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**Client Disclosure Brochure:** Form ADV Part 2A

This Client disclosure brochure is the most recent update of our Form ADV Part 2A and Audited Balance Sheet. It provides Clients with information about our company, our advisory services and fees. This disclosure information should be carefully considered before you become a Client of **United Capital Financial Advisers, LLC ("United Capital")**. If you have any questions, please call us or write to the address below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about United Capital is also available on our website at [www.unitedcp.com](http://www.unitedcp.com) and the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). In addition, United Capital's Client analysis process starts at [www.honestconversations.com](http://www.honestconversations.com) with the Money Mind® Analyzer.

**ITEM 2:****Material Changes**

This section of the ADV Part 2A brochure is meant to describe any material changes relating to United Capital that Clients should be aware of since the last update of this brochure. Accordingly, the following changes are disclosed:

1. **Financial Life Management.** As noted under Item 4, United Capital has introduced "Financial Life Management" in an effort to help better define the kinds of services it offers to Clients. While this does not mean any change to the service it provides to Clients, United Capital believes this name is more descriptive and better represents the services it delivers through its Financial Guidance and Investment Management platform, including the Guidebook, Money Mind ® and Honest Conversations®.
2. **Investment Operating Group.** In Item 4, United Capital has explained the role of its Investment Operating Group in overseeing Client assets. To enhance its discretionary investment management oversight, United Capital has established an Investment Operating Group responsible for overseeing the centralized investment management services, including the management of investment strategies. The Investment Operating Group provides fiduciary oversight for United's enterprise-level roster of investment portfolios and their application. The group's purpose is to further ensure that major investment decisions associated with the portfolios listed on United Capital's Investment menu have adequate basis, foundation, and consideration. United Capital's Investment Committee will continue to provide fiduciary and examination oversight across United's regional offices and advisers. The Investment Committee directs the testing, oversight, and remediation of investment decisions made by offices and/or advisers so as to assure that such decisions maintain adequate basis and foundation.
3. **Cost of Services.** To explain the fees Clients are subject to when they hire United Capital to provide Financial Guidance and/or Investment Management services, United Capital uses the term "Cost of Services." Under Item 5, United Capital has modified its Cost of Services Schedule (formerly "Fee Schedule") to better reflect the categories of services, which includes Investment Management, Financial Guidance and Financial Life Management, which were previously referred to as Investment Management, Wealth Counseling & Financial Guidance and Combined Services, respectively. There are changes to the Cost of Services within each of the above categories. In some instances, this may mean that the costs that Clients pay when executing an agreement for services may be higher or lower than the rate previously disclosed. This change will not affect existing Clients without the Client having executed a new agreement.
4. **Assets Under Management.** As noted under Section 4, United Capital has revised its Assets Under Management to reflect new assets under the firm's supervision since the start of 2015.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year, if any do arise in the future. We may further provide other ongoing disclosure information about material changes as necessary. We will provide you with a new disclosure Brochure as necessary based on changes to our business or the services provided to you, or if there is new important information to inform you about, at any time, without charge.

Currently, our Brochure may be requested by contacting our main office at 949-999-8500. Our Brochure is also available on our web site [www.unitedcp.com](http://www.unitedcp.com), also free of charge.

Additional information about United Capital is also available 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 persons affiliated with United Capital who are notice filed, or are required to be notice filed, as investment adviser representatives of United Capital.

**ITEM 3:**

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**ITEM 4:**  
**ADVISORY BUSINESS**

**Description of Business**

United Capital Financial Advisers, LLC ("United Capital") is an independent wealth counseling and investment advisory firm registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended. United Capital's registration with the SEC became active on June 9, 2005. United Capital is a Delaware corporation with its principal office located in Newport Beach, California, with regional offices and locations throughout the United States. While not separate legal entities, United Capital, through its Investment Adviser Representatives and Regional Offices offers its services through United Capital and United Capital Financial Life Management, United Capital Private Wealth Counseling, United Capital Retirement Plan Advisers, or United Capital followed by the name of a regional location. Certain offices may also use a different name followed by the wording "a division of United Capital Financial Advisers." Additionally, the company name may be marketed under the name United Capital followed by the tag line "Financial Life Management."

**Principal Owners**

United Capital's principal owner, and only individual or entity with over 25% ownership, is United Capital Financial Partners, Inc. ("UCFP"), a Delaware corporation with its principal office located in Newport Beach, California.

**General Description of Services**

United Capital provides wealth counseling and investment management services to its Clients based on each Client's individual needs and circumstances. Clients work with Investment Adviser Representatives ("IARs") located in regional offices of United Capital, to assess their individual financial needs, objectives and capacity for risk. Based on the IARs' review and analysis, the IARs assist with administering services desired by Clients. United Capital's Client analysis process typically starts at [www.honestconversations.com](http://www.honestconversations.com) with the Money Mind™ Analyzer. There are three general ways that United Capital IARs help Clients meet their objectives:

1. Financial Life Management (Financial Guidance & Investment Management): United Capital IARs conduct a risk assessment and analysis of Clients' objectives through United Capital's Financial Guidance program, making appropriate recommendations on how to help Clients meet their financial needs. IARs then provide recommendations to Clients on how to allocate their investable assets ("Portfolio Construction"), as well as make recommendations relating to the Client's financial life that may not directly relate to the assets that United Capital manages on a discretionary basis. With this service, IARs meet with Clients at least annually, and at times more frequently, to reassess Client objectives and risk tolerances and to recommend and make modifications to Client investments as needed. In this situation, discretionary investment management is executed as described below.
2. Financial Guidance, only: The Financial Guidance program offered by United Capital includes IARs' assessing Clients' financial needs and providing appropriate recommendations, but does not include investment management. See below for further information about United Capital's Financial Guidance services.
3. Investment Management, only: For Clients choosing United Capital investment management services only, IARs work with Clients to assess their tolerance for risk and determine a suitable portfolio construction. Once an appropriate portfolio is constructed, the United Capital Investment Operating Group oversees the management of the portfolio. See below for further information about United Capital's investment management services.

**General Description of Financial Guidance Services**

United Capital's Financial Guidance services are generally delivered through the Guidebook which includes, but is not necessarily limited to, the following services (not all services are offered or applicable to all Clients):

- Money Mind® Analyzer:
  - ❖ Help to identify and understand your dominant Money Mind®.
- Honest Conversations®
  - ❖ Help to create a clearly defined set of priorities, in an effort to help improve financial life decisions.
- Financial Control Scorecard®

United Capital Financial Advisers, LLC      Phone: 949.999.8500 – Fax: 949.999.8545  
620 Newport Center Drive, Suite 500, Newport Beach, CA 92660  
ADV Part 2A, version 05.29.2015

- ❖ Assess if you are on track to meet your financial life goals.
- A net worth summary
- A portfolio snapshot
- Financial goals review and analysis
- Portfolio construction (recommending appropriate investment strategies)
- Asset allocation recommendations
- Consolidated financial summaries

When providing a consolidated financial summary of accounts to Clients, data included may contain information about accounts for which United Capital does not manage or advise the Client. As such, no inference should be drawn that United Capital serves as the adviser on all securities listed on these consolidated financial summaries. For Client assets that United Capital is not granted discretionary authority for the management, it will not actively supervise those assets.

United Capital offers modular planning services designed to meet individual Clients' specific needs. These services may include one or more of the following:

- Cash flow management
- Investment management recommendations for non-supervised assets (i.e. 401k's and 403b's)
- Retirement planning
- Insurance needs analysis
- Education planning
- Estate planning
- Tax planning
- Divorce planning

Certain Clients, for example, that are small businesses may require specialized needs analyses, planning, or business performance reviews or other services.

Clients may hire United Capital to provide Financial Guidance services on a one-time basis or continually until canceled. For ongoing services, IARs meet with Clients no less than annually to monitor their risk profiles and objectives, updating the financial guidance provided to account for changes. Meetings may occur in-person or remotely by telephone or webinar.

Although United Capital generally recommends long-term investment strategies, its IARs may recommend various short-term investment strategies to accommodate certain Client goals or objectives.

United Capital performs Financial Guidance services for Clients with varying needs and circumstances, which may differ from, or contradict, financial guidance it or its IARs may follow in the management of their own accounts.

United Capital does not provide tax advice. Clients are urged to consult with a tax professional for any and all tax advice.

### **General Description of Investment Management Services**

United Capital provides investment management services to its Clients using a variety of asset classes and investment vehicles that typically include mutual funds, exchange traded funds ("ETFs"), equity securities, fixed income securities, and other related securities. Client accounts are generally invested in strategies, with similar accounts invested in the same securities. Accounts are also managed at a custom level, with security selection varying from one Client to another. United Capital IARs work with Clients to understand the Client's risk tolerance, investment objectives, and investment attribute preferences and to determine an appropriate asset portfolio construction. United Capital IARs determine an appropriate portfolio for each of their clients. The United Capital Investment Committee oversees each IAR with respect to their investment management decision-making and the subsequent follow-on portfolio execution.

The United Capital Investment Committee is comprised of a core voting group. Members of the United Capital Investment Committee are generally required to have both a high school and college education or equivalent experience. In addition, all personnel who provide investment financial guidance are required to have financial, analytical or portfolio management experience, or to have passed the Uniform Investment Adviser Law Examination (Series 65 or Series 66), or other relevant qualifying examinations, or to

have obtained a professional designation such as Chartered Financial Analyst or CERTIFIED FINANCIAL PLANNER™, or other valid educational background or professional designations as permitted by regulations.

Typically, Client assets are managed in set strategies where multiple accounts are invested in the same securities at the same allocation. Client assets may also be managed on a custom and/or non-discretionary basis. All Clients have the ability to request reasonable restrictions on how their account is allocated, but United Capital may not be able to accommodate all restrictions based on specific mandates of particular strategies. If United Capital cannot accommodate a requested restriction, the Client will be notified and given the option to withdraw their request, or the Client can work with their IAR to find an investment solution that meets the Client's expectations.

Certain equity, fixed income, balanced, commodity, and balanced portfolios are managed by the United Capital Investment Management Department. These portfolios are made available to the United Capital IARs for use with the IARs clients, if the IAR feels this is in their client's best interest. The United Capital Investment Operating Group oversees the United Capital Investment Management Department with respect to their management of the portfolios that they manage. Members of the United Capital Investment Operating Group are generally required to have a college education and either the Chartered Financial Analyst, Certified Financial Planner, or Series 65 designations.

