

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

**Eqis Capital Management, Inc.**

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**Eqis Capital Wrap Fee**

10/1/2013

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. also is 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.

## Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Wrap Fee Brochure, dated 10/1/2013, is our new disclosure document prepared according to the SEC's new requirements and rules. Although the format of this document is similar in many respects to prior Schedule H wrap fee program brochures, it does contain additional new information that was not previously required.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Currently our Brochure may be requested in the following manners:

- Via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any person(s) affiliated with Equis Capital who are registered, or are required to be registered, as investment representatives of Equis Capital.
- Download from within our portal.
- You may also send an email to [compliance@eqiscapital.com](mailto:compliance@eqiscapital.com)

5.31.2011:

Added Portfolios: Winward RAAM and Equis Buy/Write Blend

6.22.2011:

Added Portfolios: Alpha Mid-Cap Power Index Managed Account, ALPHA/PIMCO Bonds Plus Strategy, Alpha Seasonal Strategy, and Alpha The Formula™

8.19.2011:

Added Portfolio: Equis Global fixed Income Blend, Clarified language in Service, Fees and Compensation regarding Changes, Discretion and Requests.

10.11.2011:

Item 6 – Portfolio Manager Selection: Clarified language regarding asset allocation and fiduciary duty. Item 9 – Review of Accounts: Updates and clarifications regarding Additional Information about Reports including corrections, errors and risks of investing.

3.30.2012:

Exhibit 1 – Added Portfolios: Clark Capital Management, Inc.: Navigator Global Balanced 20/80 Hedged, Navigator Global Balanced 40/60 Hedged, Navigator Global Balanced 60/40 Hedged, Navigator Global Balanced 80/20 Hedged. Removed portfolio: TJIM LCV.

5.29.2012:

Added Portfolios: Sterling Wealth Management Group, Inc.: Sterling Tactical Rotation Strategy, The Sterling Emerging Markets Strategy, The Sterling Tactical Bond Strategy, The Sterling Global Allocation Strategy.

6.13.2012:

Added Portfolios: Sterling Added Portfolios: EQIS Income Focus, EQIS Technology Focus, Suncoast Equity Management, Inc.: Suncoast Large Growth. Updated Manager Bio for Sterling Wealth Management Group, Inc.

10.12.2012:

Item 4: Added HCSAP and WPP Programs, added Option 5 and 6 to Fee Schedule Table. Item 4 and 9: Inserted Conflict of Interest for FPs and Soliciting Firms. Exhibit 1: Added Program information, added location to view Model Portfolio Descriptions and removed Model Portfolios Descriptions.

12.21.2012:

Item 6: Added addition dispersion information.

10.01.2013:

Item 4: Updated address. Added non-cash compensation information.

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## Item 4 Service Fees and Compensation

### SERVICES

Equis Capital Management, Inc. is a SEC-registered investment adviser with our principal place of business located in California. Equis Capital Management, Inc. began conducting business in 2003.

We sponsor the Equis Capital Wrap Fee (the "Program"), a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees not based directly on transactions in the client's account is charged for advisory services, which may include portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions.

In addition to sponsoring this wrap fee program, we sponsor the following additional wrap fee programs:

- Equis Capital Wrap Fee – Sponsored

You may obtain a copy of the Wrap Fee Program Brochure(s) for any additional program via the following methods:

- Via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any person(s) affiliated with Equis Capital who are registered, or are required to be registered, as investment representatives of Equis Capital.
- Download from within our portal.
- You may also send an email to [compliance@eqiscapital.com](mailto:compliance@eqiscapital.com)

You must have a Authorized Financial Professional / FP or representative that is authorized to introduce and serve as your intermediary while you participate in the Equis Capital Wrap Fee Program. This is very important in that the Authorized Financial Professional / FP helps you establish your Program Account and provides important ongoing services in connection with your Program Account. Please refer the Equis Capital's Wrap Fee Brochure for specific details regarding the Program.

### DESCRIPTION

Equis is the sponsor of the Equis Capital Wrap-Fee Program (hereinafter the "Program"). A "wrap-fee" program is one that provides the client with advisory services and access to institutional money managers and investment products, exclusive of brokerage, execution, and custodial services. Equis actively solicits advisory clients for the Program through its independent contractor relationships with financial advisors, financial planners, stock brokers, and other designees (hereinafter "Authorized Financial Professional(s) or FP") that are duly licensed to offer fee based financial products. Equis will not accept a client into the program that isn't introduced by a FP. FPs are responsible for introducing clients to Equis, gathering and communicating client's financial information, acting as a liaison between Equis and the client, staying in contact with the client and informing Equis of any material changes in the client's financial picture, and various other clerical or administrative duties. FPs may also assist in the determination of the client's asset allocation and the Model Manager selection process (pursuant to the Equis "Approved Model Managers" list). All investment advisory decisions with regard to securities, types of investments, timing of buys and sells, etc. will be made by Equis and/or sub-managers contracted by Equis (hereinafter "Contracted Model Managers"). Equis is also responsible for the marketing of the Program. The Program is offered to individuals, retirement accounts and other business entities. With respect to retirement accounts that are regulated by ERISA, Equis will only market the Program to such accounts in compliance with applicable Prohibited Transaction rules.

The Program is designed to continuously manage the client's Program Account based on the individual needs of the client through the use of professional Model Money Manager(s) that are either employed by Equis and/or contracted by Equis. The Program distinguishes between portfolios managed by Equis (hereinafter "Equis Managed Portfolios") and portfolios managed by Model Managers that Equis has contracted with to sub-advise all or a portion of certain advisory accounts

("Contracted Model Managers") The Program defines a Portfolio as a group of investments managed by an individual manager or team with a specific criteria, e.g., Large Cap Growth US Equities.

At the time of clients' initial investments in the program, Equis (in conjunction with the client's FP) will assist the client in determining the client's current financial situation, financial goals and attitudes towards risk. Clients' information will be collected and analyzed through the use of Equis's proprietary proposal generation system, which in turn will allow Equis and the client's Financial Professional to review the client's situation and determine an appropriate asset allocation. With regard to the Program account, asset allocation refers to the combining of individually Managed Portfolios to create diversification across asset classes, equity styles, foreign markets, etc. With respect to Benefit Plan Clients, the plan fiduciaries will be provided with predefined asset allocations, along with adequate descriptions of strategies and each strategy's associated level of risk. The plan fiduciaries will be responsible for choosing the allocation for inclusion in their plan. The client will maintain all ownership rights to all securities held within the Program account.

Once an appropriate asset allocation is determined with a client, and the Contracted Model Managers (if any) have been selected to fulfill the asset allocation, the individual portfolios will be managed by Equis and the Contracted Model Managers on a discretionary basis. All Equis Managed and Multi-Manger SMA Program accounts may consist of up to ten separately managed portfolios. ETF and UMA program accounts (accounts composed entirely of exchanged traded funds and accounts able to contain both exchange traded funds and separately managed accounts) have up to 20 portfolios in ETF Program accounts and up to 25 portfolios in the UMA Program accounts. These are combined to create an asset allocation that is appropriate for the client's needs, risk preferences and/or desires. Within an individual Program account all ten portfolios may be managed by Equis (hereinafter "All Equis Managed Account"); or all ten portfolios may be managed by Contracted Model Managers (hereinafter "Multi-Manager Managed Account"). In the alternative, a program account may contain a combination of Equis managed portfolios and Contracted Model Manager portfolios. In regard to the Program, any asset allocation that contains a Model Portfolio that is managed by a Contracted Model Manager is considered a Multi-Manager Managed Account. The appropriate mix of Model Managers will be determined by the client in conjunction with guidance from the client's FP. Highest Conviction Separate Account Portfolios (HCSAP) are offered across a spectrum of risk exposures from Aggressive to Conservative, and are available in both hedged and unhedged as well as taxable and tax-advantaged constructions. The FP and/or the Client can select any one of the 20 portfolios, but without any modifications (they are not allowed to modify these portfolios.) Wealth Preservation Portfolios (WPP) will consist of 2 different portfolios. The FP and/or the Client can select which one to use, but without any modifications (they are not allowed to modify these portfolios).

Model Portfolios (and thus clients accounts) can be invested in a wide variety of securities and other assets such as (but not limited to) stocks, American Depositary Receipts (ADR's), exchange traded funds (ETF's), target term trusts, U.S Government bonds, money market funds and mutual funds. Equis and/or Equis Contracted Model Managers will make changes on a discretionary basis with respect to a client's account based on market, economic and political circumstances, and the individual characteristics of securities. Equis and/or Equis Contracted Model Managers will typically utilize a long term buy and hold approach, although other strategies may be used where appropriate for a client's circumstances. Clients should refer to the Contracted Model Manager(s) information in Exhibit 1 herein for information regarding the methods of analysis, sources of information and investment strategies used by the independent registered Model Manager in servicing client accounts. Upon request, a client may shift between Program Types and will be charged the subsequent fee associated with that Program Type.

