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**Client Disclosure Brochure: ADV Part 2A Appendix 1 - Client Wrap Fee Program Brochure**

This wrap fee program brochure provides information about the qualifications and business practices of United Capital Financial Advisers, LLC ("United Capital") and its Strategic Portfolio Advisory Services. If you have any questions about the contents of this brochure, please contact us at 949-999-8500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about 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).

## Material Changes

This section of the ADV Part 2A brochure is meant to describe any material changes relating to United Capital that Client's should be aware of since the last update of this brochure.

ClientWe do not have any material changes to report at this time.

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 Brochure as necessary based on changes to our business or the services provided to you, or if there is new 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.

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## **Services, Fees and Compensation**

### **Description of Business**

United Capital Financial Advisers, LLC ("United Capital" or "United Capital Private Wealth Counseling") (formerly organized as United Capital Financial Advisers, Inc.) 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. Regional offices of United Capital may represent themselves through various names including United Capital, United Capital Private Wealth Counseling, or United Capital followed by a regional location. Additionally, certain offices may use a different name followed by the wording "a division of United Capital Financial Advisers".

### **General Description of Strategic Portfolio Advisory 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 and fixed income 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.

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

Clients have the option to place reasonable restrictions on their wealth counseling & advice services, discretionary 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 United Capital's Investment Committee, the Client's Investment Adviser Representative ("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).

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

Clients are subject to two primary fees relating to the management of their account; an investment management fee which is charged as a percentage of the Client's assets under management and transaction costs charged by the broker dealer executing the transactions in the Client's account. In certain instances Clients are assessed these fees separately (Non-Wrap), or in one combined fee (Wrap). Since the difference between the two types of accounts relate to transaction fees, depending on how the Clients assets are invested, a Wrap Fee account may cost less than a Non-Wrap Fee account, or visa versa. IARs work with Clients 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 (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.

In addition to the investment management fee and the transaction costs, Clients may be subject to other fees, as described below.

**Assets Under Management (as of 12/31/2012)**

	<b>Assets Under Management</b>	<b>Number of Accounts</b>
Discretionary	\$7,344,816,762.54	21,081
Non-Discretionary	\$482,091,889.64	228
<b>TOTAL</b>	<b>\$7,826,908,652.18</b>	<b>21,309</b>

**Fees**

Each Client will enter into an agreement that describes United Capital's services and fees ("Agreement"). The annual Investment Management fee rate is negotiated with the Client based on the following fee schedule that serves as a general guideline. (See "Negotiated Fees" below for additional information)

<b>ANNUAL BASELINE FEE SCHEDULE [3]</b>		
<b>TIER[2]</b>	<b>INVESTMENT MANAGEMENT ONLY[1, 2]</b>	<b>COMBINED SERVICES (INVESTMENT MANAGEMENT + WEALTH COUNSELING &amp; ADVICE)[1, 2]</b>
\$0 TO \$249,999	1.75%	2.25%
\$250,000 TO \$499,999	1.50%	2.00%
\$500,000 TO \$999,999	1.25%	1.55%
\$1,000,000 TO \$2,000,000	1.10%	1.30%
GREATER THAN \$2,000,00	1.00%	1.10%

The following information applies to the above fee chart:

1. Sub-Manager, Manager or Manager Research Fees: The investment management fee does not typically include fees charged by managers, sub-managers or fees assessed to cover manager research fees. These fees typically range from 0% to 1% of the Client's assets under management and are billed either quarterly or annually. These fees 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 fee associated rather than a non-affiliated manager or a strategy that does not include additional fees, since it and its Wealth Advisers may receive additional fees.
2. The Client's total fee rate will be blended using these stepped rates.

**Negotiated Fees**

The amount and method for calculating United Capital's Investment Management fees referenced in the fee schedule are negotiated with each Client and confirmed in the Client's Agreement or, if the schedule has changed since the initial agreement that the Client signed, through supporting documentation. . While the Investment Management fee is typically assessed a percentage of the Client's assets under United Capital's management, it may also be assessed as a flat dollar amount

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

- 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 fee rates charged to other similar Clients

The Client's IAR will determine the fees for service after carefully balancing the consultative and the implemented portion of the Client relationship. As a result, similar Clients may be charged different fees for similar services.