Unless the Client specifically directs otherwise in their Client Agreement, the Client grants United Capital authority to:

- apply its discretion on the types of securities bought and sold, along with the percent allocation
- direct trades to the custodial agent
- reallocate the Client's portfolio to keep it in line with Clients' investment goals and risk tolerances
- rebalance the Client's account periodically to conform to the asset allocation expectations of the individual account
- replace the custodial agent if deemed necessary, after obtaining the Client's consent
- select the broker-dealer for execution of securities transactions
- vote proxies on behalf of the Client
- act as the Client's agent and attorney-in-fact to receive prospectuses, periodic reports, transaction confirmations, proxy materials, Part 2 of any Sub-Manager Form ADV, and other communications from issuers of securities, as applicable, and
- deduct investment management fees directly from the Client's account

Other than its authority to request the deduction and payment of agreed upon management fees from the Client's account, United Capital does not take custody of Client assets.

United Capital may, at times, purchase in Client accounts leveraged and inverse ETFs, where it believe it is warranted, based on the invested portfolios objective. These securities carry certain specific risks to investors. Leveraged ETF shares typically represent interest in a portfolio of securities that track an underlying benchmark or index and seek to deliver multiples of the performance of the index or benchmark. An inverse ETF seeks to deliver the opposite of the performance of the index or benchmark they track. Like traditional ETFs, some leveraged and inverse ETFs track broad indices, some are sector-specific, and others are linked to commodities, currencies, or some other benchmark. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments. Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time, over weeks or months or years, can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets and thus may pose substantial risk for an investor.

#### **Sub-Manager Limited Discretion**

For certain strategies, on a limited discretionary basis, United Capital outsources a portion of the investment selection to independent professional asset managers, who are not affiliated with United Capital, who serve as sub-advisers ("Sub-Manager"). A Sub-Manager's responsibility varies and may include the authority to:

- exercise discretion to determine the types of securities bought and sold, along with the percentage allocation
- apply their discretion on when to buy and sell
- apply their discretion on the timing of transactions

- select the broker-dealer for execution of securities transactions, if appropriate
- vote proxies and
- take other portfolio management actions that United Capital delegates or deems appropriate

United Capital has hired third party non-affiliated advisers ("Sub-Advisers) to provide asset management and/or research to assist with the investment management of Client assets. When working with Sub-Advisers, their activities are overseen by the United Capital Investment Operating Group.

As part of the discretionary investment management agreement the Client executes with United Capital, the Client appoints United Capital as a limited power of attorney for the Client's assets which are invested through Sub-Managers. The limited power of attorney grants United Capital the right to receive certain documents from the Sub-Manager on the Client's behalf, including but not limited to prospectuses, shareholder reports, privacy notices, proxies and Part 2A of the Sub-Manager's Form ADV, and other documents. This limited power of attorney granted by the Client may be rescinded at any time upon written notice to United Capital from the Client.

Upon request, United Capital will provide Clients with information about any Sub-Manager participating with United Capital to provide Client services. This information may include content provided by a Sub-Manager explaining its investment style, or an explanation from United Capital describing the Sub-Manager's investment style. Additionally, United Capital will provide Clients with a copy of the Sub-Managers Form ADV Part 2 upon request.

#### **Sub-Adviser and Consulting Services**

United Capital provides customized investment adviser consulting services to other investment advisers and/or to broker-dealers. When providing these services, United Capital charges a fee, individually negotiated for each consultation. The services offered through its Sub-Adviser and Consulting Services may differ from the financial advisory services provided to individual Clients of United Capital.

#### **Capital Investment Counsel Sub-Adviser Relationship**

United Capital has entered into an agreement to provide sub-adviser services to Capital Investment Counsel, Inc. ("CIC"), a non-affiliated third party investment adviser. CIC intends to cease operating as an investment adviser. The sub-adviser agreement directs United Capital, under CIC's direction, to provide services and support to clients and prospects of CIC and manage CIC's client accounts. As sub-adviser, United Capital has the authority to provide all investment advisory services that CIC provides to its clients, which can reasonably be fulfilled by United Capital. For the sub-adviser services provided, CIC has agreed to pay United Capital 75% of the advisory fee (net of solicitor payments) that it actually receives from CIC with respect to Client accounts under management by CIC and which are serviced by United Capital pursuant to the sub-adviser agreement executed between the parties.

CIC has waived any restrictions on its employees being hired by United Capital. While the restriction was waived, the employees hired by United Capital were under no obligation to join United Capital. However, United Capital has made a one time, lump-sum payment to Compass Bank, CIC's parent company, in exchange for CIC's agreement to waive and release any restrictions on their employment with United Capital. Additionally, United Capital agreed to provide compensation to certain CIC employees as an incentive to those CIC employees who agreed to join United Capital. The compensation that United Capital paid to Compass Bank was not conditioned on United Capital actually employing any of CIC's former portfolio managers and staff members. Nor was it conditioned on any CIC client establishing an investment management relationship with United Capital.

CIC has also waived certain preexisting contractual and other restrictions in granting United Capital the right to offer and provide investment advisory services to its clients. Granting this right raises a conflict of interest because United Capital has compensated Compass Bank, as noted above and because CIC employees who join United Capital will receive incentive compensation and will encourage CIC's clients to join United Capital. However, CIC's clients are under no obligation to transition their accounts to United Capital, and Compass Bank and CIC have not been compensated for the actual transition of any client relationships from CIC to United Capital.

#### **Stronghold Financial, LLC Sub-Adviser Relationship**

United Capital has entered into an agreement to provide sub-adviser services to Stronghold Financial, LLC ("Stronghold"), a non-affiliated third party investment adviser. Under the direction of Stronghold, United

Capital provides services and support to Clients and prospective f Stronghold clients only as mutually agreed by Stronghold and United Capital. The scope of services includes, but is not limited to:

- Website navigation support
- Linking of accounts for aggregated viewing of portfolios
- Explanation of advisory process
- Explanation of investment models
- Explanation of results of portfolio analysis
- Account opening support
- Account transfer support
- Account transition execution and support

United Capital is not affiliated with Stronghold. Stronghold pays United Capital a fee to provide these support and sub-adviser services. Stronghold may recommend to its client's that they hire United Capital to serve as their financial adviser. If Stronghold recommends that clients hire United Capital, and the referred client hires United Capital, United Capital will pay referral fees to Stronghold for making the recommendation. As part of the initial United Capital client agreement, additional disclosure is made to each client when a referral is made. Payment of a referral fee may create an incentive for Stronghold to recommend that its clients use United Capital's investment advisory services over another investment adviser providing the same or similar services. Clients that are referred to United Capital do not pay a higher fee to account for the fees paid by United Capital to Stronghold.

#### **Team Adviser Plan**

United Capital's Team Adviser Plan ("TAP") provides investment advisory services to Clients using a dedicated team of IARs. When using the TAP services, a Client's relationship is managed by a team of IARs. Investment management and support services for these Clients are provided remotely by telephone, email and instant messaging. United Capital attempts to meet once a year with each Client using the TAP services to discuss the Clients' goals and objectives, and in an effort to make sure that the assets managed by United Capital are aligned with the Clients' objectives. Clients using the TAP services are offered a more limited number of investment options than Clients using other United Capital investment management services. There is a reduced account minimum of \$25,000 for Clients who choose the TAP services. The account minimum for those services may be waived by United Capital and are considered accepted upon the initiation of investment advisory services by United Capital. For Clients managed under the TAP, United Capital charges a flat percentage in the amount of 0.75% (75 basis points) of assets under management.

#### **Self-Directed 401(K) Accounts**

Certain Clients may provide United Capital with access to discretionarily manage their assets through a self-directed 401(K) account service. When using this service, it's important to note that:

- United Capital may not deduct fees from these accounts. Clients pay investment management fees by check, credit card or through direct debit of a separate account not under this program.
- Block trading is not allowed. This means that each Client order will be submitted to the custodian independently for execution, and different Clients may receive different prices for the same security traded.
- United Capital typically charges a flat annual fee of \$2,000 for the discretionary management of a Clients self-directed 401(K). However, some Clients may pay a higher rate that based on United Capital's standard Cost of Services schedule discussed under Item 5. The Client's IAR negotiates the actual fee rate with each Client. The agreed upon rate will be reflected in the Client's management agreement.
- United Capital's typical minimum account size for this service is \$50,000. Exceptions to the account minimum are granted on a case by case basis and are considered accepted upon the initiation of investment advisory services by United Capital.

#### **United Capital Retirement Advisers & Employer Sponsored Retirement Plan Consulting Services**

United Capital, with sub-advisory support from its affiliate PFE Advisors, Inc. ("The PFE Group"), provides consultation services to employer- sponsored retirement plans, including pension, 401(k), and profit sharing plans, with a broad range of comprehensive consulting services, including:

- (1) retirement plan design and communications,
- (2) retirement plan service provider search,
- (3) retirement plan investment advisory services, including: investment analysis, selection, implementation, and ongoing monitoring of plan investments, and



(4) financial and retirement education.

United Capital provides these services under its primary business name or under the DBA "United Capital Retirement Advisers" ("UCRA"), or one of United Capital's other DBA's (United Capital, United Capital Financial Life Management, or United Capital Private Wealth Counseling).

When United Capital is hired to conduct a comprehensive vendor search for an employer-sponsored retirement plan, this generally includes the evaluation and comparison of several third party service providers and vendors such as plan record-keepers, actuaries, auditors and registered broker-dealers (who provide brokerage, clearing, custodial, and administrative services to the Client). Upon conclusion of its vendor search and review, United Capital, generally, may recommend that the Client engage the services of one or more of these third party service providers, which may include broker-dealers (to handle securities transactions).

In order for United Capital to provide Clients with proper financial guidance, it is strongly recommended that Clients only implement United Capital's investment management recommendations after the Client has arranged for and furnished United Capital with all necessary information and authorizations concerning accounts they hold at other financial institutions. As used here, Financial Institutions include any broker-dealer that United Capital recommends, broker-dealers selected by the Client, trust companies, banks, etc. (collectively referred to herein as the "*Financial Institutions(s)*").

When working with employer-sponsored plans, United Capital may also be engaged to provide non-personalized investment-related plan implementation and educational services. These services generally address issues involving employee participation in an employer-sponsored retirement plan but may include additional topics of broader concern, such as benefits summaries or general financial education workshops for plan participants. United Capital may charge either a fixed fee or an hourly fee for these services or include the costs of such services with the costs of the other services provided to the Client. Educational services are provided on an "as needed" basis.

