

Biltmore Capital Advisors, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Biltmore Capital Advisors, LLC ("Biltmore Capital"). If you have any questions about the content of this brochure, please contact us at 609-688-8701. 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 Biltmore Capital is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

In 2015, Biltmore Capital opened a new office location at 950 Peninsula Corporate Circle, Suite 1000, Boca Raton Florida 33487. There have not been any other material changes to Biltmore Capital's advisory services or personnel since the filing of its 2015 ADV Annual Amendment filing.

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Item 4. Advisory Business

Biltmore Capital offers wealth management services to high net worth clients, endowments and foundations. The firm prides itself on its investment strategies, client service, and ongoing commitment to bringing innovative solutions to its clients' financial lives. Biltmore Capital was founded in June 2007 and is currently owned by Daniel Tyler Vernon.

Prior to engaging Biltmore Capital to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Biltmore Capital setting forth the terms and conditions under which Biltmore Capital renders its services (collectively the "*Agreement*"). As of Dec 2015, Biltmore Capital had \$312,789, 024.00 of assets under management on a discretionary and non-discretionary basis.

This Disclosure Brochure describes the business of Biltmore Capital. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Biltmore Capital's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Biltmore Capital's behalf and is subject to Biltmore Capital's supervision or control.

Wealth Management Services

Biltmore Capital may provide clients with wealth management services which generally includes a broad range of comprehensive financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios. As needed, Biltmore Capital will develop a comprehensive financial plan and/or provide ongoing financial planning services, which takes into consideration asset management, estate planning, insurance and retirement planning.

Biltmore Capital Select Program

Biltmore Capital Select Program invests in mutual funds and ETFs and is designed to provide clients a diversified portfolio across numerous asset classes. The strategy seeks to invest in a diversified portfolio of stocks, bonds and alternative investments.

Consulting/Margin Loan Program

Biltmore Capital has partnered with its' broker-dealer custodians and negotiated low interest rate margin loans to be offered to its clients. In this program, Biltmore Capital is engaged as a consultant on a fixed fee basis to assist in procuring the margin loan between the client and the broker-dealer custodian. Biltmore Capital provides ongoing consulting and other related services to these accounts as requested by the client.

Other Programs

In addition to wealth management (and as further disclosed in Item 8), Biltmore Capital may provide its

clients with an option strategy program.

Item 5. Fees and Compensation

Biltmore Capital offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management. Additionally, certain of Biltmore Capital's *Supervised Persons*, in their individual capacities, may offer insurance products under a commission arrangement.

For all services, Biltmore Capital's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Biltmore Capital does not, however, receive any portion of these commissions, fees, and costs.

Wealth Management & Biltmore Select Program Fee

Biltmore Capital provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Biltmore Capital. Biltmore Capital's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Biltmore Capital on the last day of the previous quarter. The annual fee varies (between 0.40% and 1.75%) depending upon the market value of the assets under management and the type of wealth management services to be rendered.

Biltmore Capital, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Option Strategy Fee

Biltmore Capital provides its option strategy program for either a fixed fee or asset-based fee. Biltmore Capital's option strategy program fees are negotiable, but generally range from \$2,000 to \$70,000 on a fixed fee basis, while the asset-based fee varies (between 0.65% and 1.50%), depending upon the market value of the assets under management and the type of services to be rendered. For fixed fees, the annual fee is prorated and charged quarterly, in advance. For asset-based fees, the annual fee is also prorated and charged quarterly, in advance, based on the market value of the assets on the last day of the previous quarter.

Consulting/Margin Loan Program

Biltmore Capital will consult and assist in securing low rate margin loans with its broker-dealer custodians while also providing research and other advice to their clients. Biltmore Capital does not take discretionary authority for any accounts within this program. For this service, Biltmore Capital's fees are negotiable, but generally range from \$2,000 to \$50,000 per year depending on the quantity of work and consulting needed.

Fees Charged by Financial Institutions

Biltmore Capital generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*"), Pershing Advisor Solutions ("*Pershing*"), MKM Partners, LLC ("*MKM*"), Cantor Fitzgerald & Co. ("*Cantor Fitzgerald*"), Meridian Capital Partners ("*Meridian*") and InCapital LLC ("*InCapital*") for investment management accounts. Biltmore Capital may also recommend Sterling Trust Company ("*Sterling*") for custodial services for alternate investments.