United Capital may also combine the assets from "related accounts" to reduce the combined fee rate charged to Clients, this is also known as "householding." The Clients 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 fee negotiation with 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.

United Capital has acquired certain Client relationships through its business acquisitions and recruiting efforts. To accommodate such transitions, the fee United Capital is charging the Client may have been previously determined by a prior investment adviser relationship established before the advisory relationship with United Capital. This may mean that some Clients may be paying higher or lower fees than United Capital's current fee schedule provided in this brochure based on arrangements accompanying the transitions. Some Clients may have received reimbursement or credit for transfer fees 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 fees 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 fees will be refunded to the Client on a pro-rata basis. United Capital will begin the process of removing its 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.

#### **Investment Management Fees**

United Capital charges its Clients an annual management fee based on an agreed upon percentage of the Client's assets under management. These investment management fees are payable quarterly. The method for billing these fees may vary based on the local regional offices 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 fees 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 fees 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 fees for account withdraws of less than \$20,000.

United Capital's annual investment management fee includes fees for the following services: mutual fund and sub-manager performance review, selection, monitoring and replacement, 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 fees depending on the valuation source of the securities in their specific account.

There are certain fees and expenses that Clients may incur, which are not included as part of the annual fees for investment management services charged by United Capital.

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

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

United Capital imposes a minimum account size of \$100,000 and, in the case of sub-managed assets a sub-managers 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. United Capital reserves the right to terminate any account falling below its stated account minimum.

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 fees begin accruing prior to the date the Client signs the Agreement.

United Capital reserves the right to amend its fee schedules at any time.

Clients should be aware that the fees 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 fee rate charged to Clients may be negotiated and may be different from the fee rate charged if the Client were referred by an affiliated IP. In no circumstance will the negotiated fee rate be higher than the Annual Baseline Fee 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 fee debits, or Clients submit payment by check. Clients will receive a quarterly statement from the custodian showing the amount of management fees that have been debited from their account. By signing the Agreement, Clients are authorizing the debit of both the initial pro-rata fee and on-going quarterly fees.

### **Mutual Fund and ETF Fees and Expenses**

The mutual funds selected for inclusion in Client accounts United Capital manages are either no-load funds or load-waived mutual funds. All mutual funds and ETFs pay management fees to their investment advisers, and certain funds and money-market accounts have other types of fees or charges, including 12b-1, administrative or shareholder servicing fees, early redemption, bank servicing or certain other fees, which may be deducted from the net asset value of the funds that may be held in Client accounts on a continuing basis. These fees are routinely charged to all fund or security shareholders or owners and are separate from and in addition to United Capital's management fees.

### **Other Fees**

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 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 fee), maintenance of a Client inquiry system, as well as execution of securities transactions in the Clients account. Additionally, a transaction fee 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 fees 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.

### **Initial Consulting Fee**

New Clients may be charged an Initial Consulting Fee ("ICF"). The ICF is a fee negotiated between the United Capital IAR and the Client of 0% to 1.5% of the Client's assets being advised by the IAR. The ICF covers the potentially significant amount of initial work completed by United Capital and its IAR's. Initial work may include gathering information about a Client's historical investments and financial circumstances, helping Clients to complete required custodial and other third party paperwork, as well as other efforts that may be needed for new clients. The ICF is charged up-front for new Clients, at the inception of the Client relationship. The fee will either be deducted from the Client's account or paid by check or other means, as the Client chooses. The agreed upon ICF will be referenced in the Agreement AFP Agreement.

### **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 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 fees 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.

### **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

United Capital generally provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, corporations, charitable institutions, foundations and endowments.

### **Minimum Account Size**

Generally, United Capital's investment management services are available for accounts with a minimum asset value of at least \$100,000 and, in the case of sub-managed assets the sub-managers may impose



their own minimum requirements. The IAR working with the Client 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.

## **PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **Portfolio Manager Selection**

United Capital IARs work with Clients to understand their risk tolerance and objectives and determine an appropriate asset portfolio construction. Once an appropriate portfolio is constructed, the United Capital Investment Committee oversees the individual security selection and execution.

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.

The United Capital Investment Committee is comprised of a core voting group, along with sub-committees that report to the primary Investment Committee. Members of United Capital's Investment Committee are generally required to have both a high school and college education or equivalent experience. In addition, all personnel who provide investment advice 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 backgrounds or designations as permitted by regulations.