Retirement plan advisory services are specific to each Client and are based on the Client's plan objectives (i.e. to attract, retain employees, etc.), plan status (active or frozen), funded level (over or under), risk strategy for the plan, investment committee involvement and participant needs and preferences, as well as other factors. When United Capital is employed to provide retirement plan services, in general, its methods of analysis consider the following factors:

- The Plan's benefit obligations to Plan participants and beneficiaries.
- Long term investment return that, when combined with company contributions, is sufficient to meet Plan liabilities and expenses.
- Investment policy and investment structure used to achieve the Plan's or participant's investment objectives liquidity to meet benefit payment obligations and pay Plan expenses.
- Complying with ERISA, as amended, and other regulatory and legal requirements.

United Capital will consider a variety of fundamental and technical factors when searching for institutional managers to manage Client assets, to support the financial guidance that it offers to employer sponsored plan Clients. Following is a general list of factors United Capital uses to analyze institutional managers it recommends. Other factors may be considered and not all items listed below are reviewed for every manager.

- Available on record-keeper platform
- 3-Year/5-Year/10-Year Risk Adjusted Return: above category average
- Expense: below category average
- Management Tenure: > 3 Years
- Fund Asset Size (all classes): > \$200 M
- Sharpe Ratio: above category average
- Consistency: metric to measure manager consistency: High
- Short-term redemption fee: Y/N & terms
- Modern Portfolio Theory return/risk analysis (Qtr/YTD/1, 3, 5, 10)
- Cumulative, annualized, rolling 24 & 36 month performance
- Risk vs. Return (3 & 5-Year w/Information Ratio)
- 5-Year comparison: Up vs. Down market capture ratio
- Rolling 24-month style exposure over last 5 years

- Historical & average style and exposure
- Modern Portfolio Theory comparisons
- Benchmark consistency
- Audited financials by reputable accounting firm
- Separate account/collective trust pricing
- Firm ownership/total staff/retention
- Compliance history
- Firm expertise & assets vs. desired fund
- Fund assets vs. plan assets being placed
- Fund research staff depth & process
- Fund analyst to manager ratio
- Fund specific succession plan
- Fund manager compensation structure & manager retention strategy; other responsibilities
- Make-up of Fund's current asset base (e.g., institutional, retail, distribution channels used)
- Reasons for out-performance/under-performance
- Current strategy relationship to past performance
- Clarity of/desire to share attribution
- Fund closing strategy (maximum assets)
- Buy discipline/sell discipline
- Did manager show tracking/comparison tools
- Research process/data sourcing
- Process for managing information (e-mail/VM)
- Preferred industries/industries to avoid
- Holdings & turnover philosophy
- Sector weighting philosophy

Note: Additional information about any of the above factors for analyzing the institutional managers is available upon request. Please contact United Capital for further information.

#### **Hedge Funds, Managed Futures & Alternative Investments**

United Capital offers financial guidance for Clients investing in hedge funds, managed futures, non-publicly traded real estate investment trusts, and alternative investments and may advise certain Clients to include such investments in their portfolio. United Capital is not affiliated with any hedge funds, managed future provider, non-publicly traded real estate investment trusts or alternative investment provider, including those that it may recommend to certain Clients.

#### **Insurance**

United Capital offers financial guidance on insurance and may advise certain Clients to include insurance as part of their portfolio and/or potentially advise on the sale of an insurance policy using Life Settlements. While United Capital is affiliated with an insurance agency, United Capital Risk Management ("UCRM"), United Capital does not own, nor is it affiliated with any insurance company or insurance provider. Additionally, certain IARs of United Capital may be licensed as insurance agents.

If and when a recommendation is made to a Client about the purchase, redemption or exchange of an insurance policy, Clients are not obligated in any way to execute the recommendations made through UCRM and/or any insurance agent affiliated with United Capital and/or any insurance agency that its IARs may be licensed. In general, any charged fees by United Capital IARs relating to the sale of insurance products may result in higher overall fees to the Clients than what the Client might pay for insurance products recommended through an advisory program. Further, insurance product recommendations may not be subject to the same fiduciary standard as investment advisers are subject.

#### **Tax Planning**

As part of the financial planning services offered to Clients, United Capital may refer Clients to third party, non-affiliated companies offering tax preparation services. United Capital may charge the Client a fee for its assistance with providing documents to the third party tax preparation company. United Capital does not provide tax advice to Clients. However, certain supervised persons of United Capital may be qualified to provide tax advice based on education and training. In such instances the supervised person may offer tax advice to Clients, as an outside business activity away from the investment services that United Capital offers its Clients. Any tax advice or tax planning services offered by these supervised persons will be conducted independently by them as an outside business activity, and such services are not affiliated with

United Capital. Where a supervised person offers such tax advice as an outside activity, Clients are not obligated in any way to hire the individual for these services. Any tax advice or tax planning services offered to Clients is separate and distinct from United Capital.

#### **Reasonable Restrictions, Pledging and Withdrawing Securities**

Clients have the option to place reasonable restrictions on their Financial Guidance services, investment management accounts, and on the financial planning analysis United Capital provides, including investments in specific securities or types of securities. Requests for such restrictions are reviewed by the United Capital Investment Committee, the Investment Operating Group, the Client's IAR, and/or any Sub-Managers to ensure they are reasonable and will not impair United Capital's ability to manage the account and/or to achieve the investment objectives and goals the Client selects.

Subject to the specific policies and procedures of the custodian for their account, Clients may pledge the securities in their account or withdraw the securities from their account (transfer in-kind to another account or custodian).

#### **Securities Class Actions and Proofs of Claim**

United Capital is not obligated to file, nor will it act in any legal capacity with respect to class action settlements or related proofs of claim. If requested by the Client, United Capital will do its best to provide the Client with the required documentation, if available.

For Clients that would like assistance to help monitor and file class action litigation claims, United Capital uses the services of Chicago Clearing Corporation ("CCC"), a company that specializes in the field of Class Action Claims. For Clients that request this service, United Capital periodically provides CCC with the transaction history for the Client's accounts and CCC subsequently monitors for any claims activity related to the securities that have been purchased in the Client's account. CCC will monitor each claim that applies to the Client, collect the applicable documentation, interpret the terms of each settlement, file the appropriate claim form, interact with the administrators and distributes any award due for the Client's benefit. For their services, CCC charges a contingency fee of 20%, which is subtracted from the Client's award when it is paid. The net proceeds are deposited directly into the Client's investment account or paid to the Client by check. When a claim develops, CCC communicates directly with the claims administrator to file the claim on the Client's behalf. CCC warrants that any specific private Client information they receive will be maintained as confidential and will not be used or disclosed for any reason, except for the completion of the claim itself.

#### **Outsourcing of Certain Investment Operations**

United Capital works with various third party service providers to help support the operational needs of managing and servicing Client accounts. Authority provided to the outsourced service providers may include, but is not limited to placing transactions with broker dealers at the direction of United Capital, opening accounts with Client's account custodian, and facilitating operational requests on the Client's behalf based on instructions provided by associated persons of United Capital. When providing these services, the third party service provider is acting as an agent of United Capital.

#### **Miscellaneous**

In performing its services, United Capital does not independently verify any information it receives from Clients or from a Client's other service providers; it relies solely on the information Clients and their authorized representatives provide. The Client is free to accept or reject any recommendation made by United Capital. Moreover, each Client is advised that it remains the Client's responsibility to promptly notify United Capital if there is ever any change in the Client's financial situation or investment objectives so that United Capital, if necessary, can re-evaluate or revise any previous recommendations or services it provided to the Client.

#### **Investment Management: Wrap Fee versus Non-Wrap Fee Accounts**

Clients are subject to transaction costs charged by the broker-dealer executing the transactions in the Client's account. In certain instances, Clients are assessed these fees separately by their account broker-dealer (Non-Wrap), or the transaction costs may be paid by United Capital in one combined fee with their investment management fee or included with their supplemental investment management fee paid to United Capital (Wrap). Since the difference between the two types of accounts relate to transaction fees, depending on how the Client's assets are invested, 10a Wrap Fee account may cost less than a Non-Wrap

Fee account, or vice versa. IARs work with to determine if their account will be managed as a Wrap or Non-Wrap account. IARs are compensated based on a percentage of the assets under management, and their compensation may be higher or lower, depending on which method is chosen. Therefore, IARs may have a financial incentive to recommend one method over another. The investment management agreement, supplemental investment management cost disclosure (or documented amendment to the agreement) that each Client executes displays whether the Client or United Capital pays the transaction costs. The fee paid to United Capital for Wrap Fee Accounts may be higher than the fees Non-Wrap Fee accounts pay. United Capital does not manage Wrap Fee accounts differently from the way it manages Non-Wrap Fee accounts. See the United Capital Wrap Addendum to this Form ADV Part 2A for additional information on Wrap Fees.

In addition to the investment management fee and the transaction costs, Clients may be subject to other fees. See the Fees and Compensation section below for further detail.

#### **Assets Under Management (as of 3/31/2015/2014)**

	<b>Assets Under Management</b>	<b>Number of Accounts</b>
Discretionary	\$14,272,218,701	39004
Non-Discretionary	\$37,113,255	90
<b>TOTAL</b>	<b>\$14,309,331,956</b>	<b>39,096</b>

#### **ITEM 5:**

#### **COST OF SERVICES AND COMPENSATION**

##### **Cost of Services**

Each Client will enter into an agreement that describes United Capital's services and the costs ("Agreement"). Based on a needs analysis determined by the IAR and the Client, the agreement may include one or more of the services described above. The annual Financial Life Management costs (or separated Investment Management or Financial Guidance cost) is negotiated with each Client and is customized depending on several factors as discussed in the "Negotiated Costs" section below. The following Cost of Services schedule provides information about how United Capital charges for its services.

<b>COST OF SERVICES SCHEDULE <sup>1, 5</sup></b>			
<b>Client Assets Under Management (or Assets Under Advisement for Financial Guidance Only)</b>	<b>Cost for Financial Life Management (Discretionary Investment Management &amp; Financial Guidance)<sup>2,3</sup></b>	<b>Cost for Discretionary Investment Management Only<sup>2, 3</sup></b>	<b>Cost for Financial Guidance Only<sup>3, 4</sup></b>
\$500,000 to \$2,000,000	1.25%	1.00%	0.50%
\$2,000,001 to 5,000,000	1.00%	0.85%	0.40%
\$5,000,001 to \$10,000,000	0.85%	0.75%	0.30%
Great than \$10,000,000	Negotiable		

**The following information applies to the notes referenced in the above Cost of Services schedule:**

1. The actual Cost of Services paid by each Client is noted in an agreement executed between United Capital and the Client. As directed in the agreement, the costs agreed to may be higher or lower than the rates noted in the above schedule. Clients that initiated services with United Capital prior to April 1, 2015 were subject to a maximum cost, still in force, as follows: Investment Management only - 1.75%, Financial Guidance only - 0.50%, Financial Life Management as a combination of Investment Management and Financial Guidance - 2.25%. The Negotiated Costs section below describes the variation in amounts paid by Clients for Costs of Services.
2. Sub-Manager, Manager or Manager Research Costs: The investment management costs does not typically include costs charged by managers, sub-managers or fees assessed to cover manager research expenses. These costs typically range from 0% to 1% of the Client's assets under management and are billed either quarterly or annually. These costs may be charged by United Capital for its management of strategies, as well as by third parties not affiliated with United Capital. United Capital may have an incentive to recommend its own strategies that have a manager cost associated with them rather than a non-affiliated manager or a strategy that does not include additional costs, since United Capital and its IARs may receive additional revenue.
3. The Client's total Cost of Services is a blended cost using these stepped rates.