Eqis charges an annual "Wrap-Fee" for participation in the Program(s). The Wrap-Fee is made up of two separate and distinctive parts, but charged to the client as one fee. The two parts are as follows: Part 1 the Eqis Program Fee, and Part 2 the Financial Professional Fee ("FP" fee). Both parts are detailed in **Table 1**. The Wrap-Fee will be charged as a percentage of assets under management on a blended fee schedule. Clients will be invoiced and fees will be directly debited from client accounts after the end of each calendar month. When there is not enough cash or funds in an account to pay a fee, the account will be rebalanced so as to generate a sufficient level of cash or funds to meet this expense. As part of this agreement you authorize the Clearing Firm (FolioFn) to deduct the Wrap-Fees from your account as directed by Eqis. The fee calculation will be based on the average closing market value of the assets in the client's Program account over the previous calendar month. Value is calculated as the market value, or fair market value in the absence of market value, plus any credit balance or minus any debit balance. Each client Program Account is mutually exclusive for purposes of determining the declining fee schedule. Your Eqis account may contain investments that charge a separate fee not included within the Wrap-Fee.

In addition to the Wrap-Fee charged by Eqis, clients may also be charged, at the Financial Professional's discretion, an additional Initial Consulting Fee ("IC" fee) of up to 1% of the initial investment, and of any subsequent investments. The Initial Consulting Fee compensates the FP for gathering and communicating clients' financial information, as well as assisting in the Model Manager selection process from the Eqis Contracted Model Manager list. The Initial Consulting Fee of up to 1% will be deducted upon the deposit of cash, securities or any instrument of value into the client's Program Account at the end of the month in which the deposits were received, and will be paid in full to the FP's firm. The Initial Consulting Fee will not be assessed until the program account has been established for five days. The Initial Consulting Fee may be reduced or waived at the FP's discretion. The Initial Consulting Fee will be considered fully earned upon deduction of the Initial Consulting Fee from the client's Program Account. See **Table 2**.

#### **BREAKDOWN OF WRAP-FEE**

#### **Part 1, Program Fee**

The Eqis Program Fee will be charged as a percentage of assets under management on a blended fee schedule. There are four options that determine the Program Fee. Option 1 (All Eqis) includes an account comprised of Model Portfolios managed solely by Eqis. Option 2 (Multi Manager) includes Model Managers other than Eqis (i.e., Model Managers contracted by Eqis), but not excluding Eqis. Option 3 (Managed ETF) includes only exchange traded funds (ETF's) and no individual stocks or contracted Model Managers. Option 4 (Unified Managed Account) can include Model Portfolios managed by Eqis, Model Portfolios managed by firms contracted by Eqis and exchange traded funds. Option 5 (Highest Conviction Separate Account Portfolios) consists of 20 different possible portfolios. The make-up of the portfolios is controlled by EQIS. The FP and/or client can select which portfolio to use however they are not able to modify the contents inside of the portfolios. Option 6 (Wealth Preservation Portfolios) consists of 2 different portfolios. The make-up of the portfolios is controlled by EQIS. The FP and/or client can select which portfolio to use however they are not able to modify the contents inside of the portfolios. It will be up to the client and their FP to determine which Option is best for the client's particular circumstances. See **Table 3**.

#### **Part 2, Financial Professional Fee**

The Financial Professional Fee is the portion of the overall Wrap Fee that is used to compensate the FP. The services that the FP will be compensated for include: introducing clients to Eqis, gathering and communicating clients' financial information, assisting in the Model Manager selection process from the Eqis approved Model Manager list, acting as a liaison between Eqis and clients, staying in contact with clients and informing Eqis of any material changes in clients' financial picture, and other various clerical or administrative duties. The Financial Professional Fee is negotiated between the client, the Financial Professional and Eqis. The Financial Professional Fees shall under no circumstances exceed 1.5% per annum. The client may be able to negotiate a higher or lower Financial Professional Fee based on the individual Financial Professional that introduces the client to the program.

## Fee Schedule Tables

**Table 1**

The maximum Wrap-Fee (inclusive of parts 1 and 2) charged to clients is as follows:

<u>Assets Under Management</u>	<u>MAXIMUM Annual Fee (%)</u>
First \$100,000	Up to 2.30%*
Next \$150,000	Up to 2.20%*
Next \$250,000	Up to 2.10%*
Next \$2,000,000	Up to 2.00%*
Amounts Over \$2,500,000	Up to 1.90%*

\* The actual Wrap-Fee charged to each client will depend in part on the negotiated "Financial Professionals" Fee, as detailed in Part 2 below. The exact Financial Professional fee charged to you will be specified in section #9 (Financial Professional's Report) of this Account Application. Similar advisory services may be available from other registered investment advisers for similar or lower fees.

**Table 2**

The Maximum combined Wrap-Fee and IC-Fee during the first year of program participation is as follows:

<u>Assets Under Management</u>	<u>MAXIMUM First Year Fee (%)</u>
First \$100,000	Up to 3.30%*
Next \$150,000	Up to 3.20%*
Next \$250,000	Up to 3.10%*
Next \$2,000,000	Up to 3.00%*
Amounts Over \$2,500,000	Up to 2.90%*

\* The actual First year Fee charged to each client will depend in part on the negotiated "Financial Professionals" Fee, as detailed in Part 2 below, as well as the Initial Consulting Fee charged by the Financial Professional. The exact Financial Professional fee and Initial Consultation Fee charged to you will be specified in section #9 (Financial Professional's Report) of this Account Application. Similar advisory services may be available from other registered investment advisers for similar or lower fees.

**Table 3**

Option 1: If client invests in an All Equis Managed account, the Program Fee will be:

<u>Assets Under Management</u>	<u>MAXIMUM Annual Fee (%)</u>
First \$250,000	Up to 0.55%*
Next \$250,000	Up to 0.45%*
Next \$1,500,000	Up to 0.35%*
Next \$3,000,000	Up to 0.25%*
Amounts Over \$5,000,000	Up to 0.15%*

Option 2: If client invests in a Multi Manager Managed account, the Program Fee will be:

<u>Assets Under Management</u>	<u>MAXIMUM Annual Fee (%)</u>
First \$100,000	Up to 0.75%*
Next \$150,000	Up to 0.65%*
Next \$250,000	Up to 0.55%*
Next \$2,000,000	Up to 0.45%*
Amounts Over \$2,500,000	Up to 0.35%*

Option 3: If client invests in a Managed ETF account, the Program Fee will be:

<u>Assets Under Management</u>	<u>MAXIMUM Annual Fee (%)</u>
First \$250,000	Up to 0.55%*
Next \$250,000	Up to 0.45%*
Next \$1,500,000	Up to 0.35%*
Next \$3,000,000	Up to 0.25%*
Amounts Over \$5,000,000	Up to 0.15%*

Option 4: If client invests in a Managed UMA account, the Program Fee will be:

<u>Assets Under Management</u>	<u>MAXIMUM Annual Fee (%)</u>
First \$250,000	Up to 0.80%*
Next \$250,000	Up to 0.70%*
Next \$1,500,000	Up to 0.60%*
Next \$3,000,000	Up to 0.50%*
Amounts Over \$5,000,000	Up to 0.40%*

Option 5: If client invests in a Managed HCSAP account, the Program Fee will be:

<u>Assets Under Management</u>	<u>MAXIMUM Annual Fee (%)</u>
First \$250,000	Up to 0.80%*
Next \$250,000	Up to 0.70%*
Next \$1,500,000	Up to 0.60%*
Next \$3,000,000	Up to 0.50%*
Amounts Over \$5,000,000	Up to 0.40%*

Option 6: If client invests in a Managed WPP account, the Program Fee will be:

<u>Assets Under Management</u>	<u>MAXIMUM Annual Fee (%)</u>
First \$250,000	Up to 0.80%*
Next \$250,000	Up to 0.70%*
Next \$1,500,000	Up to 0.60%*
Next \$3,000,000	Up to 0.50%*
Amounts Over \$5,000,000	Up to 0.40%*

Note: Custodian charges a separate fee for brokerage, execution and custodial services (this fee is exclusive of the Equis Wrap Fee Program fee.) The current negotiated rate for FolioFN is 20 basis points, charged monthly pro rata. This fee is charge separate from the Equis Wrap Program fee and subject to change.



### What services are covered by the Program fees?

The Equis Capital Wrap-Fee includes the Equis Program Fee that covers all advisory fees, online performance reporting costs, separate account money manager fees and any fees that Equis pays to a third party in conjunction with marketing the program (i.e. internal or external wholesalers or platform inclusion fees). In addition, the Wrap-Fee is inclusive of the investment advisory fees of the independent advisers fees (Authorized Financial Professional), which may be charged as part of a wrap fee arrangement.