The United Capital Investment Committee typically meets on a weekly basis to review the various investment strategies and the securities that the strategies are invested in, using Fundamental and/or Technical analysis to judge the merit of each specific investment where discretion is employed. The Investment Committee typically analyzes the performance of each investment (whether a strategy or individual security) based on pricing provided by the custodian where the Client's assets are held. For purposes of analysis, the committee may also use security analysis systems such as Morningstar or Bloomberg to apply a more detailed analysis of the securities. For certain sub-advisers, the committee may rely on performance data provided by the portfolio manager. In these situations, United Capital may not independently verify the information provided by the sub-adviser. Because performance data may come from different sources, performance information may not be calculated on a uniform and consistent basis for all United Capital Clients.

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 work with their IAR to find an investment solution that meets their expectations.

Unless the Client specifically directs otherwise, 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 Client's investment goals and risk tolerance
- rebalance the Client's account periodically to conform to the asset allocation expectations of the individual account

- replace the custodial agent if deemed necessary
- select the broker-dealer for execution of securities transactions
- vote proxies on behalf of the Client
- act as the Client's agent and a attorney-in-fact to receive prospectuses, periodic reports, transaction confirmations, proxy materials, Part II of the Sub-Manager Forms ADV, and other communications from issuers of securities, as applicable and
- deduct investment management fees directly from the Client's account

United Capital 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.

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

For certain strategies, United Capital outsources a portion of the investment section to independent professional asset managers, who are not affiliated with United Capital, that act as sub-advisers ("Sub-Manager") on a limited discretionary basis. The Sub-Managers responsibility varies and may include one or more of the following:

- use discretion to determine the types of securities bought and sold, along with the percent allocation
- applying their discretion on when to buy and sell
- applying 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 deems appropriate

When a Sub-Manager is used, their activities are overseen by the United Capital Investment Committee.

United Capital may obtain a limited power of attorney from Clients invested through Sub-Managers. The limited power of attorney grants United Capital with 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 2 and/or wrap fee program brochure of Sub-Manager's Form ADV, and other documents. This limited power of attorney by the Client may be rescinded at any time by written notice to United Capital.

Upon request, United Capital will provide Clients with information about any Sub-Manager participating in the United Capital services. This information may be content provided by the Sub-Manager explaining their investment style, or an explanation created by United Capital. Additionally, United Capital will provide Clients with a copy of the Sub-Managers ADV Part 2 upon request.

### **Advisory Business**

See above "Services, Fees and Compensation" section a description of the difference between United Capital's Wrap and Non-Wrap programs.

### **Methods of Analysis**

The United Capital Investment Committee is 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 has other 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 regularly reviews 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 United Capital Investment Committee considers a number of factors. The evaluation process starts with a global macroeconomic view, which drives United Capital's broader asset allocation decisions. Additionally, the United Capital Investment Committee uses fundamental and technical valuation analysis to evaluate securities positions.

#### **Performance Based Fees**

United Capital does not charge any performance-based fees (fees 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 fees, separate from asset management fees charged as a percentage of the Client's assets under management. United Capital may share in a percentage of the performance fees charged and collected by the third party money manager, for referring Clients to the manager. Before investing in any strategy that charges performance based fees, the Client is required to sign specific disclosures discussing the fees, including how they are calculated and assessed.

#### **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 advice of a qualified tax professional. Except as noted for above, as an outside business activity for some employees, United Capital, its affiliates and associated persons do not provide tax or legal advice for services it provides to Clients.

#### **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, 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, 500 Newport Center Drive, Second Floor, 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, 500 Newport Center Drive, Second Floor, 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.

### **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

IARs act as the primary point of contact for United Capital's Clients, gathering information to understand their individual risk tolerance and financial objectives. Based on their assessment of Client's financial needs and risk tolerance, IARs select appropriate strategies or customized investments for Clients. After selecting a particular strategy or investment option, IARs provide the portfolio manager with the necessary information to execute transactions. The information provided typically includes but is not limited to the Client's:

- Name
- account number/s
- how the Client's assets should be distributed (percent allocation) into one or more strategies and
- any reasonable restrictions from the Client on how they would like their assets to be invested

The IAR notifies the portfolio manager about requested changes to the percent allocation and/or changes to reasonable restrictions requested by the Client.