4. The Cost of Services noted for Financial Guidance provides a general guideline used by United Capital as a tiered rate multiplied by the Client's assets for which United Capital provides Financial Guidance. The Client's assets may include their entire net worth, or a portion. The Cost of Services and assets that the rate is applied are negotiated individually with each Client. The actual rate charged may be higher than the amount noted in the schedule applied directly against the Client's assets. This is not meant to represent the maximum rate a Client may be assessed for these services, instead it is the typical starting rate from which costs are negotiated.
5. United Capital imposes minimum costs as follows: Financial Guidance only - \$2,500; Investment Management only - \$5,000; and Financial Life Management - \$6,250. Minimum costs may be reduced or waived on a case-by-case basis depending on the facts and circumstances of the services provided, at United Capital's sole determination.

### **Negotiated Costs**

The amount and method for calculating United Capital's Financial Guidance and Investment Management costs as referenced in the Cost of Services schedule are negotiated with each Client and confirmed in the Client's Agreement, or if the schedule has changed since the initial agreement the Client signed, then through supporting documentation. While the Investment Management costs are typically assessed as a percentage of the Client's assets under United Capital's management, it may also be assessed as a flat dollar amount. The Client is subject to the fee rate that agreed to in their Client agreement, which may be higher or lower than the fee schedule noted above.

United Capital considers a number of variables when analyzing the specific services to be provided to the Client and when determining the appropriate cost for those services. Factors that determine the Cost of Services include, but are not limited to:

- the services expected to be performed
- the Client's wealth counseling and investment needs
- the amount of investable assets
- the Client's net worth
- the amount of time anticipated to be spent servicing the Client
- local regional office precedence based on historical costs charged to other similar Clients

The Client's IAR will determine the Cost of Service after carefully balancing the consultative and the implemented portions of the Client relationship. As a result, similar Clients may be charged different costs for similar services and the actual Cost of Services may be higher than the rates noted in the above schedule.

United Capital charges a minimum cost for its services as described in the above Cost of Services schedule. At United Capital's discretion, the minimum cost may be waived in different situations.

United Capital may also combine the assets from "related accounts" to reduce the combined rate charged to Clients, this is also known as "householding." The Client's IAR reserves the right to determine whether Client accounts are "related" for purposes of aggregation. A determination of the related accounts is part of the Cost of Services negotiation between the Client and IAR. The Client should be aware that there may be certain restrictions on the aggregation of investments for ERISA, trusts, and IRA Client accounts.

In those instances where the majority of a Client's account is invested in fixed income securities, the Client's IAR reserves the right to offer a reduced Cost of Services.

United Capital has acquired certain Client relationships through its business acquisitions and recruiting efforts. To accommodate such transitions, the costs United Capital charges the Client may have been previously determined by a prior investment adviser relationship established before the advisory relationship with United Capital was established. Based on arrangements accompanying the transitions, this may mean that some Clients may be paying higher or lower rates than United Capital's current Cost of Services schedule referenced in this brochure. Some Clients may have received reimbursement or credit for transfer costs associated with moving their accounts from one institution or custodian to another during a transition from another investment advisory firm. In some circumstances, United Capital may, where appropriate, absorb the costs, waive advisory costs or pay certain expenses related to the transfer of Client accounts. Payment for such expenses must be approved by an authorized officer or agent of United Capital.

### **Terminated Accounts**

If United Capital's management services are terminated by written notice by either party, any unearned pre-paid costs will be refunded to the Client on a pro-rata basis. United Capital will begin the process of removing it from access to the account upon notification by or to the Client; however, a reasonable amount of time will be needed to liquidate and/or transfer assets, including time for required recordkeeping, and processing, and the rules and conditions imposed by mutual fund companies, stock exchanges, or securities issuers.

For those Clients using United Capital's Financial Guidance services, United Capital will conduct an analysis of services provided to determine if any costs have been earned, or if any portion should be refunded.

### **Financial Guidance Costs**

Financial Guidance costs are generally based upon analysis of the Client's financial goals, event-driven needs, or more comprehensive financial guidance, the terms of which are described in the Financial Guidance Agreement executed between United Capital and the Client.

The costs assessed are based on a number of criteria, which may include, but is not limited to:

- Investable assets / assets subject to the agreement,
- Client net worth,
- case complexity,
- services provided / Client needs,
- the amount of time spent and/or anticipated to be spent with the Client,
- preparation work prior to engagement, and/or
- customization and whether or not services were requested on an expedited basis.

Costs may be charged in a number of ways depending on the specific services being rendered, including:

- A flat cost,
- a variable cost assessed as a percent of the clients assets under advisement,
- an hourly rate, and
- a percentage of the assets being managed by United Capital in Combination with the Investment Management fee.

The cost is negotiated between United Capital and the Client and is subject to certain minimums, as described in the Client agreement. Cost of Services is payable either in advance or in arrears. Rates vary depending on the agreed upon services, and are typically in the following ranges:

- For goals based planning, United Capital uses the Financial Guidance Cost of Services schedule referenced at the beginning of this section as a general guideline for the rate charged to Clients. The rate is either charged as a standalone fee, or as an additional percentage of the assets that United Capital manages for the Client. The typical minimum is \$2,500 and the actual cost may be significantly higher depending on the complexity and scope of the plan. The actual amount can be higher than the schedule noted at the beginning of this section.
- For hourly rates: minimum of \$200 with a maximum of \$500 per hour; and

Typically, 50% of the Cost of Services is due in advance, and the remainder is due upon delivery of the plan to the Client.

Cost of Services is negotiable. Exceptions to the minimum cost are granted on a case by case basis and are considered accepted upon the initiation of investment advisory services by United Capital.

Cost of Services may be charged as a one-time Financial Guidance cost or Clients may select an annual on-going service for which the rate remains the same until the Client and adviser mutually agree, in writing, to a change of the cost.

Specialty Financial Planning is available at a rate to be negotiated between the Client and their IAR. The specialty Financial Planning services can include Financial Guidance on advanced planning issues such as:

- Estate Planning
- Executive Compensation
- Stock Options
- Pension Plan Options
- Insurance Analysis

- Income Tax Strategies
- Other specialty issues as needed and appropriate for the individual Client

Client deliverables that include written financial plans or recommendations for implementation of Financial Guidance will typically be completed within six (6) months of the date of the Client's execution of the Agreement.

### **Financial Guidance Fee Payments**

To pay for such services, Clients may pay by check, credit card, or provide United Capital with written authorization to debit an investment account on the Client's behalf.

The Financial Guidance Agreement, unless otherwise stated, is for a term of one year. After the term expires, the Financial Guidance Agreement will be terminated unless renewed by the Client. Within five (5) business days of the execution of a Financial Guidance Agreement, a Client may terminate the Financial Guidance Agreement without penalty or cost. Thereafter, collected but unearned costs may be refunded on a pro-rata basis, and, under certain circumstances, the refund may be negotiated between the Client and United Capital. Among other factors, the amount of the refund may depend on the amount of work that has already been completed or the amount of time elapsed since the Client executed the Financial Guidance Agreement.

### **Investment Management Costs**

United Capital charges its Clients an annual management Cost of Services based on an agreed upon percentage of the Client's assets under management. These investment management costs are payable quarterly. The method for billing these costs may vary based on the local regional offices, or IARs, historical method and is agreed upon under the terms of the Agreement, or supporting documentation if there were changes made after the Client signed the Agreement.

United Capital typically bills its investment management costs in advanced based on the value of the assets in the Client's account at the end of the previous quarter. In certain situations, as agreed upon in the agreement, United Capital may bill costs in arrears, based on average daily balance of the account during the prior quarter, rather than in advance, or other methods.

For new accounts and for new assets added after the start of a quarter, accounts will either be billed when the assets are available to be managed by United Capital, or in arrears, after the end of the quarter. United Capital typically does not charge a pro-rated amount for new money, less than \$20,000, added during a quarter. Additionally, United Capital does not typically credit any pre-paid costs for account withdrawals of less than \$20,000.

United Capital's annual investment management Cost of Services includes costs for the following services: review, selection, monitoring and replacement services for a variety of securities, including but not limited to exchange traded funds, mutual funds, individual securities, bonds and sub-managers, and related services.

United Capital relies on a number of different resources to price securities held in Client accounts, including multiple portfolio accounting systems, pricing services and custodians. As a result, Clients may receive different statements displaying a different valuation of the same security, based on the source of the data. Additionally, different Clients with the same security may pay different costs depending on the valuation source of the securities in their specific account.

There are certain costs that Clients may incur, which are not included as part of the annual Cost of Services for investment management services charged by United Capital. The investment management Cost of Services does not typically include costs charged by managers, sub-managers or costs assessed to cover manager research expenses. These costs typically range from 0% to 1% of the Client's assets under management and are billed annually. These costs may be charged by United Capital for their management of strategies, as well as by third parties not affiliated with United Capital. United Capital may have an incentive to recommend its own strategies that have a manager cost associated rather than a non-affiliated manager or into a strategy without additional costs, since it gets paid more when recommending its own strategies that have a supplemental cost.

In addition, national securities exchange costs; charges for transactions with respect to assets not executed through the custodian; short term redemption costs; costs charged to shareholders of mutual funds and exchange traded funds by the fund manager; odd-lot differentials; American Depositary Receipt costs; costs associated with exchanging currencies; or other costs required by law may be charged to the Client. Administrative costs for retirement accounts and any platform (technology) costs are paid directly by the Client, unless other arrangements have been made. Additionally, the Client will be charged for non-standard service costs incurred as a result of any special requests made by the Client, such as overnight courier or wiring costs. Financial Guidance services costs, along with initial consultation costs may be charged in addition to investment management costs.