### What services are not covered by the Program fees?

Except as described, Program advisory fees do NOT include brokerage commissions or securities transaction fees that may be charged by Client's custodian, which custodian must be a "qualified custodian" (as required by applicable regulatory requirements) and/or broker/dealer. This fee is charge separate from the Equis Program fee and subject to change by the custodian. In evaluating such an arrangement, the client should also consider that, depending upon the level of the fee charged by the custodian / broker-dealer, the amount of portfolio activity in the client's account, and other factors, the fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

In addition, The Wrap-Fee does not include certain administrative fees; for example, wire transfers, annual charges for qualified accounts, or certificate issues.

**Other Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). This may include, but is not limited to: IRA custodial fees, safekeeping fees, wire transfer fees, interest charges on margin loans, exchange fees, and fees for transfers of securities.

### Additional Information about Program Fees:

Equis Capital Management, Inc. does not receive any soft-dollar benefits.

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct Equis Capital Management, Inc. as to the broker-dealer to be used.

Equis Capital Management, Inc. *requires* that clients direct us to place trades through **FOLIOfn Investments, Inc. (the "Broker")**. Equis Capital Management, Inc. has evaluated FOLIOfn and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than **BROKER** if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of **BROKER**, it should be understood that Equis Capital Management, Inc. will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker).

Clients should note, while Equis Capital Management, Inc. has a reasonable belief that **BROKER** is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer. Clients should consider whether or not the appointment of **BROKER** as the sole broker 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. The client should consider that, depending upon the level of the wrap-fee charged by Equis, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap-fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if Equis were to negotiate commissions and seek best price for and execution of transactions for the client's account. Clients may be charged (by the custodian) for liquidating each security transferred to the clients' accounts to be managed under an Equis program.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several brokers (including, but not limited to **FOLIOfn Investments, Inc.**), provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate these brokers before opening an account. The factors considered by Equis Capital Management, Inc. when making these recommendations are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

### Aggregation.

As a matter of general policy and practice, Equis Capital will aggregate transactions for Clients when possible and advantageous for Advisory clients. Aggregating transactions allows the trading of aggregate blocks of securities of assets from multiple Client accounts. Generally, aggregating Client transactions allows advisers to execute transactions in a more timely, efficient and equitable manner and to seek best execution and/or to reduce commission charges for Clients.

When and where possible, Equis Capital will aggregate transactions for all Clients. Client transactions may not be aggregated with other non-directed Client transactions where a Client has directed Adviser to use a particular firm for its portfolio transactions. However, Equis Capital will generally aggregate Client transactions in directed brokerage arrangements when clients have directed Adviser to use the same firm.

This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

### GENERAL INFORMATION

#### Termination of the Advisory Relationship:

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement. Thereafter, either Equis or Client may terminate this Agreement upon fifteen days written notice. Upon termination of any account, 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.

#### Mutual Fund Fees:

All fees paid to Equis Capital Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### **Exchange-Traded Funds.**

Shares of ETFs held in client accounts are bought and sold on an exchange and not, like mutual funds, directly from the fund itself. The price of ETF shares fluctuates in accordance with changes in the net asset value (NAV) per share, as well as in response to market supply and demand. Accordingly, ETF shares may trade at a price which differs from NAV per share of the ETF.

### **Grandfathering of Minimum Account Requirements:**

Pre-existing advisory clients are subject to Equis Capital Management, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

### **ERISA Accounts:**

Equis Capital Management, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Equis Capital Management, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Equis Capital Management, Inc.'s advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

### **Conflicts of Interest:**

Equis utilizes FolioFm for all brokerage and custodial services. For this reason, the decision by any client to authorize Equis to place a trade is the functional equivalent of directing Equis to execute the trade through FolioFm. Certain associated individuals of Equis are also licensed insurance agents. As such, these individuals can sell insurance products to advisory clients and the licensed agent may receive separate yet typical insurance-based compensation and/or commissions. While these individuals endeavor at all times to put the interest of Equis's advisory clients first as part of Equis's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making advisory/investment recommendations.

Equis or individuals associated with Equis may buy or sell securities identical to, or different from those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of Equis that no person employed by Equis may purchase or sell any security immediately prior to a transaction(s) being implemented for an advisory account, and therefore, prevents such employees from benefiting from transactions placed on behalf of advisory accounts.

If the Financial Professional (FP)/solicitor meets certain business related qualifications, Equis may provide up to 5 basis points of the fee paid by the client as an incentive to the client's FP/solicitor for the purpose of marketing and servicing new and existing clients. In order to participate in the incentive provided by Equis, the FP/solicitor needs to maintain certain asset levels and achieve certain new asset levels. The level of incentive increases based upon the previously mentioned criteria. This incentive creates a potential conflict of interest for the FP/solicitor because the FP/solicitor receives compensation that increases based on the level of assets managed through the program. This compensation does not impact the level of fees that clients pay

and clients are under no obligation to follow the recommendations of their FP/solicitor regarding using the program.

If the Financial Professional (FP)/solicitor refers other Financial Professionals to the platform, Equis may provide a referral fee as an incentive if the new FP/solicitor uses the EQIS platform with his clients. This incentive creates a potential conflict of interest for the FP/solicitor because the FP/solicitor receives compensation that increases based on the level of assets managed by the new FP/solicitor that he referred. This compensation does not impact the level of fees that clients pay and clients are under no obligation to follow the recommendations of their FP/solicitor regarding using the program.

Equis may sponsor Incentive non-cash compensation programs to the Financial Professional (FP)/solicitor, subject to certain conditions. This incentive creates a potential conflict of interest for the FP/solicitor because the FP/solicitor receives non-cash compensation based on the level of assets managed through the program. This could include training and education. Equis maintains that it complies with all of the applicable provisions under Rule 2820(h)(4)(D) and Rule 2830(l)(5)(D). In particular, the member must ensure that the non-cash award is calculated on the basis of the equal weighting requirements of Rule 2820(h)(4)(D)(ii) and Rule 2830(l)(5)(D)(ii). This compensation does not impact the level of fees that clients pay and clients are under no obligation to follow the recommendations of their FP/solicitor regarding using the program.

If the Soliciting Firm meets certain business related qualifications, Equis may provide an override of the fee paid by the clients as an incentive the Soliciting Firm for the purpose of marketing and service new and existing FPs and clients. This incentive creates a potential conflict of interest for the Soliciting Firm because the Soliciting Firm receives compensation that increases based on the level of assets managed by the Soliciting Firm. This compensation does not impact the level of fees that clients pay and clients are under no obligation to follow the recommendations of their FP/solicitor regarding using the program.

As these situations represent a conflict of interest, Equis has established the following restrictions in order to ensure its fiduciary responsibilities:

- A Director, officer or employee of Equis shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of Equis shall prefer his or her own interest to that of the advisory client.
- Equis maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer of Equis.
- All clients are fully informed that certain individuals may receive separate compensation when effecting transactions outside of the wrap fee Portfolio Management service.
- Equis requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any individual not in observance of the above may be subject to termination.

Equis will not aggregate trades for its associated persons with client trades.

### **Changes:**

By reviewing this Brochure and signing an application to open an account with Equis Capital, you agree to the information provided within



it including all supplements and disclosures and as amended by us from time to time.

#### **Discretion:**

As stated in the Advisory Agreement, Equis manages client accounts on a discretionary basis as part of our Wrap Fee Program. Equis has final discretion over all investment decisions, including but not limited to asset allocations across portfolios in an account and the holdings of each portfolio. Trades requested by soliciting financial professionals, investors, and non-Equis money managers are treated at suggestions and Equis is not legally responsible for following these requests/recommendations.

#### **Requests:**

Transaction requests are processed in the order they are received. This follows standard industry protocol of first in first out (FIFO). Please allow reasonable time for requests to be processed. This is a Wrap Fee Program and depending upon the Custodian, trades may be aggregated. See Aggregation.

### **COMPENSATION**

We enter into marketing arrangements with independent investment adviser and/or broker-dealer firms pursuant to which representatives of their firms ("Solicitors") offer our services, including participation in this Program, to the public. Through these arrangements, we pay a cash referral fee to the Solicitor and/or their firm based upon a percentage of

our advisory fee. The payment of referrals fees will not increase the amount of the fees paid by program participants. However, clients should be aware that the receipt of this compensation may create an incentive for the individual to recommend participation in this Program over others for which no such compensation may be received.

As required by applicable law, the details of the solicitation arrangement, including the compensation payable to the solicitor, will be described to the client in a separate document provided to the client at the time of the referral.

Please see Client Referrals and Other Compensation in this Brochure for more information.

Equis does not accept soft dollars or any other additional compensation above the fees paid by the client to Equis outlined in the Fee Schedule. Nevertheless, Equis may receive research reports from FolioFn. The receipt of such reports is not related to any commitment with FolioFn for transaction levels in exchange for any services or products from FolioFn, but does create a possible conflict of interest of which clients should be aware in assessing Equis's brokerage recommendation.