Biltmore Capital may only implement its investment management recommendations after the client has arranged for and furnished Biltmore Capital with all information and authorization regarding accounts with appropriate financial institutions. Financial Institutions include, but are not limited to, *Pershing*, *Schwab*, *MKM*, *Cantor Fitzgerald* and *Sterling* and any other broker-dealer recommended by Biltmore Capital, broker-dealers directed by client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*")

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Biltmore Capital's fee.

Biltmore Capital's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Biltmore Capital or *Independent Managers* to debit the client's account for the amount of Biltmore Capital's fee and to directly remit that management fee to Biltmore Capital or the *Independent Managers*. Any *Financial Institutions* recommended by Biltmore Capital have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Biltmore Capital. Alternatively, clients may elect to have Biltmore Capital send an invoice for payment.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Biltmore Capital and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Biltmore Capital's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Biltmore Capital's right to terminate an account. Additions may be in cash or securities provided that Biltmore Capital reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Biltmore Capital, subject to the usual and customary securities settlement procedures. However, Biltmore Capital designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Biltmore Capital may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter that exceed \$100,000, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter.

Item 6. Performance-Based Fees and Side-by-Side Management

Biltmore Capital does not charge a performance-based fee.

Item 7. Types of Clients

Biltmore Capital provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Account Size

As a condition for starting and maintaining a relationship, Biltmore Capital generally imposes a minimum portfolio size of \$1,000,000 for its traditional Wealth Management Services and a minimum of \$250,000 for its Biltmore Capital Selects Program. Biltmore Capital, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. Biltmore Capital only accepts clients with less than the minimum portfolio size if, in the sole opinion of Biltmore Capital, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Biltmore Capital may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Biltmore Capital. In such instances, Biltmore Capital may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis

Biltmore Capital's primary methods of analysis are fundamental and technical:

Fundamental analysis involves the fundamental financial condition and competitive position of a Company or asset class. Biltmore Capital may analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's or asset class' markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company or asset class may be good, market conditions may negatively impact the security

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical patterns may not help to predict such patterns in the future. Even if the pattern will eventually reoccur, there is no guarantee that Biltmore Capital will be able to accurately predict such a reoccurrence.

Investment Strategies

Biltmore Capital customizes its asset management strategies based on individual needs and concerns of their clients. While Biltmore Capital offers each of the services described in Item 4 (above), the main focuses of the firm are its diversified portfolio management and option strategies on concentrated stock positions.

For its option writing program, after a very detailed conversation about clients' goals, Biltmore Capital's program is implemented mainly through concentrated stock positions. The firm makes specific options trades which seek to accomplish the said goals while seeking to minimizing risk.

For its diversified portfolio management, Biltmore Capital may recommend a combination of in-house Model portfolios and *Independent Managers* depending on the needs and goals of the client. Biltmore Capital selects securities and asset managers for the portfolio based on asset allocation decisions and what suits the client's needs and goals most appropriately. Specifically, Biltmore Capital tries to determine the mix of stock, bonds, money markets, and other investments that it feels offers the best combination of potential return and risk. At any given time, Biltmore Capital may allocate all, a portion, or none of the portfolio's assets to various areas of the stock, bonds, or alternative investments.

Risks of Loss

Market Risks

The profitability of a significant portion of Biltmore Capital's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Biltmore Capital will be able to predict those price movements accurately.

Structured Notes

Biltmore Capital may recommend an investment in, or allocate assets among, various structured notes. Structured notes are intermediate debt securities with interest payments that are determined by the performance of an underlying benchmark (e.g., interest rates, stock price, index, commodity or currency). In addition to the risks associated with the specific benchmark, structured note holders are also subject to various counterparty concerns. In this respect, the value of a structured note may be adversely impacted by a downgrade to the issuer's credit rating and/or an unwillingness or inability of the issuer to perform its contractual obligations.