Generally, United Capital imposes a minimum account size of \$100,000 and, in the case of sub-managed assets a sub-manager may impose their own minimum account requirements. Any exceptions to account minimums are considered accepted by United Capital once the management of Client assets begins. Upon giving notice to United Capital, or by contacting their account custodian directly, Clients may make additions to or withdrawals from their investment management accounts. United Capital reserves the right to terminate any account falling below its stated account minimum. Account minimums are imposed for various reasons, including, but not limited to the diminishing impact on the smaller allocations within a broadly diversified portfolio, the impact on a smaller portfolios performance from transaction costs, the impact on a smaller portfolios transaction costs on the total expense to manage the portfolio, limitations on securities that may be purchased for smaller dollar amounts, amongst other reasons.

United Capital's responsibility for advising Client accounts begins at the earlier of the "Effective Date" agreed to in the Agreement, or the date when the Client's assets (cash and/or securities) have been credited to the Client's account at the custodian and sub-custodian, if applicable. However, in no event shall costs begin accruing prior to the date the Client signs the Agreement.

Where provided in its Client agreements, and upon written notice, United Capital reserves the right to amend its Cost of Services schedules at any time.

Clients should be aware that the costs charged by United Capital may be higher or lower than those charged by others in the industry and that it may be possible to obtain the same or similar services from other advisers at lower or higher rates.

Clients should also be aware that Investment Professionals ("IPs") not affiliated with United Capital recommending these advisory services may receive compensation as a result of Clients' contracting with United Capital for such services. The IP recommending services may, therefore, have a financial incentive to recommend that a Client use United Capital's services over the services offered by other investment advisers. In certain instances, where Clients are referred to United Capital by an IP not affiliated with it, the Cost of Services charged to Clients may be negotiated and may be different from the rate charged if the Client were referred by an affiliated IP. In no circumstance will the negotiated rate be higher than the annual baseline Cost of Services Schedule noted at the beginning of this section.

#### **Investment Management Fee Payment**

For payment to United Capital for its management services, United Capital sends the custodian an invoice for quarterly cost debits, or Clients submit payment by check. Clients will receive a quarterly statement from the custodian showing the amount of management costs that have been debited from their account. By signing the United Capital agreement, Clients are authorizing the debit of both the initial pro-rata fee and on-going quarterly costs.

#### **Mutual Fund and ETF Costs**

If and when mutual funds are selected for inclusion in Client accounts United Capital manages, those mutual funds are either no-load funds or load-waived mutual funds.

All mutual funds and ETFs pay management costs to their investment advisers, and certain funds and money-market accounts have other types of costs or charges, including 12b-1, administrative or shareholder servicing costs, early redemption, bank servicing or certain other costs, which may be deducted from the net asset value of the funds that may be held in Client accounts on a continuing basis. These costs are routinely charged to all fund or security shareholders or owners and are separate from and in addition to United Capital's management Cost of Services.



**Other Costs**

For custodial services, United Capital utilizes the services of a number of firms to meet its Clients' needs. Custodial costs (for transactions executed through the custodian's broker-dealer) may be paid by the Client or by United Capital as negotiated and stated in the United Capital Client Agreement. These custodial and brokerage/transaction costs include custodial and clearing agent services for Client accounts, maintenance of portfolio accounting systems, preparation and mailing of Client statements, account processing, systematic withdrawals, redemptions, retirement account custodial services (except for the retirement account termination cost), maintenance of a Client inquiry system, as well as execution of securities transactions in the Client's account. Additionally, a transaction cost is charged by the Securities and Exchange Commission (SEC) to sellers of securities that are traded on stock exchanges and subsequently assessed to Clients. These costs are from Section 31(b) of the Securities Exchange Act of 1934 and are charged to recover the costs associated with the government's supervision and regulation of the securities markets and securities professionals.

Separate from costs assessed by the custodian, some Clients of United Capital receive reports that display additional detailed performance information on their account/s. Such reports are provided to offer Clients additional insight about the way their accounts are performing, and are provided in addition to the reports provided Clients through their account custodian. Notwithstanding, the performance information provided through reports, Clients should rely on the custodian statements for the most accurate account information. To produce these performance reports, United Capital may charge Clients. The cost covers the reporting system expense and United Capital's associated administration of the system. The payment of this Reporting Cost may be made paid by United Capital or by the Client, as negotiated.

**Alternative Investment Financial Guidance Services and Associated Costs**

The United Capital Alternative Investment Financial Guidance Service is a referral service whereby United Capital may recommend that a Client invest a portion of their assets in a specific hedge fund, managed future fund, non-publicly traded real estate investment trust or alternative investment, based on the individual Client's risk tolerance and objectives. United Capital receives no cash or non-cash compensation for the referral to the manager of the investment. Nor does United Capital pay a cash or non-cash payment to the third party investment provider or manager. Compensation is received by United Capital through the Alternative Investment Financial Guidance Costs paid to United Capital by the Client. The costs paid by the Client for the United Capital Alternative Investment Financial Guidance Service is similar to the Cost of Services schedule for Investment Management services noted at the beginning of this section, and is assessed as based on the value of assets the Client has under management with the third party alternative investment platform and is paid quarterly in advance on the account's value on the last business day of the preceding calendar quarter. The cost is negotiable. The alternative investment platform provider may receive from the investment manager compensation through platform costs, management costs, and or revenue in relation to acting as an introducing broker for certain platform funds. United Capital does not have discretion over the alternative investments recommended through this service. Clients are responsible for initially executing any documents required to be completed by the investment manager and for continuously maintaining any subsequent documentation required after the initial investment is made.

**Foliofn Investments Administrative Cost**

United Capital receives an administrative program cost of 0.125% quarterly from Foliofn Investments for client accounts managed by United Capital in the FolioEdge Asset Management Program. The administrative cost is assessed as a percent of the assets held in the associated accounts and covers costs involved in portfolio construction and maintenance for the FolioEdge Asset Management Program.

**Outside Activities of IAR's**

Certain IARs of United Capital may be registered with a broker-dealer not affiliated with United Capital, as an outside business activity. These IARs, in their capacity as a registered representative of an unaffiliated broker-dealer, may perform securities transactions on a Client's behalf, if requested to do so by the Client, and may receive a commission for the transactions. In these circumstances, Clients are under no obligation to effect securities transactions through the IAR's associated broker-dealer. Because of the potential for the IAR to generate a commission in addition to costs charged by United Capital, the IAR may have an incentive to recommend investment products based on the potential compensation received, rather than the Client's needs. See also Item 10 "Other Financial Activities and Affiliations" below.

**ITEM 6:**  
**PERFORMANCE-BASED COSTS AND SIDE-BY-SIDE MANAGEMENT**

United Capital does not charge any performance-based costs (costs based on a share of capital gains on or capital appreciation of the assets of a Client).

United Capital may refer Clients to third party money managers that charge performance based costs, separate from asset management costs charged as a percentage of the Client's assets under management. United Capital may share in a percentage of the performance costs charged and collected by the third party money manager, for referring Clients to the manager. Before investing in any strategy that charges performance based costs, the Client is required to sign specific disclosures discussing the costs, including how they are calculated and assessed.

**ITEM 7:**  
**TYPES OF CLIENTS**

United Capital generally provides Financial Life Management, or individually Investment Management or Financial Guidance, services to individuals, high net worth individuals, corporate pension and profit-sharing plans, corporations, charitable institutions, foundations and endowments.

**Minimum Account Size & Costs**

Generally, United Capital's investment management services are available for accounts with a minimum asset value of at least \$100,000 and for Financial Guidance, a minimum asset level of \$250,000 is recommended. The IAR may from time to time make exceptions to the minimums, as the IAR deems appropriate. Account minimums are reviewed periodically and are subject to change. Upon giving notice to United Capital, or by contacting their account custodian directly, Clients may make additions to or withdrawals from their investment management accounts. If at any time the Client's account is less than the minimum account size designated, the Agreement may be subject to termination by United Capital after formal written notice is provided to the Client. United Capital's investment strategies are designed as long-term investment vehicles and asset withdrawals may impede the achievement of a Client's investment objectives or goals.

**ITEM 8:**  
**METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

**Methods of Analysis**

The United Capital Investment Committee and Investment Operating Groups are responsible for analyzing the specific securities that Client assets are invested in as well as determining which sub-managers to use. The United Capital Investment Committee includes supervised persons of United Capital as well as non-affiliated investment professionals participate who contribute to investment committee meetings by performing analysis and research projects. The non-affiliated professionals typically have specific expertise in areas such as domestic and international micro and macroeconomics, technical market analysis, and other areas that United Capital believes outside experts would offer a perspective beneficial to how it exercises discretion in the management of Client accounts. The United Capital Investment Committee and/or the Investment Operating Group regularly review the implementation and performance of all investment strategies and sub-managers, along with any relevant current financial information.

When evaluating the capital markets and investment landscape, the Committees consider a number of factors. The evaluation process starts with a global macroeconomic view, which drives United Capital's broader asset allocation decisions. Additionally, the Committees use fundamental and technical valuation analysis to evaluate securities positions.

**Risk and Tax Disclosure**

Investing in securities involves risk of loss that Clients should be prepared to bear. Investment performance can never be predicted or guaranteed and the value of a Client's account or portfolio holding will fluctuate due to market conditions and other factors. For all accounts United Capital manages, there is a risk that the investments selected will underperform comparable indices.

Certain strategies that United Capital may implement may exhibit higher turnover, which might have certain negative implications, including but not limited to reduced investment performance versus

comparable indices, additional brokerage and transaction costs, and may, in some instances, create additional tax liability for Clients.

To implement investment management, if a Client's account initially contains securities invested rather than a cash deposit, all or a portion of the Client's securities may be sold either at the initiation of, or during, the course of management of their account. United Capital is not responsible for market risk that may result in losses in a Client's account during the in-kind transfer of securities from one institution to another. The Client is responsible for any tax liabilities arising from such transactions and is encouraged to seek the financial guidance of a qualified tax professional. Except as noted for above, as an outside business activity for some supervised persons, United Capital, its affiliates and associated persons do not provide tax or legal financial guidance for services it provides to Clients.

**Item 9:**

**DISCIPLINARY INFORMATION**

Investment advisers and their management persons are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client, or a prospective Client's evaluation of United Capital's advisory business or the integrity of United Capital's management. United Capital has no reportable disciplinary information.