Financial Professionals may receive incentive awards for the recommendation or introduction of investment products to advisory clients. The receipt of this compensation may affect a representative's judgment in recommending products to clients.

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

### **MINIMUM ACCOUNT REQUIREMENTS**

Participation in this program is subject to certain minimum account requirements. For a more detailed understanding of these requirements, please review the disclosures provided in the preceding section.

A minimum of **\$25,000** of assets under management is required to participate in this program. This account size may be negotiable under certain circumstances. Clients may also make subsequent investments of \$100 or more, although any subsequent investment may be invested in a money market security within the program account until such time where there is a minimum of \$1,000 to reallocate into the designated asset allocation within the program account.

Equis Capital Wrap Fee Program clients must direct Equis Capital Management, Inc. as to the broker dealer/custodian to be used in managing their account. As a condition for Program Participation, clients are required to direct us to custody their assets with and to place trades through FOLIOfn Investments, Inc.. FOLIOfn Investments,

Inc. is an unaffiliated FINRA-member broker dealer and the clearing firm and custodian that we use for brokerage accounts. As such, we reserve the right to decline acceptance of any client account for which the client directs the use of a broker dealer/custodian other than FOLIOfn Investments, Inc.. Please refer to the "Other Financial Industry Activities and Affiliations" section of Item 9 for additional information.

### **TYPES OF CLIENTS**

Equis Capital Management, Inc. provides advisory services in the Equis Capital Wrap Fee Program, where appropriate, to:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Investment companies(including mutual funds)
- Pension and profit sharing plans(other than plan participants)
- Corporations or other businesses not listed above
- Other

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

### **PORTFOLIO MANAGER SELECTION**

#### **How We Select Managers**

The Asset Management Team, headed by Dr. William Nelson, which manages the Model Portfolios, is the sole portfolio manager available with respect to the Equis Capital Wrap Fee Program. Our Asset Management Team is ultimately responsible for approving, removing, and the general oversight of Model Managers participating in the Program. These individuals on The Asset Management Team must possess, minimally, a college degree and/or appropriate business experience and all required licenses.

The Model Managers contracted by Equis assist the Asset Management Group with respect to its management of the Model Portfolios. Our Asset Management Team conducts a rigorous review and due diligence process of Model Managers prior to their recommendation for inclusion in the Program.

Managers consistent with our asset allocation methodology are selected according to their track record, risk controls, and investment methodology. We hire managers who we believe (inclusive of price) will provide the best risk adjusted return for all asset class and/or equity styles that comprise clients' asset allocations.

We select and monitor the performance of the Model Managers / Portfolios in the Equis Program to make certain they are adhering to their respective strategy and maintaining an appropriate investment discipline. This is very important because each Model Manager was chosen to perform a pivotal role in terms of the Model Manager and investment configuration of our strategies.

#### **How we Monitor Model Managers**

Performance of the Contracted Managers is monitored by Equis. Contracted Model Managers who under-perform, relative to their asset

class and/or equity style will, pursuant to the discretion of Equis, likely be replaced. Equis practices careful judgment and discretion when determining whether to hire and retain each Contracted Model Manager. When hiring Contracted Model Managers, we do not independently verify their returns, but rather rely on the returns presented by the contracted firm and/or third party sources.

### **Changing Model Managers / Portfolios**

The Contracted Manager or managers assigned to a particular portion of clients' asset allocations may be changed at the discretion of Equis. Such changes would typically be made when a Contracted Manager is underperforming relative to its peers. When the Contracted Model Manager of a portfolio is fired, Equis will, for all clients tracking that Model Portfolio, select an alternative portfolio to fill that portion of clients' asset allocations.

If a client or his Authorized Professional / FP desire to switch between Model Managers / Portfolios they may do so for no charge. (Note: Some Model Managers are only available under the UMA Program. See Service Fees and Compensation Item for more information.) The Program is not designed for investors who plan to change Model Managers / Portfolios frequently and reasonable limits to the number of Model Manager / Portfolio changes allowed may be applied. For this purpose, Equis typically places an annual limit of 7 Model Manager / Portfolio changes per year. Equis may provide relief from this limit at its discretion.

There may be an occasion where we determine that a Model Manager is no longer appropriate for inclusion in your asset allocation. In such situations, we may replace a Model Manager / Portfolio for any of a variety of reasons including, but not limited to, a change in the investment style or processes employed by the Model Manager, a change in the Model Manager's key personnel, and/or inferior performance as compared to applicable investment benchmarks and peer portfolio managers and investment advisors with comparable investment styles. If we replace a Model Manager included in your Model Portfolio, we will notify you of such replacement.

As the overall amount of assets under management grow in the Program, we may hire additional Model Managers that have the same or competing investment strategies in offering differing allocation strategies to our clients. Accordingly, there will be differences in the holdings and results of client Model Portfolios having principally the same allocation strategies but different Model Managers.

Additional information about the Model Managers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), as well as downloadable from our Resources tab within the Portal or by request from your Authorized Financial Professional / FP.

### **How we Use Outside Model Managers**

Equis hires Model Managers, who are not employees or affiliates of Equis, to manage client assets within the Program. Clients' assets are managed by tracking each account's asset allocation to one or more model portfolios. Clients' Model Portfolios are divided among these Model Portfolios based on the client's asset allocation. Clients' assets track the securities holdings of Model Portfolios. Strictly speaking, Model Portfolios do not in fact contain any assets, but rather clients' accounts track Model Portfolios which determine what assets will be purchased and sold within clients' accounts. Clients' assets are held in their own accounts and are not commingled with the assets of other clients.

Information provided by clients and their Authorized Financial Professionals / FPs is critical for the selection of the asset allocation and thus the appropriate Model Managers. Changes in clients' priorities must be communicated to Equis so that Equis, the client's Authorized Financial Professional / FP and the client can coordinate and adjust the allocation among Model Portfolios and Model Managers accordingly. Initially, the selection of Model Managers is determined by each client and the client's Authorized Financial Professionals / FP. The client and associated FP may also choose to have Equis manage all assets thereby using no Model Managers.

Model Managers have no information about individual clients, but rather are charged with managing one or more Model Portfolios appropriate for the asset classes to which the Model Portfolios are assigned.

### **The Use of Contracted Model Managers**

Adverse price movements and thus less favorable prices might be caused by Model Managers' outside activities (activities in accounts other than the Model Portfolio) or due to the large orders created based on changes in the Model Portfolio. Orders for clients' Equis accounts may be initiated at the same time or a different time than when the change in Model Portfolio is made by the Model Portfolio's Manager. Equis does not typically evaluate changes made to Model Portfolios by their Model Managers. Rather, Equis typically limits our oversight to the results provided by a Model Manager, and all investment decisions made in a particular Model Manager's Model Portfolio are made at the discretion of the Model Manager.

Some Model Managers may be paid more for sub-advisory management services than others. For Multi-Manager Account clients, the wrap fee charged by Equis to clients does not vary based on the Model Managers selected by Equis for a Multi-Manager Account. (See Service Fees and Compensation Item for more information.)

### **Contracted Model Manager Disclosures**

Model Managers have discretion over what assets are selected within the Portfolio Model(s) they manage. A Model Manager might have outside business or personal relationships that provide an incentive for the Model Manager to include certain assets rather than others. A Model Manager is not contractually obligated to include in Model Portfolio(s) any securities included in outside portfolios. Similarly, a Model Manager may include assets in Model Portfolios that are not included in portfolios managed outside of the Equis Program.

### **Assets that Can be Contained in Clients Accounts**

Model Portfolios (and thus clients accounts) can be invested in a wide variety of securities and other assets such as (but not limited to) stocks, American Depository Receipts (ADR's), exchange traded funds (ETF's), target term trusts, mutual funds, and FDIC cash deposits and U.S. Government securities..

### **Equis Capital Provides Asset Management, But Does Not Provide Tax Advice.**

Buying and selling specific securities as part of a tax planning strategy is available to clients of Equis, but tax related decisions or counseling is not provided by Equis. If a client and the associated FP desire to buy and/or sell specific securities within an account, then specific orders should be emailed to us and we will make the requested transactions. Management of Model Portfolios might not be coordinated, and accordingly it is possible for wash sales to occur.

### **Dispersion**

The performance of a Model Portfolio and a client's actual performance within that Model can vary. There can also be dispersion between the performance of a client's assets that are allocated to a Model Portfolio and the actual Model Portfolio (managed outside the Equis Program) that the client's allocation is managed to match. This dispersion can cause a client's actual return for the portion of the client's account allocated to a particular Model Portfolio to be either greater than, equal to or less than the performance of the actual Model Portfolio (or the portfolio managed outside of the Equis Program that the Model Portfolio is managed to track, if any). In addition, dispersion can account for slightly different holdings or percentage holdings in a client program account versus the Model Portfolio.

