr. Bennett does not receive any additional cash or negotiable instrument compensation for the providing of financial services through EQIS other than the fees which are disclosed pursuant the client agreement as between EQIS, Mr. Bennett and the client.

**Item 6 Supervision**

**Supervisor:** Jason Luhan

**Title:** CCO

**Phone Number:** 800-949-9936

- **Joel T. Bennett** is supervised from the home office of Equis where the supervisor or his designee will review account applications and client submissions at the time of opening and on a periodic basis. In addition to the initial supervision, the client's investment allocations and/or the money managers selected are monitored to ensure the managers are adhering to the investment discipline originally selected by the client.