**ITEM 10:**

**OTHER FINANCIAL INDUSTRY ACTIVITY AND AFFILIATIONS**

Certain IARs of United Capital may be licensed as a registered representative with Girard Securities, Inc., ("Girard"), a broker-dealer not affiliated with United Capital, or other another broker dealer not affiliated with United Capital. When acting as a registered representative, these individuals offer brokerage services. When acting as a registered representative to provide brokerage services, to the extent that transactions are executed through Girard, these representatives receive commissions for those transactions. Brokerage services provided by a registered representative are different from advisory services offered through United Capital, because an advisory relationship imposes a fiduciary duty for financial guidance under Sections 206 of the Investment Advisers Act of 1940 where the standard of care when recommending securities to a Client is higher than in the case of a brokerage relationship where the standard of care is "suitability," which may merely determine whether the recommended security is appropriate for a Client and adheres to the Client's investment objectives and risk tolerance, and not necessarily in the Client's best interest. Clients are under no obligation to conduct brokerage services through the IAR's associated broker-dealer. Because of the potential for the IAR to generate a commission separate from or in addition to fees charged by United Capital, the IAR may have an incentive to recommend investment products based on the compensation it may receive, rather than on the Client's needs.

Certain IARs of United Capital may serve as IARs with an investment adviser not affiliated with United Capital, including Girard. These IARs may choose to offer investment financial guidance and investment management services through a different investment adviser other than United Capital, or through United Capital. The decision as to which investment adviser is chosen for a specific service is made at the IARs discretion and is typically based on the specific needs of each individual Client and the availability of services through the different investment advisers. The compensation arrangement with different investment advisers may be different for the IAR, and as such, the IAR may have an incentive to choose one investment adviser over another. This relationship may cause other conflicts of interest for the IAR when they choose one investment adviser over another, due to affect the recommendation has on the incentive and compensation that the IAR receives.

United Capital's IARs who are registered representatives through Girard and receive compensation from Girard are therefore incentivized to conduct securities transactions through Girard. Further, United Capital has a consulting arrangement with Girard, whereby the two businesses may mutually refer Clients for investment adviser and broker-dealer services. This arrangement presents a conflict of interest in that the IAR, United Capital and Girard may prefer to refer business to one another over other broker-dealers and investment advisers, as discussed below under item 14.

### **United Capital Affiliations**

United Capital Risk Management ("UCRM"), an insurance agency located in Ft Lauderdale, Florida registered with various state insurance divisions, is a wholly owned subsidiary of United Capital. Certain IARs of United Capital may affiliate with UCRM to offer fixed insurance products to Clients and prospects.

PFE Advisors, Inc. (d/b/a The PFE Group), a pension consulting firm located in suburban Boston, Massachusetts and registered as an investment adviser with the Securities and Exchange Commission, is a wholly owned subsidiary of UCFP. The PFE Group provides pension consulting services to its Clients as well as other non-advisory services such as educational workshops and employee benefit communications. The PFE Group and United Capital have referral arrangements whereby pension or profit sharing institutional Clients of United Capital may be referred to The PFE Group, and plan participants in pension and consulting plans of The PFE Group may be referred to United Capital for individual advisory services. No compensation is paid to United Capital or The PFE Group for such referrals. The PFE Group also provides sub-advisory services to United Capital through its service offering marketed under the name United Capital Retirement Advisers ("UCRA") (See additional information under Item 4.)

### **Affiliated Persons Activities**

Certain supervised persons of United Capital who serve as investment adviser representatives with it may separately serve as trustees for accounts that are not Client accounts of United Capital ("trustee-clients"). In such situations, when the supervised person is acting as trustee for a trust that is not a Client of United Capital, United Capital will not accept custody over trustee-clients' funds or securities. This exclusion does not include Client accounts of family members managed by investment adviser representatives employed with United Capital and who serve as trustee for a family account. Alternatively, there may be certain situations where an supervised person serves as the trustee for an account under United Capital's supervision that is not a family account. In this case, since the supervised person is a related party to United Capital, United Capital will not allow the supervised person to hold, directly or indirectly, the trustee-client's funds or securities. Nor will it permit the supervised person to obtain possession of them, in connection with advisory services that United Capital provides to such trustee-clients.

As an outside business activity, certain supervised persons of United Capital may sit on the board of private and public companies, non-profit organizations, and state and local government agencies. The boards that supervised persons sit on may include third parties that United Capital hires to help support the advisory services it provides to Clients and Client accounts.

### **ITEM 11:**

#### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

United Capital has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at United Capital must acknowledge the terms of the Code of Ethics annually, or as required by any amendment of the Code of Ethics. Nevertheless, because the Code of Ethics in some circumstances would permit supervised persons to invest in the same securities as Clients, there is a possibility that supervised persons holding securities might benefit from market or trading activity conducted in a Client's account. Supervised person trading is continually monitored under the Code of Ethics in an effort to prevent any potential conflicts of interest between United Capital and its Clients.

United Capital's Clients or prospective Clients may request a copy of its Code of Ethics by calling 949-999-8500, or writing to United Capital at 620 Newport Center Drive, Suite 500, Newport Beach, CA 92660.

It is United Capital's policy to not broker any principal or agency cross securities transactions for Client accounts. United Capital will also not broker trades between Client accounts.

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction. Under SEC Interpretation of Section 206(3) of the Investment Advisers Act, Release No. IA-1732, the SEC states: "We have concluded that if an investment adviser receives no

compensation (other than its advisory fee), directly or indirectly, for effecting a particular agency transaction between advisory Clients, the adviser would not be "acting as broker" within the meaning of Section 206(3)". Based on this interpretation, United Capital does not act as "agent" with respect to Rule 206(3) and is not subject to the written disclosure requirements of the rule.

In certain instances, a United Capital portfolio manager may decide that a securities position to be liquidated in one Client's account may be a good purchase for another Client. When this occurs, the portfolio manager may conduct a needs analysis to determine whether another Client might benefit from owning the securities position. If such activity does take place, with one United Capital Client selling a position and a separate Client purchasing the same position, United Capital shall not be compensated or receive any financial benefit from doing so. of any kind, from either party, except for its normal asset management fee.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory Client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another Client account. United Capital does not perform principal transactions.

United Capital may refer certain Clients, on a case-by-case basis, to entities offering alternative investments, including hedge funds. United Capital's CEO is related to a fund manager for one fund that it has referred Clients who have invested in the fund, and the CEO and his family members are limited partner investors in that fund. In the future, United Capital may refer Clients to this fund, as it deems appropriate based on individual Client needs and circumstances. When referring Clients to this fund, United Capital will provide Clients for signature with a disclosure form containing information explaining this conflict of interest.

When investing its own corporate funds, United Capital, or its parent or affiliates, primarily use fixed-income deposits or money-market funds, United Capital does not intentionally invest in the same securities as its Clients or have its own proprietary account(s) alongside any Client accounts.

Certain supervised persons may have accounts managed by United Capital and/or may be invested in the same securities that are recommended to Clients or held in Client portfolios. Supervised persons may also hold securities or trade for their own accounts contrary to financial guidance provided to Clients. If supervised persons have hired United Capital to manage their accounts on a discretionary basis, those accounts are traded along with other Client accounts and are not given any different or special treatment.

#### **ITEM 12: BROKERAGE PRACTICES**

United Capital does not take custody of Client assets and is not a broker dealer. United Capital may recommend that clients use particular companies for custodian and brokerage services. United Capital is not affiliated with any company that it refers Clients to for custody and/or brokerage services. Examples of companies that United Capital may refer Clients to for include, but are not limited to Charles Schwab & Co., Inc., Fidelity Brokerage Services, LLC and TD Ameritrade, along with others.

#### **Soft Dollars**

United Capital receives products and services from firms providing custodial services that benefit United Capital but that may not benefit all United Capital Clients. These services are typically offered to all investment advisers working with the custodian and do not have a specific cost tied to the benefit. Some of these products and services assist United Capital in managing and administering Client accounts. These products and services include software and other technology that provide access to Client account data (such as trade confirmations and account statements); services that facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts); research, pricing information and other market data; products and services that facilitate payment of United Capital fees from its Client accounts, and assist with back office functions, recordkeeping and Client reporting. Generally, many of these services may be used to service all or a substantial number of United Capital's Client accounts.

Third party service providers may also make available to United Capital other services intended to help United Capital manage and further develop its business enterprise but that do not benefit its Clients. These services may include consulting, offering publications and conferences on practice management,

information technology, third party research, business succession, regulatory compliance and marketing. In addition, third parties service providers may arrange and/or pay for these types of services rendered to United Capital by independent third parties. The third party service providers may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of other third parties providing such services to United Capital. Third party service providers may also contribute to educational events held by United Capital for its supervised persons. Further, occasionally, Client account custodians and other third party vendors may make, on United Capital's behalf, charitable contributions to non-profit organizations. Likewise, these contributions benefit United Capital but do not benefit its Clients.

United Capital may, in some instances, enter into agreements where a service provider agrees to pay for services of a third party vendor. These would include agreements with Charles Schwab & Co., Inc., Fidelity Brokerage Services, LLC, TD Ameritrade and other custodians. Further, in certain situations, United Capital may inherit Client relationships that previously include a soft dollar arrangement. In these cases it is United Capital's policy to review the relationships for conflicts of interest, and when appropriate, to wind down any relationships of this nature as soon as practicable. Third party service providers may also refer Clients (see Schwab Advisor Network & TD Ameritrade AdvisorDirect Client Referrals below) or adviser partner candidates to United Capital.

While as a fiduciary, United Capital endeavors to act in its Clients' best interests, United Capital's recommendation that Clients maintain their assets in accounts at a particular custodian may be based in part on the benefit to United Capital of the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided. This may benefit United Capital more than individual Clients. United Capital may have an incentive to select or recommend a broker-dealer based on its interest in receiving these benefits, rather than the Client's interest in receiving the most favorable execution. It's possible that Clients would pay lower commissions by using a broker-dealer that does not provide any benefit to United Capital.

### **Third Party Service Providers**

United Capital typically asks Clients to custody their assets with a specific custodian. United Capital's recommendation to its Clients to hold assets in custody with a particular firm is based on various factors, including, but not limited to:

- the historical place where the assets were held in custody prior to the Client becoming a Client of United Capital, and
- the services provided by the custodian to United Capital to help service the Client's assets (see "Soft Dollars" above).

Custodians that United Capital recommends to its Clients may also provide certain services that may benefit United Capital and its business in general, rather than benefit specific Clients. Such benefits include but are not limited to:

- Offering a line of credit or loan facility to United Capital;
- Sharing in IAR recruitment expenses and other business growth initiatives; and
- Payment directly to vendors supporting United Capital's business including research providers, trade administration, portfolio accounting systems, Bloomberg terminals, supporting United Capital's management of Client assets.