Model Managers may manage portfolios outside of the Equis Program and there may be dispersion between the performance reported by these services and those received by Equis clients. Finally, there may be dispersion between the returns earned by different clients whose investments are tracking the same Model Portfolio(s).

Dispersion among clients' accounts is common because of the combination of each client's assets being held directly in their own account and the differences between the timing of trade execution,

size of accounts, client additions or withdrawals, and client imposed restrictions among other factors.

EQIS treats all model managers' updates including security selection and timing as recommendations (not as trades to executed without discretion) and as such reserves discretion over whether said recommendations will be implemented for any individual, group or all accounts, which may lead to significant dispersion among accounts subscribed to the same models within EQIS; accounts subscribed to models within EQIS and accounts subscribed to the same or similar models outside EQIS; and returns posted for models by EQIS, the model manager, or any other returns published or distributed by any means.

#### PORTFOLIO PERFORMANCE REPORTING

Performance of the Model Managers is monitored by Equis. Contracted Model Managers who under-perform, relative to their asset class and/or equity style will, pursuant to the discretion of Equis, likely be replaced. Equis practices careful judgment and discretion when determining whether to hire and retain each Contracted Model Manager. When hiring Contracted Model Managers, we do not independently verify their returns, but rather rely of the returns presented by the contracted firm and/or third party sources.

#### AFFILIATED PORTFOLIO MANAGERS

##### Selection of Affiliated Portfolio Managers.

In addition to utilizing Model Portfolio Managers unaffiliated with our firm, participating asset Model Managers in this Program include Model Portfolio Managers of firms affiliated with Equis Capital Management, Inc. through common ownership or control of our firms (hereinafter referred to as "Affiliated Managers").

Accordingly, clients' assets within this Program may be managed by affiliated and/or non-affiliated Model Portfolio Managers. It should be noted that certain of our affiliated Model Managers providing Model Portfolio management services may not have experience (or as extensive experience) in Model Portfolio management, thus may not have a history of performance to match against other individuals and management firms. Thus, our portfolio Model Managers are not subject to the same selection and review process that would occur if third-party managers were being evaluated.

Some of the available Model Portfolios are managed by Equis Capital, meaning that the fee that would otherwise be paid to a Model Manager is retained by Equis. Moreover, certain clients or Financial FPs may choose for Equis to manage all assets without Model Managers. A lower Program fee is charged for accounts entirely managed by Equis Capital with no Model Managers.

We recognize the inherent conflicts of interest when assessing Affiliated Managers and assisting clients in selecting investment managers, because Equis Capital Management, Inc. and/or our affiliates may receive more aggregate fees if clients select an investment manager that is affiliated with our firm. We seek to mitigate some of the associated conflicts of interest by applying these uniform standards to ensure that clients' assets are managed in a fair and equitable manner.

Based on the fee structures outlined in Item 3, Equis stands to save operating costs (and thereby increase profit) if its own Model Portfolios (or low-cost Model Manager portfolios) are selected by clients and FPs rather than higher-priced Model Managers' portfolios. Equis, therefore, has an incentive to offer its own portfolios and lower-cost Model Managers as part of the Program. This is a conflict of interest that may affect the Model Managers and Model Portfolios selected by Equis for inclusion in the Program. Nevertheless, Equis has a significant interest in making sure that its clients and their FPs are happy with all aspects of the Program. Toward this end, Equis will endeavor to select Model Managers and Model Portfolios we believe will provide the best risk adjusted return for clients.

Dr. William R. Nelson is the Chief Financial Strategist of Equis and the primary Portfolio Manager and team leader for The Asset Management Team for Model Portfolios managed by Equis for the Program. Dr.

Nelson performs the day to day management of the Model Portfolios managed by Equis. In addition Dr. Nelson designs asset allocation models for the Program that are based on the needs and risk preferences of clients. These models are used within Equis's proprietary proposal generation system. The core of Equis's management philosophy is distilled into the Equis System that employs an augmented version of the Porter Five Forces Model in conjunction with the implications of modern portfolio theory and recent empirical evidence. The processes employed by Equis are continuously updated to provide what Equis and Dr. Nelson believe to be the best possible money management for Equis clients. Additional insights into the market are provided by Equis's distinguished business advisory board. Fortunately, advanced technology allows Dr. Nelson to act as the Model Portfolio Manager for all clients in the Program that are invested in an Equis Managed Portfolio.

Dr. Nelson is not personally available to address clients' questions and concerns. Rather, questions should be sent through clients' FP(s), who will forward the questions to Equis should the FP be unable to respond. Equis will provide the answer to the FP(s), who will relay the answer to the client.

Dr. Nelson's performance information is not reviewed by the sponsor or a third party, nor calculated on a uniform and consistent basis.

#### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

#### Other:

Equis manages several separate model portfolios that provide diversification across the spectrum of domestic and international equity styles and fixed income. Portfolios typically consist of one or more of the following: individual equities, ADR's, ETF's, mutual funds, FDIC cash deposits and U.S. Government securities. Each client of Equis will be assigned an asset allocation comprised of up to ten of the Equis model portfolios. The assignment of an asset allocation will be based on the clients need, risk preferences and desires.

Registrant utilizes various methods of analysis depending on the advisory service. Registrant's primary method of analysis, information and investment strategy for the Equis Program is to employ an internet based structured asset allocation strategy in order to develop and maintain the appropriate asset allocation model for each particular client of an introducing Financial Professional, based upon each particular client's investment goals, time horizons and risk tolerances. Assets for each client are allocated among up to 10 separately managed model portfolios all managed to represent a particular equity style both domestic and foreign; and fixed income. The managers within the program are periodically monitored by Equis Capital to make certain they are investing within their respective disciplines. Equis Capital researches investment managers and their security analysis methods for a different classes and investment styles. Equis Capital's other sources of information for evaluating investments and Model

Managers 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 others; computer readable financial databases containing business and financial statistics, both current and historical. Equis Capital may also employ outside consultants to support the ongoing evaluation process of investment.

The asset allocation and managers selected during the proposal generation process and any subsequent requests for asset allocation or manager change are treated as suggestions based on the current market conditions and are likely to change or be updated. EQIS as the fiduciary retains final discretion over investments and will not be held liable if investments do not meet the instructions provided by investors or advisors.

Equis may use FDIC cash deposits to "sweep" unused cash balances until they can be appropriately invested.

Equis utilizes a number of sources of financial information in the firm's analysis of securities including financial newspapers and magazines, research materials and reports, corporate rating services, annual reports, prospectuses, SEC filings and company press releases. Research services are received in various forms, which may include written reports, or information obtained on the World Wide Web. Equis 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.

The above types of investments, methods of analysis, sources of information and investment strategies utilized by Equis are only applicable to portfolios managed directly by Equis. With respect to outside money managers, clients are requested to view the Equis Capital Wrap Fee Brochure: and refer to the description of Contracted Managers portfolios for more information on that manager's investment strategies, methods of analysis, and other pertinent investment information.

## INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Individual equities are selected partially through a proprietary screening mechanism utilizing an augmented version of the Porter Five Forces Model. The Equis proprietary model explains how market structures determine the intensity of competition. We invest in firms that face less competition and thus have prospects for greater long term profits. The Porter Five Forces Model considers five sources of competition: customers demanding lower prices, suppliers demanding higher prices, substitute products providing alternatives, direct competitors cutting prices and increasing quality, and potential entrants increasing direct competition. An additional consideration is technological innovation, which influences the five forces. When selecting individual equities, Equis 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. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

### **Long-term purchases.**

We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Risk of Loss.** Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

## VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, 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 each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## Item 7 Client Information Provided to Portfolio Managers

The 3rd party Authorized Professional / FP responsible for referring a client to the Program will typically consult with the Program Participants to assess their financial situation and identify their investment objectives in order to implement appropriate strategy(ies) designed to meet the Program Participant's financial needs. This may include, but is not necessarily limited to: introducing you to the Program; gathering and communicating your financial profile information to us using the Proposal Generation System where applicable, completing an account evaluation questionnaire for each newly opened managed account, acting as the liaison between you and us with regard to the delivery of certain forms and information;

meeting with you on a regular or periodic basis to confirm that your financial information on file with us remains accurate; and the performance of other intermediary services related to your participation in the Program. Answers are formed through in-depth conversations with clients. Questions are specific and relate to such items as Annual Income, Net Worth, Liquidity Requirements, Portfolio Strategy, Portfolio Objectives, Risk Tolerance, Performance Horizon, Income Requirements, Dividend Requirements and Preferences to Maturities, among other things.

The relevant information is submitted to Equis Capital Management, Inc.



and a determination is made as to whether participation in this program is appropriate for the client. On an ongoing basis, the participating client's Authorized Professional / FP is responsible for obtaining and communicating to us any changes in the client's financial circumstances and/or objectives, including modifications to any client-imposed restrictions, if applicable.