### **CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients of United Capital may at times desire to speak with the portfolio managers of United Capital's Strategic Portfolio Advisory Services. Portfolio Managers are available to speak with Clients upon request, with reasonable advanced notice.

### **ADDITIONAL INFORMATION**

#### **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.

### **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 advice under Sections 206 of the Advisers Act 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 advice 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.

Many of United Capital's IARs are registered representatives through Girard and receive compensation from Girard; therefore, they are 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 employees 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 employee 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 employee serves as the trustee for an account under United Capital's supervision that is not a family account. In this case, since the employee is a related party to United Capital, United Capital will not allow the employee to hold, directly or indirectly, the trustee-client's funds or securities. Nor will it permit the employee to obtain possession of them, in connection with advisory services that United Capital provides to such trustee-clients.

As an outside business activity, certain employees of United Capital may sit on the board of private and public companies, non-profit organizations, and state and local government agencies.

### **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 employees to invest in the same securities as Clients, there is a possibility that employees holding securities might benefit from market or trading activity conducted in a Client's account. Employee 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 500 Newport Center Drive, Second Floor, 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 employees 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. Employees may also hold securities or trade for their own accounts contrary to advice provided to Clients. If employees 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.

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

United Capital 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 Committee 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.

#### **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 advice, such as buying particular securities for our Clients.

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

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 employees. 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 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 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 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 (For more information, see the section below titled "Schwab Advisor Network & TD Ameritrade AdvisorDirect Client Referrals")

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.

#### **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 affiliated persons. When Clients are referred to United Capital, the IAR is typically compensated through salary paid to them by United Capital. Some IARs receive compensation for their businesses when they transition their clients' business to United Capital through United Capital's acquisition of assets of the business. Depending on the nature of the acquisition of the IAR's business, these IARs may receive compensation based on meeting certain Client assets and revenue transfer thresholds. Additionally, certain Clients are referred to United Capital as part of a partial or full sale of the IAR's former practice to United Capital. Certain IAR's may receive additional compensation in the form of upfront forgivable loans or other loans when joining United Capital. When an IAR is compensated through payment of a forgivable loan, or other loan, or receives incentive compensation based on the percentage of clients who transfer their business to United Capital, there are conflicts of interest raised by such arrangements, including the concern that the IAR has an incentive to choose to transfer Clients' assets to United Capital over another investment adviser. United Capital believes that Clients are not impacted by these arrangements when 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 Client 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 advice 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 advice 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.

#### **EverBank Client Referrals**

United Capital associated persons may refer Clients to EverBank, an FDIC federal savings association, for banking services. As part of the referral arrangement and agreement, some United Capital representatives may recommend that Clients purchase financial services and products offered through EverBank that include, personal and business banking services, world currency certificates of deposits, credit card, and other proprietary services. United Capital representatives may receive compensation from EverBank for referring Clients to EverBank for such services.

Clients do not pay any additional fees to United Capital or EverBank resulting from the referral agreement.

The compensation that United Capital receives from EverBank for referrals fall in the following range:

<b>Services Referred Party Conducts with EverBank</b>	<b>Range of Compensation That May Be Paid To United Capital For Referral</b>
Money Market, Checking and Savings Accounts	0.0015% to 0.0035%
Certificate of Deposits	0.0005% to .006%
Credit Card	7.5% of actual finance charge revenue
Non-FDIC Metals Select Accounts	0.0025%

EverBank has no relationship with or control over United Capital or its representatives with respect to the investment management services offered by United Capital. United Capital does not include, under its management, any Client assets that the Client chooses to place with EverBank. Nor does United Capital charge a management fee on assets Clients placed with EverBank.

United Capital's receipt of referral compensation from EverBank creates a potential conflict of interest. Receipt of referral fees may provide United Capital representatives an incentive to recommend that its Clients use EverBank based on the compensation it receives rather than on the Client's needs. However, Clients are in no way required to use EverBank for any banking services or needs. Further, Clients who utilize EverBank products and services will receive the same services whether they accessed EverBank's products and services directly or through United Capital's recommendation.

#### **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.

A copy of United Capital's balance sheet for its most recent fiscal year can be found in the accompanying pages.