United Capital receives additional benefits based upon its relationship with certain third party service providers, including Fidelity Brokerage Services, LLC and their affiliated entities (combined "Fidelity"). As part of its relationship, Fidelity has provided United Capital with a line of credit to provide additional capital to the firm. A provision included in the line of credit is an expectation that certain Client asset thresholds are maintained with Fidelity and that United Capital conducts continued business with Fidelity. Additionally, Fidelity has paid in the past, and may in the future, a portion of the recruiting fee for certain business assets acquired by United Capital. These benefits may present a conflict of interest in that they provide United Capital with an incentive to recommend that its Clients custody their assets at Fidelity over other custodians that do not provide such benefits.

United Capital participates in the institutional adviser programs offered by Charles Schwab & Co., Inc. ("Schwab") through the Schwab Advisor Network® ("the Service") and from TD Ameritrade Institutional ("TD") from their AdvisorDirect program. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD and Schwab offer to independent investment advisers services which include custody of

securities, trade execution, clearance and settlement of transactions. United Capital receives some benefits from TD and Schwab through these programs. (Please see the disclosure under Item 14 below.)

United Capital does not have to pay for Schwab's services, or the benefits it provides to United Capital, as long as it keeps at least \$10 million of Client assets in accounts at Schwab. Beyond that, the services provided by Schwab are not contingent upon United Capital committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give United Capital incentive to recommend that Clients maintain their account with Schwab. This is a potential conflict of interest, but the \$10 million expectation for assets held in custody with them represents a very small portion of United Capital's total assets under management.

While United Capital may recommend a custodian to Clients, Clients are not obligated to follow its recommendation. It is the Client's decision on where they custody their assets. If a Client chooses to custody their assets at a custodian other than what is recommended by United Capital, the firm may not be able to discretionarily manage the Client's assets, thus restricting the kinds of services it can make available.

#### **Execution/Directed Brokerage for Discretionary Managed Accounts**

Trading for discretionary investment management agreements is directed by and is the responsibility of United Capital. United Capital, determines the securities to be bought or sold, the price, the timing, and the selection of broker-dealer it believes is capable of providing best execution of Client transactions. United Capital's portfolio managers will generally direct transactions to United Capital designated broker-dealers based on their execution capabilities. The use of a designated broker may or may not always allow United Capital and/or sub-managers to obtain best price and execution of portfolio transactions than could have been obtained outside a directed brokerage arrangement. Transactions in Client accounts for certain asset classes supervised by a Sub-Manager may be directed to broker-dealers that the sub-manager believes are capable of providing better execution of Client orders. While United Capital believes the broker-dealer it has selected will provide best execution and services, it is possible that better execution may be obtained through another broker-dealer. However, Clients should be aware that the directed brokerage arrangement through broker-dealers United Capital selects may be viewed as an incentive for United Capital to utilize that broker-dealer regardless of execution quality in order to avoid incurring the charges that may accompany trading with other broker-dealers.

Transactions for each Client account generally will be effected independently, unless United Capital decides to purchase or sell the same securities for several Client accounts at approximately the same time. United Capital may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably, among United Capital's Clients, differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among United Capital's Clients in proportion to the purchase and sale orders placed for each Client account on any given day. To the extent that United Capital determines to aggregate Client orders for the purchase or sale of securities, including securities in which United Capital's associated person(s) may invest, United Capital shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* United Capital shall not receive any additional compensation or remuneration as a result of the aggregation.

The Client may direct United Capital to use a particular broker-dealer (subject to United Capital's right to decline and/or terminate the engagement) to execute some or all transactions for the Client's account. In such event, the Client will negotiate terms and arrangements for the account with that broker-dealer, and United Capital will not seek better execution services or prices from other broker-dealers or be able to "batch" the Client's transactions for execution through other broker-dealers with orders for other accounts managed by United Capital. As a result, a Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that transactions for Client accounts are effected through a broker-dealer that refers investment management Clients to United Capital, the potential for conflict of interest may arise.

Consistent with obtaining best execution, transactions for a Client's account may be effected through broker-dealers in return for research products and/or services which assist United Capital in its investment

decision making process. Such research generally will be used to service all of United Capital's Clients (including accounts that may not generate commissions used to pay for investment research), but brokerage commissions paid by a Client may be used to pay for research that is not used in managing the Client's account. The account may pay a broker-dealer a commission greater than another qualified broker-dealer might charge to effect the same transaction where United Capital determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

### **ITEM 13:** **REVIEW OF ACCOUNTS**

#### **Review of Investment Management Accounts**

United Capital's IARs, administrative and management personnel, and its Investment Committee members periodically and continuously monitor Client accounts for which it exercises discretionary investment management to identify situations that may warrant either a detailed review or specific action on behalf of a Client. Such reviews may include, but are not limited to, performance, suitability, inactivity, high concentrations in individual securities, or a change in the Client's account information or financial situation. United Capital's Investment Operating Group will review accounts with respect to issues such as sub-manager performance results, the need for rebalancing or a change in sub-managers.

Annual or more frequent reviews are conducted with the Client and their IAR to discuss changes in the Client's investment objectives, risk tolerance and changes to, or new reasonable restrictions on the management of their investments. Clients are asked to either meet in person or by telephone or online conference at which time their financial situation, condition, or investment objectives or goals are reviewed. If the Client and IAR do not meet for a considerable period of time, greater than a year, after reasonable effort is made by the IAR to do so, the Client's account will be managed based on previously communicated expectations.

#### **Rebalancing**

United Capital will, periodically, rebalance the discretionary investment management account holdings within a Client's account. Generally, United Capital monitors the need for rebalancing at least quarterly. The primary goal is to ensure that the market value of the investments in each asset class remains closely aligned with the percentage of the total market value of the entire Client account as determined by the asset allocation model or parameters selected by the Client, within a reasonable tolerance level. In its sole discretion, United Capital may change the allocations among the various asset classes on a periodic basis. Rebalancing may generate a taxable transaction for the Client. United Capital does not typically factor the tax implication of a transaction when deciding when to rebalance an account. If no transactions are warranted, significant periods of time may go by without any transactions taking place. If there is no account activity, United Capital is still supervising the assets.

#### **Client Custodial Statements**

Each Client with an investment management agreement receives an account statement of their account(s) at least quarterly from the custodian. The statement provides detailed information including: transactions, fee debits, and other activity during the period, securities positions and money fund positions and their end-of-period fair market values. Year-end summaries of realized gains and losses (IRS Schedule D information), and dividends and interest received (IRS 1099-INT and 1099-DIV) are mailed by the custodial agent to all Clients with taxable accounts.

#### **Performance Reporting**

In addition to the custodial reports provided to Clients, an account performance report may also be provided quarterly or at other times. The portfolio performance reports may provide realized gains or losses during the period, securities and money fund positions and their end-of-period market values, and personal investment performance. It is possible that information may be different when comparing the custodial statement to the performance report. In such situation, Clients are advised to use the custodial statement as the most accurate record of their account. Performance reports attempt to display performance net of any United Capital management fees, but there may be certain instances where fees are not accounted for, including when fees are paid by check or from a separate account, not included in the performance report.



## **Financial Planning**

Comprehensive financial plans are prepared for Clients who have retained United Capital for this purpose. Upon completion of the plan, a United Capital IAR will meet with the Client to review the plan and answer any questions the Client may have about the contents of the plan.

## **ITEM 14:**

### **CLIENT REFERRALS AND OTHER COMPENSATION**

#### **Continuing Education & Product Training**

From time-to-time, United Capital organizes educational and training meetings for its associated persons. Certain product providers, non-affiliated managers and vendors are permitted to make presentations to its associated persons. The presentations may or may not provide continuing education credits, such as for insurance licensing. These providers may contribute to the cost of putting on these sessions at hotels or other meeting facilities. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12 Brokerage Practices. The availability to us of these products and services is not based on us giving particular investment financial guidance, such as buying particular securities for our Clients.

#### **Soft Dollars and Other Benefits**

United Capital may receive additional benefits from third parties. See additional disclosures relating to Soft Dollars in the "Soft Dollar" section above in Item 12 Brokerage Practices.

#### **Line of Credit**

Fidelity Brokerage Services, LLC (combined with affiliates represented as "Fidelity") has made a line of credit available to United Capital to help support the growth of the firm's business. The credit facility contains provisions relating to certain minimum Client asset thresholds that are expected to be maintained by United Capital in custody through Fidelity. Additionally, the credit facility contains provisions that Clients will be referred to Fidelity to hold their assets in custody, unless United Capital finds a reasonable basis for referring Clients to another custodian. While the Client asset thresholds are in line with United Capital's historical referrals made to Fidelity, the fact that the credit facility is contingent on certain thresholds being met presents a conflict of interest.

#### **Recruiting Expenses**

As a part of United Capital's business, the firm hires outside parties (recruiters) to help find investment adviser representatives interested in joining United Capital. The recruiters are typically paid a fee based on a percentage of the total revenue of the IAR or business referred to United Capital. At times, others may contribute to the recruiting expense United Capital might incur, including custodians of Client assets like Fidelity. When a third party contributes to the recruiting expense, it presents a conflict of interest, as United Capital may have an incentive to refer the Client to the third party custodian sharing the cost of the recruitment expense over another custodian.

#### **Client Referrals**

United Capital's investment management division receives Clients primarily through referral from its IARs, who are associated persons. When Clients are referred to United Capital, the IAR is typically compensated through salary paid to them by United Capital.

To provide incentives to IARs to join United Capital, the firm may pay an IAR, or their former business, additional compensation when the IAR joins United Capital. IARs associate with United Capital, primarily, in two ways. One such way is when an IAR joins as a recruit and is then paid an upfront signing bonus in the form of a forgivable or non-forgivable loan. When a loan is paid, the amount is typically based on the expected revenue that the new IAR will generate after joining United Capital. The bonus paid is individually negotiated between the new IAR and United Capital.

A second way IARs join United Capital is when certain Clients are referred to United Capital as part of a partial or full sale of the IAR's practice to United Capital. When United Capital acquires any portion of the IAR's practice, the IAR, or their business, is paid additional compensation based on whether certain pre-determined asset transition thresholds are met. The additional compensation is paid in the form of upfront cash, forgivable loans or other loans, notes payable, or stock in United Capital or its parent company, or a combination thereof. The amount of the combined payment typically is a multiple of the expected

revenue that will be generated from the assets that are transferred to United Capital. The amount is individually negotiated with each IAR, or the business, that sells assets to United Capital.