Egis Capital Management, Inc. requests that the client's Authorized Professional / FP review the questionnaire annually and confirm with the client that there are no changes in the client's investment objectives to ensure the selected investment strategy(ies) remain appropriate for the client's circumstances and consistent with the client's investment objectives.

## Item 8 Client Contact With Portfolio Managers

Clients utilizing third portfolio managers for management of their assets generally do not come in contact with their portfolio managers. In this program, Egis Capital Management, Inc.'s representatives typically serve as the communication conduit between the client and

the independent manager. Clients are required to contact their Authorized Professional / FP with any questions they may have regarding their account(s).

## Item 9 Additional Information

### Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

### Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

As previously disclosed, clients are required to direct us to custody their assets with and to place trades through FOLIOfn Investments, Inc. as a condition for participation in the Egis Capital Wrap Fee program. FOLIOfn Investments, Inc. is an unaffiliated, FINRA-member broker dealer and the clearing firm and custodian that we use for brokerage accounts. Our firm has evaluated FOLIOfn Investments, Inc. and believes that it will provide our clients with a blend of execution services, commission costs, and professionalism that will assist us in meeting our fiduciary obligations to clients.

In evaluating such an arrangement, the client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by Egis Capital Management, Inc. on a trade-by-trade basis, and best execution may not be achieved. In addition, as noted above in Item 4, transactions in the client's account are effected "net" (i.e., without separate commission charge to the client). Not all advisers require clients to direct it to use a particular broker dealer, though the sponsors of wrap fee programs typically do.

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

Our firm 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.

Egis Capital Management, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our 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 review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Egis Capital Management, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-

public information, all employees are reminded that such information may not be used in a personal or professional capacity.

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

Egis Capital Management, Inc. and individuals associated with our firm are prohibited from engaging in principal transactions.

Egis Capital Management, Inc. and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the 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.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

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.

## Review of Accounts INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

### REVIEWS:

All client accounts are typically reconciled with their respective custodian valuations on a daily basis. If there are discrepancies noted, they will be discussed with the custodian. While the underlying securities within the Program accounts are actively monitored, except as noted, all Program accounts, at a minimum, are reviewed by the Asset Management Team (final review will be conducted by Dr. William Nelson) for rebalancing at least once during a running twelve month period. However, this review is generally done quarterly.

The 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 each client's investment objectives. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. The review will be conducted to determine if the current investment holdings of the account are consistent with the client's investment objectives as



outlined at the inception of the advisory relationship. Model Portfolios that are deemed to consistent with the client's objectives and asset allocation will not be rebalanced and will not be reviewed again until the next selected interval.

More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, drift from the model portfolio weighting, and economic environment. Your asset allocation may also be rebalanced as a result of our initiating a change in Model Managers / Portfolios, your use of our tax harvesting feature, a change in your selection of social exclusion categories or restriction of securities, or a request to change the allocation of your Model Portfolio.

Our Asset Management Team will review the performance of your Program account to make certain that it remains aligned with your subscribed asset allocation, Model Portfolios and investment restrictions, all applicable rules and regulations and to determine if you would like to update and/or modify your account. Equis may rebalance the asset weightings within your Model Portfolios to minimize dispersion and realign your asset allocation.

Equis or a designee (typically the Authorized Financial Professional / FP) will contact the client on at least an annual basis to discern 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, we should be notified immediately to determine whether any review and/or revision of the client's investment profile is warranted.

#### **REPORTS:**

All clients receive account statements from their custodian on at least a quarterly basis. Additionally, we provide clients with periodic performance measurement summary reports, usually on monthly basis. The reports we provide may summarize the following:

Clients in the Program will receive, at a minimum, a quarterly brokerage statement, and in addition have access to online real time performance reporting through their BROKER. Depending on the information requested by the client, these reports and statements may include the following information: 1) description of the assets held, 2) the quantity and market value for each position, 3) the market value of the account, 4) a transaction history, 5) interest and expense items and 6) fee calculations. In addition to the above, from time to time upon the request of the client, if there is a significant change in the investment environment or a significant change in the client's results (triggering events), the Registrant may provide a client with additional supplemental information.

There may be significant dispersion between the holdings and performance of the Model Portfolios and the Program Accounts that are managed by Registrant using the Model Portfolios. Account dispersion may be due to differences in recommendations made by a Model Manager as well as differences in account size, cash flow, the timing and terms of execution of trades by Registrant and the Model Manager, individual client-imposed restrictions, account rebalancing schedules, certain trading and system limitations, and other factors. Accordingly, Registrant will undertake reasonable efforts to mitigate the effects of significant dispersion by: (i) periodically reviewing and monitoring Program Accounts to identify significant dispersion, and (ii) where appropriate, executing trades or account rebalances to minimize dispersion. Any performance dispersion Registrant deems significant between the Model Manager's performance and the actual client account performance is reviewed periodically by Registrant to determine if any action is necessary to address performance dispersion.

We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

#### **All Documents Are Delivered Electronically:**

We believe we are one of the most advanced registered investment advisory firm in terms of providing account information to our customers electronically. Our opening and maintaining your account is conditioned on your agreement to receive all notices, documents, and other information related to your account and investments electronically. This may be done through an online posting on our Web site, email, Adobe Acrobat's portable document format (PDF), hypertext mark-up language (HTML), or other electronic media to which you consent. Your consent to electronic delivery extends to all information required to be provided by us, the issuers of the securities in which you invest, and other third parties. Program clients will receive account statements and confirmations of transactions directly from the custodian. Fees are calculated by Equis and invoices are made available to the client before fees are debited from clients' accounts. All clients should verify the accuracy of fee calculations. The above mentioned client reports will be made available to clients through electronic mail and the Internet. They are stored and available for viewing or printing from your filing cabinet or elsewhere on our Web site. You agree that when we send these email notices to you that they constitute delivery to you of the information mentioned in the email even if you do not actually access the information on our Web site. You may revoke this consent to electronic delivery at any time by providing written notice to us. However, since we have priced our services based on the considerable savings of electronic delivery, we reserve the right to terminate your account or, in certain instances, charge you an extra fee if you ask for paper documents. Clients participating in the program who choose to receive reports in hard copy will be assessed up to an additional \$100 annual administrative fee per account. You agree to keep a working email address and other current contact information and will update your account information immediately if your email address or other contact information changes. If you do not maintain an e-mail address that is working and accessible to us, and we believe we are required to provide you paper notice or documents of particular matters or actions, and we do so, we may charge you an additional annual administrative fee of up to \$100 per account. You acknowledge that you may incur costs (such as online service provider charges or printing costs) associated with the electronic delivery of information to you. To view PDF files, you will need to download the Adobe Acrobat Reader, which is provided for free. If your email address or other contact information changes at any time, you need to update your account information.

#### **SELECTION and MONITORING of CONTRACTED MODEL MONEY MANAGERS REVIEWS:**

These client accounts should refer to the Model Manager Selection and Evaluation Item in the Wrap Fee Brochure for information regarding the nature and frequency of reviews provided by that Model Manager.

Equis does not typically evaluate changes made to Model Portfolios by their Model Managers. Rather, Equis typically limits our oversight to the results provided by a Model Manager, and all investment decisions made in a particular Model Manager's Model Portfolio are made at the discretion of the Model Manager.

Equis Capital Management, Inc. will provide reviews as contracted for at the inception of the advisory relationship.

These accounts are reviewed by: The Asset Management Team, led by Dr. William R. Nelson.

#### **Additional Information**

**IMPORTANT:** Our Wrap Fee Program(s) involve investing in securities. There are intrinsic risks related to investing. This includes, but is not limited to, the potential loss of principal.

Equis seeks to limit losses to our clients as well as remain true to our investment process. However clients need to know that there have been losses in the past and there could also be losses in the future. Program returns are highly dependent upon market trends, especially over shorter time frames. Therefore, our portfolio management Programs are normally appropriate for investors seeking long-term investment objectives or approaches, as opposed to using the

Programs for short-term trading purposes. Equis makes no guarantees to the performance of a client's Program account and/or the securities in the Model Manager Portfolios. There is no guarantee that a client's investment objectives will be achieved. Clients should be aware they could lose money while participating in the Program(s).

#### Account Corrections

As in any business, mistakes occur regardless of the good intentions of staff and the controls in place. **Equis seeks to correct errors affecting Client accounts in a fair and timely manner and in such a way that the Client will not suffer a loss.** Equis may temporarily have to acquire securities assist in the correction of an adjustment or error. In doing so, we will have interim market exposure in which Equis could incur a gain or loss depending on the situation. We will attempt to recompense clients in these situations by either crediting their advisory fees and/or making a direct payment to their account. Equis has adopted a materiality threshold of \$10 per account, which will be applied in these situations. This amount corresponds to 0.0004 or 0.04% of our investment minimum of \$25,000.