A transfer of purchase price, as described above, based on the percentage of Clients who transfer their business to United Capital, or the anticipated revenue that is expected to be generated from Clients who transfer, raises conflicts of interest, including the concern that the IAR has an incentive to recommend that Clients transfer their assets to United Capital over another investment adviser. United Capital believes that Clients are not impacted financially by these arrangements because the advisory fees they have paid in the past do not increase when transitioning their business to United Capital.

United Capital also works with different affinity groups to market its services to their members. When working with affinity groups, United Capital may pay the group for providing access to their members. If the payment is based on a percentage of the fees earned by United Capital from its members, it is done so in accordance with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940.

United Capital may at times pay a small amount ("gifts") to Clients and third parties who refer Clients to it. These gifts are typically of nominal value and are not based on a percentage of the actual or anticipated earnings that United Capital would generate or expect to generate from any new Clients gained.

United Capital may pay individuals to contact Clients and or prospective Clients (combined "Clients") in an effort to invite the Clients to seminars or meetings. Clients are not charged for this service.

United Capital also receives referrals from third parties that are not affiliated with United Capital. The third parties may be paid a flat fee for referrals, or a percentage of the fees that the Client pays to United Capital. In these situations, in accordance with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940, a Joint Marketing and Selling Agreement is executed between United Capital and the third party. The third party will also provide a Solicitor's Separate Written Disclosure Statement to the Clients at the time of the solicitation or referral disclosing the nature of the relationship with United Capital and the amount of referral fees paid.

United Capital and its IARs may refer Clients to Girard, a non-affiliated broker dealer and investment adviser. When a referral is made to Girard, this presents a conflict of interest in that the IAR, United Capital and Girard Securities may prefer to refer business to one another over other broker dealers and investment advisers due to additional compensation incentives offered through the referral versus making the referral to another firm.

#### **Schwab Advisor Network® & TD Ameritrade AdvisorDirect Referrals**

As disclosed in Section 12, United Capital participates in TD Ameritrade's institutional customer program "AdvisorDirect" and Charles Schwab & Co., Inc.'s Schwab Advisor Network®. United Capital may recommend TD Ameritrade and Schwab to Clients for custody and brokerage services. There is no direct link between United Capital's participation in these programs and the investment financial guidance it gives to its Clients, although United Capital receives economic benefits through its participation in the programs that are typically not available to TD Ameritrade or Schwab retail investors.

These benefits may include, but are not limited to, the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving United Capital participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to United Capital by third party vendors. TD Ameritrade and Schwab may also have paid for business consulting and professional services received by United Capital's related persons. Some of the products and services made available by TD Ameritrade and Schwab through their respective programs may benefit United Capital but may not benefit its Client accounts.

These products or services may assist United Capital in managing and administering Client accounts, including accounts not maintained at TD Ameritrade or Schwab, respectfully. The other services made

available by TD Ameritrade and Schwab are intended to help United Capital manage and further develop its business enterprise.

The benefits received by United Capital or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade or Schwab. As part of its fiduciary duties to Clients, United Capital endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by United Capital or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the United Capital's choice of TD Ameritrade and/or Schwab for custody and brokerage services.

The AdvisorDirect and Schwab Advisor Network® programs have minimum eligibility requirements, in addition United Capital may have been selected to participate in these programs based on the amount and profitability to TD Ameritrade and Schwab, respectively, based on the assets in, and trades placed for, Client accounts maintained with each firm. TD Ameritrade and Schwab are broker dealers independent of and unaffiliated with United Capital and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. Neither TD Ameritrade nor Schwab supervise United Capital and have no responsibility for United Capital's management of Client portfolios or United Capital's other financial guidance or services. United Capital pays TD Ameritrade and Schwab an on-going fee for each successful Client referral from their respective programs. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the Client pays to United Capital ("Solicitation Fee"). United Capital will also pay TD Ameritrade and Schwab the Solicitation Fee on any advisory fees received by United Capital from any of a referred Client's family members, including a spouse, child or any other immediate family member who resides with the referred Client and hired United Capital on the recommendation of such referred Client. United Capital will not charge Clients referred through AdvisorDirect or the Schwab Advisor Network® any fees or costs higher than its standard fee schedule offered to its Clients or otherwise pass Solicitation Fees paid to TD Ameritrade or Schwab to its Clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form, or for Schwab, the associated separate written disclosure statement for the Schwab Advisor Network® program.

United Capital's participation in AdvisorDirect and Schwab Advisor Network® raises potential conflicts of interest. TD Ameritrade and Schwab will most likely refer clients to investment advisors that encourage their clients to custody their assets at their respective firms and whose client accounts are profitable to their firms. Consequently, in order to obtain client referrals from TD Ameritrade and Schwab, United Capital may have an incentive to recommend to Clients that the assets under management by United Capital be held in custody with TD Ameritrade and Schwab, and to place transactions for Client accounts with TD Ameritrade and Schwab. In addition, United Capital has agreed not to solicit Clients referred to it through AdvisorDirect or to the Schwab Advisor Network® to transfer their accounts from the referring custodian or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. United Capital's participation in AdvisorDirect and Schwab Advisor Network® does not diminish its duty to seek best execution of trades for Client accounts.

#### **Additional Services**

United Capital receives Additional Services through its participation in the TD Ameritrade Institutional, a Division of TD Ameritrade, Inc. ("TD Ameritrade") program, which includes economic support for portfolio back office services, paid to one or more third party service provider supporting United Capital's business. The economic benefit provided to United Capital by TD Ameritrade through this program may not be offered to any other independent advisers that participate in the Additional Services Program. A specific benefit offered to United Capital through this program is a payment of \$75,000 to Envestnet to cover support for portfolio back office services. This Additional Service is provided to United Capital by TD Ameritrade without any cost and without any obligation by United Capital to refer Client assets to TD Ameritrade. TD Ameritrade provides the Additional Services in its sole discretion and at its own expense, and United Capital does not pay any fees to TD Ameritrade for the Additional Services. United Capital and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provisions of the Additional Services. TD Ameritrade has the right to terminate the Additional Services Addendum with United Capital, in its sole discretion, provided certain conditions are met. While United Capital does not have any obligation to refer Client's to TD Ameritrade for these Additional Services, United Capital has a conflict of interest in referring Clients to TD Ameritrade, because TD Ameritrade

considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, United Capital's Client accounts when determining whether to provide or continue to provide Additional Services to United Capital. United Capital's receipt of Additional Services does not diminish United Capital's duty to act in the best interest of its Clients, including seeking best execution of trades for Client accounts.

**ITEM 15:**  
**CUSTODY**

United Capital as a practice does not take custody of Client assets, outside of its authority to request the deduction and payment of agreed upon management fees from the Client's account. Clients will receive statements at least quarterly from the broker-dealer, bank or other qualified custodian that holds and maintains Clients' investment assets. Because the custodian does not calculate the amount of the fee to be deducted, it is important for Clients to carefully review their custodial statements to verify the accuracy of the calculation, as well as their holdings and activity. United Capital urges its Clients to carefully review such statements for accuracy. Clients should contact United Capital directly if they believe that there may be an error in their statement, or have any questions about any of the transactions, activity, holdings, or fees deducted.

United Capital may provide Clients with a report, or document displaying the performance of their account, or specific holdings. United Capital's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients are urged to rely on the statement from the custodian for the most accurate information.

**ITEM 16:**  
**INVESTMENT DISCRETION**

At the onset of the relationship, Clients agree to provide United Capital with investment discretion for the securities to be bought and sold, including the quantity and timing, as indicated in an executed investment management agreement. United Capital's IARs work with each Client to understand their objectives, including any reasonable restrictions on the management of their investments. When selecting securities and determining amounts, United Capital observes the investment objectives, limitations and restrictions of the Clients it advises.

**ITEM 17:**  
**VOTING CLIENT SECURITIES**

**Proxy Voting**

Unless directed otherwise, by signing the discretionary investment management service's Agreement or the AFP Agreement, the Client has appointed United Capital as its agent and attorney-in-fact to vote proxies presented by the issuers of any securities held in the Client's accounts under United Capital's supervision.

United Capital, in its sole discretion, may delegate proxy voting to third parties, including a proxy-voting service or the Sub-Managers for securities held in Client accounts in the specific asset class they are sub-advising. The Client authorizes United Capital, and any third party to which United Capital has delegated proxy voting, to receive all shareholder communications related to such proxy voting distributed by the issuers of such securities. United Capital may stop using the services of third party voting services at its sole discretion. If Clients would like to elect how to vote a proxy for a specific issue or for all of their securities managed by United Capital, they should contact their local IAR, or call United Capital at 949.999.8500 during regular business hours and ask for the Investment Management Department or write to United Capital, Investment Management Department, 620 Newport Center Drive, Suite 500, Newport Beach, CA, 92660. Any requests made to vote a specific security a certain way will be made on a best efforts basis. United Capital cannot control the timing, guarantee or provide assurance that a vote can be overrode if it was already submitted for the specific request.

If United Capital is not voting proxies for the Client, the Client maintains 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.

United Capital's Proxy Voting Policies is summarized below. To receive a copy of United Capital's Proxy Voting Policy and Procedures or to find out how United Capital or its designee, if any, voted specific Client

securities, Clients should call United Capital at 949.999.8500 during regular business hours and ask for the Investment Management Department or write to United Capital, Investment Management Department, 620 Newport Center Drive, Suite 500, Newport Beach, CA, 92660.

#### **Proxy Voting Policy Summary**

United Capital has adopted Proxy Voting Policies and Procedures ("Procedures") that are designed to fulfill its duties of care and diligence to its Clients. These Procedures are designed to ensure that Client securities are voted in the best interests of United Capital's Clients and address material conflicts that may arise between United Capital's interests and those of its Clients. The primary policy of United Capital is to "vote in the best interest of the Client through the use of third party Proxy voting and research provider services, where analysis and review is conducted on the proxy proposal. The Procedures contain guidelines that focus on the best interests of the Clients, including election of Directors, auditor ratification, executive compensation, authorized shares, shareholder rights, merger/acquisitions, shareholder proposals, governance and environment/social. The Client reserves the right and opportunity to vote proxies themselves, or to address the voting issue through other objective means, such as voting in a manner consistent with pre-determined voting policy or receiving an independent third-party voting recommendation. United Capital is not obligated to vote every proxy; there may be instances when refraining from voting is in the best interests of the Client. United Capital may vote securities differently for different Clients and may use a proxy voting service or delegate the proxy voting to Sub-Managers.

#### **Item 18:**

#### **FINANCIAL INFORMATION**

This item is meant to provide certain financial information or disclosures about United Capital's financial condition. United Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.