**Notification of Error Reports** of the execution of orders, requests and statements and statements of your account shall be conclusive if not objected to in writing within ten (10) business days, after forwarding by us to you by mail or otherwise. If you suspect an error on a trade confirmation or periodic statement, you must promptly notify Equis Capital Management. Equis Capital Management may presume the trade confirmation, request or statement is correct unless written notification of the suspected error is in a timely manner. It is your responsibility to seek immediate clarification about entries that you do not clearly understand. All communications sent to the address of record are presumed to have been given to you personally whether or not actually received. Please see section on electronic communications.

#### Losses Due to Extraordinary Events / Limitation of Liability

Equis Capital Management, Inc. shall not be liable for loss caused directly or indirectly by war, natural disasters, government restrictions, exchange or market rulings, extraordinary market volatility, exchange conditions, trading halts or any other conditions beyond our control. Further, in acting hereunder, you acknowledge and agree that Equis Capital Management shall not be liable for any loss or other claim of injury with respect to your brokerage account except for its own gross negligence or willful misconduct.

#### Transaction Processing

You understand that Equis Capital Management, Inc. may refuse, at our discretion, to process any transaction, or to process any transaction until reviewed and accepted, which you may wish to effect without liability to you for such action, and you agree to hold Equis Capital Management, Inc. harmless from any losses, costs or liabilities whatsoever from acts or omissions by Equis Capital Management, Inc. as provided under this agreement.

#### Client Referrals and Other Compensation

##### CLIENT REFERRALS

Equis Capital Management, Inc. receives client referrals for participation in the Program ("Program Participant") through representatives of **unaffiliated** broker-dealer firms and investment adviser firms (these firms are referred to in this brochure as "Soliciting Firm(s)" and their representatives are referred to as the "Authorized Professional(s)/FP").

The 3rd party Authorized Professional / FP responsible for referring a client to the Program will typically consult with the Program Participants to assess their financial situation and identify their investment objectives in order to implement appropriate strategy(ies) designed to meet the Program Participant's financial needs. This may include, but is not necessarily limited to: introducing you to the Program; gathering and communicating your financial profile information to us using the Proposal Generation System where applicable, completing an account evaluation questionnaire for each newly opened managed account, acting as the liaison between you and us with regard to the delivery of certain forms and information;

meeting with you on a regular or periodic basis to confirm that your financial information on file with us remains accurate; and the performance of other intermediary services related to your participation in the Program. Answers are formed through in-depth conversations with clients. Questions are specific and relate to such items as Annual Income, Net Worth, Liquidity Requirements, Portfolio Strategy, Portfolio Objectives, Risk Tolerance, Performance Horizon, Income Requirements, Dividend Requirements and Preferences to Maturities, among other things.

The amount of the FP Fee is negotiated with your Authorized Professional / FP at the time you establish your Program Account. You understand and acknowledge that the FP Fee charged to your Program Account may be less favorable than the fees charged to clients of other Authorized Professionals / FP or fees charged to other clients of your FP. You further understand that your and other FPs may waive the FP Fee at their sole discretion. Please see Service Fees and Compensation section of this Brochure for further information on Fees.

Financial Advisory Firms, which are registered as investment advisers and/or broker-dealers or exempt from such registration, receive fees for their services and compensation from Equis Capital Management, Inc. for referrals of Program Participants. The amount of compensation earned for these referrals may be greater than the compensation that would otherwise be received if the services were provided separately. Accordingly, there may be a greater incentive for these individuals to recommend participation in this program.

Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

Authorized Financial Professionals may receive incentive awards for the recommendation or introduction of investment products to advisory clients. The receipt of this compensation may affect a representative's judgment in recommending products to clients. If the Financial Professional (FP)/solicitor meets certain business related qualifications, Equis may provide up to 5 basis points of the fee paid by the client as an incentive to the client's FP/solicitor for the purpose of marketing and servicing new and existing clients. In order to participate in the incentive provided by Equis, the FP/solicitor needs to maintain certain asset levels and achieve certain new asset levels. The level of incentive increases based upon the previously mentioned criteria. This incentive creates a potential conflict of interest for the FP/solicitor because the FP/solicitor receives compensation that increases based on the level of assets managed through the program. This compensation does not impact the level of fees that clients pay and clients are under no obligation to follow the recommendations of their FP/solicitor regarding using the program.

If the Financial Professional (FP)/solicitor refers other Financial Professionals to the platform, Equis may provide a referral fee as an incentive if the new FP/solicitor uses the EQIS platform with his clients. This incentive creates a potential conflict of interest for the FP/solicitor because the FP/solicitor receives compensation that increases based on the level of assets managed by the new FP/solicitor that he referred. This compensation does not impact the level of fees that clients pay and clients are under no obligation to follow the recommendations of their FP/solicitor regarding using the program.

If the Soliciting Firm meets certain business related qualifications, Equis may provide an override of the fee paid by the clients as an incentive

the Soliciting Firm for the purpose of marketing and service new and existing FPs and clients. This incentive creates a potential conflict of interest for the Soliciting Firm because the Soliciting Firm receives compensation that increases based on the level of assets managed by the Soliciting Firm. This compensation does not impact the level of fees that clients pay and clients are under no obligation to follow the recommendations of their FP/solicitor regarding using the program.

It is Equis Capital Management, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

### **Financial Information**

As an advisory firm that maintains discretionary authority for client accounts we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Equis Capital Management, Inc. has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Equis Capital Management, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

## Exhibit 1

### **MODEL PORTFOLIO INFORMATION**

#### **EQIS PROGRAMS**

Clients may change between Equis Programs at any time, and will be subject to the appropriate fee schedule of chosen Program. Please refer to the Fee Schedule Tables for the appropriate fee information.

#### **Separately Managed Accounts – SMA**

##### **Option 1 - All Equis Managed Account**

##### **Option 2 - Multi-Manager Managed Account**

All Equis Managed Accounts and Multi-Manager Managed Accounts may consist of up to ten separately managed portfolios.

Within an individual SMA Program account all ten portfolios may be managed by Equis (hereinafter "All Equis Managed Account"); or all ten portfolios may be managed by Contracted Model Managers (hereinafter "Multi-Manager Managed Account"). In the alternative, a program account may contain a combination of Equis managed portfolios and Contracted Model Manager portfolios. In regard to this Program, any asset allocation that contains a Model Portfolio that is managed by a Contracted Model Manager is considered a Multi-Manager Managed Account. The appropriate mix of Model Managers will be determined by the client in conjunction with guidance from the client's FP.

#### **ETF and UMA Programs**

##### **Option 3 - Exchanged Traded Funds – ETF and**

##### **Option 4 - Unified Managed Accounts – UMA**

ETF and UMA program accounts (accounts composed entirely of exchanged traded funds and accounts able to contain both exchange traded funds and separately managed accounts) have up to 20 portfolios in ETF Program accounts and up to 25 portfolios in the UMA Program accounts. These are combined to create an asset allocation that is appropriate for the client's needs, risk preferences and/or desires. Within an individual Program account all ten portfolios may be managed by Equis (hereinafter "All Equis Managed Account"); or all ten portfolios may be managed by Contracted Model Managers (hereinafter "Multi-Manager Managed Account"). In the alternative, a program account may contain a combination of Equis managed portfolios and Contracted Model Manager portfolios. In regard to the Program, any asset allocation that contains a Model Portfolio that is managed by a Contracted Model Manager is considered a Multi-Manager Managed Account. The appropriate mix of Model Managers will be determined by the client in conjunction with guidance from the client's FP.

### **Highest Conviction Separate Account Program (HCSAP) Option 5 - HCSAP**

The (HCSAP)<sup>M</sup> program draws on the *Best Ideas* concept from: "*Best Ideas*", Cohen, Polk, and Silli\* *First draft: November 7, 2005, updated March 18, 2009*. Research has shown that active portfolio managers actually can add value - but in order to capture it, an investor has to separate the wheat- -the very best ideas that the manager has--from the chaff, the remainder of the portfolio, which is put there by the manager for a number of reasons that might work to the benefit of the manager--but to the detriment of the investor.

The (HAPCP)<sup>TM</sup> Program is offered across a spectrum of risk exposures from Aggressive to Conservative, and is available in both hedged and unhedged as well as taxable and tax-advantaged constructions. The FP and/or the Client can select any one of the 20 portfolios

The portfolios available within the HCSAP may not be modified by FPs or clients. A client can change the portfolio selection within the HCSAP at any time, however they may not change and/or choose the underlying Model Portfolio Managers, stocks, ETFs, etc contained within these portfolios.

The Model Managers portfolios available within the HCSAP program are not available within any other Equis Program.

#### **Wealth Preservation Portfolios (WPP)**

##### **Option 6 - WPP**

Wealth Preservation Portfolios (WPP) consist of 2 different portfolios. The portfolios available within the WPP may not be modified by FPs or clients.

A client can change the portfolio selection within the WPP at any time, however they may not change and/or choose the underlying Model Portfolio Managers, stocks, ETFs, etc contained within these portfolios.

The Model Managers portfolios available within the WPP program are not available within any other Equis Program.

### **MODEL PORTFOLIO DESCRIPTIONS**

Equis provides access to model portfolios that provide diversification across the spectrum of domestic and international equity styles and fixed income. Some of the model portfolios are managed in house by Equis; others are managed by independent, contracted model managers. A brief description of model portfolios can be found in the Equis portal or by contacting your Financial Professional / solicitor.

## Exhibit 2

### **PRIVACY DISCLOSURE DOCUMENT**

As part of Equis Capital Management's long tradition of trust, the confidentiality of personal information is paramount. We maintain high standards to safeguard your 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 may collect nonpublic personal information from sources such as:

To conduct regular business we collect non-public customer data in checklists, forms, in written notations, and in documentation provided to us by our customers for evaluation, registration, licensing or related consulting services. We also create internal lists of such data.

Equis Capital Management will internally safeguard your nonpublic personal information by restricting access to only those employees who provide products or services to you or those who need access to your information to service your account. In addition, we will maintain physical, electronic and procedural safeguards that meet federal and/or state standards to guard your nonpublic personal information. Failure to observe Equis Capital Management's procedures regarding customer and consumer privacy will result in discipline and may lead to termination.

#### **Sharing Nonpublic Personal and Financial Information**

As the Firm shares nonpublic information solely to service our client accounts, we do not disclose any nonpublic personal information about our customers or former Customers to anyone, except as permitted by law or otherwise disclosed herein.

Equis Capital Management is committed to the privacy and protection of our customers' personal and financial information. We will not share any such information with any affiliated or nonaffiliated third party except:

- When necessary to complete transactions in a customer account, such as clearing firm.
- When required to service and/or maintain your account
- In order to resolve a customer dispute or inquiry
- With persons acting in a fiduciary or representative capacity on behalf of the customer
- With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm
- In connection with any sale and / or merger of Equis Capital Management's business.
- 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 pursuant to the Equis Capital Wrap Fee Program.
- Upon the customer's specific instruction, consent or request
- Pursuant to any other exceptions enumerated in the California Information Privacy Act

Note: When we share your 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.

#### **Opt-Out Provisions**

It is not a policy of Equis Capital Management to share nonpublic personal and financial information with affiliated or unaffiliated third parties except under the circumstances noted above. Since sharing under the circumstances noted above is necessary to service customer accounts or is mandated by law, there are no allowances made for clients to opt out.

## Exhibit 3

### **CUSTOMER IDENTIFICATION PROGRAM**

#### **Important Information You Need to Know About Opening a New Account**

To help the government fight the funding of terrorism and money laundering activities, federal law requires financial institutions to obtain, verify, and record information that identifies each person who opens an account.

This Notice answers some questions about Equis Capital Management's Customer Identification Program.

What types of information will I need to provide?

When you open an account, Equis Capital Management is required to collect information such as the following from you:

- Your name
- Date of birth
- Address
- Identification number:
  - U.S. Citizen: taxpayer identification number (social security number or employer identification number)
  - Non-U.S. Citizen: taxpayer identification number, passport number, and country of issuance, alien identification card number, or government-issued identification showing nationality, residence, and a photograph of you

You may also need to show your driver's license or other identifying documents.

A corporation, partnership, trust or other legal entity may need to provide other information, such as its principal place of business, local office, employer identification number, certified articles of incorporation, government-issued business license, a partnership agreement, or a trust agreement.

U.S. Department of the Treasury, Securities and Exchange Commission, FINRA, and New York Stock Exchange rules already require you to provide most of this information. These rules also may require you to provide additional information, such as your net worth, annual income, occupation, employment information, investment experience and objectives, and risk tolerance.

What happens if I don't provide the information requested or my identity can't be verified?

Equis Capital Management may not be able to open an account or carry out transactions for you. If Equis Capital Management has already opened an account for you, we may have to close it.

*We thank you for your patience and hope that you will support the financial industry's efforts to deny terrorists and money launderers access to America's financial system.*



## Exhibit 4

### **Business Continuity Plan (BCP) - Summary and Disclosure**

Securities industry regulations require that brokerage and investment advisor firms inform their clients of their plans to address the possibility of a business disruption that potentially results from a power outage, natural disaster, or other event. Equis Capital Management has a comprehensive business continuity program in place, which we review, update and test on a regular basis. This plan provides for continuation of client services in the event of various types of interruptions, such as those at our facilities as well as the services we provide. Although we obviously we cannot plan for or guarantee against all contingencies, we have developed this plan in an effort to stem off and / or prepare for most contingencies.

To conform with regulatory expectations, Equis Capital Management's strategy is designed so that we can meet our present obligations to our clients in the event of an unplanned interruption in business, such as in an emergency or a Significant Business Disruption (SBD). In order to facilitate this, we make strive to respond to significant business disruptions by safeguarding employees' lives and firm assets, making a financial and operational assessment, safely and swiftly recovering and resuming operations, protecting all of our books and records, and ensuring that our customers can continue to transact business. In the event that we determine we are unable to continue our business, we will assure customers prompt access to their funds and securities (if applicable).

Our plan anticipates two kinds of SBDs, internal and external. Internal SBDs affect only our firm's ability to communicate and do business, such as a fire or power outage in our building. External SBDs prevent the operation of the securities markets or a number of firms, such as a terrorist attack, a city flood, earthquake, or a wide-scale, regional disruption. Our response to an external SBD relies more heavily on other organizations and systems, especially on the capabilities of our clearing firm.

Key points to our plan include:

- Operational assessments
- Provisions for rapid resumption of mission critical systems
- Back-up arrangements for material relationships with business constituents, banks and appraisals of counter-party impact

- Back up system for recovery of data (both hard copy and electronic data)
- Alternate means for communications for use between employees and the firm, as well as between customers and the firm
- Instructions for communications with regulators and regulatory reporting requirements in the event of a disaster
- Description of the alternate physical locations of employees and/or certain departments
- Assurance for customers' prompt access to their funds and securities in the event the firm determines it is unable to continue its business
- Provisions for updating the plan
- Provisions for periodic testing of the plan
- Notification of relevant provisions of the plan to customers of the firm

No contingency plan can eliminate all risk of service interruption or temporarily impeded account access. Nevertheless, we assess and update our plans to mitigate risks to the extent reasonable. In creating our BCP, certain assumptions have been made such as alternative facilities being accessible, sufficient personnel being available, and external organizations including securities markets and government agencies being operational. If these assumptions are not valid under particular circumstances, we will evaluate possibilities for minimizing the disruption to services as feasible at that time and will promptly provide clients with information about how to access their funds and securities. In an effort to provide support and updated information, clients may contact us through our website at [www.eqiscapital.com](http://www.eqiscapital.com) or via phone at 800-949-9936. In addition, for alternative access they may contact the Custodians(s) directly to access their funds in the event of an emergency at [www.foliofn.com](http://www.foliofn.com) or 888-485-3456. We will review, update and test our BCP as needed in the event of changes to our business processes, technology and staff at a minimum annually. We will continue to post updated information on our website. You may also obtain our current BCP summary by submitting a written request to: Equis Capital Management, Inc. ATTN: Business Continuity Plan, 1000 4<sup>th</sup> St., Ste 650, San Rafael, CA 94901 or via email sent to [support@eqiscapital.com](mailto:support@eqiscapital.com).

Making sure that any type of disruption does not unduly impact our clients is extremely important to us, and our BCP is designed to allow us to continue to provide the high quality service you have come to expect from Equis Capital.

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

William Robert Nelson  
1299 4th St., Ste 502  
San Rafael, CA 94901

Telephone: 800.949.9936

2/5/2013

This wrap fee program brochure provides information about the qualifications and business practices of Equis 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 William Robert Nelson 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 **Born:** 1970

### 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

## Item 3 Disciplinary Information.

William Robert Nelson has no reportable disciplinary history.

## Item 4 Other Business Activities.

### A. Investment-Related Activities

1. William Robert Nelson is also engaged in the following investment-related activities:

#### Other investment-related business

- William Robert Nelson sits on the board of Equis Holding, Inc.
  - There is no conflict of interest and Equis Holding is the parent company of Equis Capital Management, Inc.
  - There is no additional compensation.
2. William Robert Nelson does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

### B. Non Investment-Related Activities

William Robert Nelson is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his or her time.

## Item 5 Educational Additional Compensation.

William Robert Nelson does not receive any economic benefit from a non-advisory client for the provision of advisory services

## Item 6 Supervision.

**Supervisor:** Jennifer C Winters

**Title:** Chief Compliance Officer

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

*Supervision is provided as an oversight and review of model portfolios and performance. Additional review is provided by electronic monitoring methods.*