Options

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Use of Independent Managers

Biltmore Capital may recommend the use of *Independent Managers* for certain clients. Biltmore Capital will continue to do ongoing due diligence of such managers, but such recommendations relies, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Biltmore Capital does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

Use of Private Collective Investment Vehicles

Biltmore Capital may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

Management Through Similarly Managed Accounts

For certain clients, Biltmore Capital may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, Biltmore Capital buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

Biltmore Capital's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to Biltmore Capital's clients may be limited. As further discussed in response to Item 12B (below), Biltmore Capital allocates investment opportunities among its clients on a fair and equitable basis.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

Biltmore Capital is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Biltmore Capital does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Biltmore Capital is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Biltmore Capital has described such relationships and arrangements below.

Receipt of Insurance Commission

Certain of Biltmore Capital's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Biltmore Capital does not sell such insurance products to its investment advisory clients, Biltmore Capital does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists when Biltmore Capital's Supervised Persons recommends insurance products and receives compensation.

Item 11. Code of Ethics

Biltmore Capital and persons associated with Biltmore Capital (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Biltmore Capital’s policies and procedures.

Biltmore Capital has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Biltmore Capital or any of its associated persons. The *Code of Ethics* also requires that certain of Biltmore Capital’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Biltmore Capital’s *Code of Ethics*, none of Biltmore Capital’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered as such on behalf of Biltmore Capital’s clients.

When Biltmore Capital is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Biltmore Capital is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Biltmore Capital to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, Biltmore Capital generally recommends that clients utilize the brokerage and clearing services of *Schwab, Pershing, MKM, Cantor Fitzgerald, Meridian, InCapital and Sterling* (collectively referred to herein as “*Custodians*”).

Factors which Biltmore Capital considers in recommending the *Custodians* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* and *Pershing* enable Biltmore Capital to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by the *Custodians* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Biltmore Capital’s clients comply with Biltmore Capital’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Biltmore Capital determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution’s* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Biltmore Capital seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Biltmore Capital periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Biltmore Capital in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Biltmore Capital will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Biltmore Capital.

As a result, the 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. Subject to its duty of best execution, Biltmore Capital may decline a client’s request to direct brokerage if, in Biltmore Capital’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless Biltmore Capital decides to purchase or sell the same securities for several clients at approximately the same time. Biltmore 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 Biltmore Capital’s clients.

To the extent that Biltmore Capital determines to aggregate client orders for the purchase or sale of securities, including securities in which Biltmore Capital's *Supervised Persons* may invest, Biltmore Capital generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Biltmore Capital does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Biltmore Capital determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Biltmore Capital may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Biltmore Capital in its investment decision-making process. Such research generally will be used to service all of Biltmore Capital's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Biltmore Capital does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Biltmore Capital may receive from *Schwab* and/or *Pershing*, without cost to Biltmore Capital, computer software and related systems support, which allow Biltmore Capital to better monitor client accounts maintained at *Schwab* and/or *Pershing*. Biltmore Capital may receive the software and related support without cost because Biltmore Capital renders investment management services to clients that maintain assets at *Schwab* and/or *Pershing*. The software and related systems support may benefit Biltmore Capital, but not its clients directly. In fulfilling its duties to its clients, Biltmore Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Biltmore Capital's influence Biltmore Capital's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Biltmore Capital may receive the following benefits from *Fidelity* and/or *Pershing* through their respective investment adviser divisions: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its investment adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

13. Review of Accounts

For those clients to whom Biltmore Capital provides wealth management services, Biltmore Capital monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a annual basis. Such reviews are conducted by one of Biltmore Capital's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Biltmore Capital and to keep Biltmore Capital informed of any changes thereto. Biltmore Capital contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Item 14. Client Referrals and Other Compensation

Biltmore Capital is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services.

Biltmore Capital may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Biltmore Capital does have a referral arrangement in which it pays compensation to a third party for client referrals. Any such referral would receive full disclosure of all compensation paid by Biltmore prior to any engagement for investment advisory services.

Item 15. Custody

Biltmore Capital does not maintain physical custody client assets. Biltmore Capital engages several qualified, nationally recognized SEC registered broker-dealers to custody and safe keep client assets.

Biltmore Capital's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Biltmore Capital through such *Financial Institution* to debit the client's account for the amount of Biltmore Capital's fee and to directly remit that management fee to Biltmore Capital in accordance with applicable custody rules.

The *Financial Institutions* recommended by Biltmore Capital have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account.

Item 16. Investment Discretion

Biltmore Capital may be given the authority to exercise discretion on behalf of clients. Biltmore Capital is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Biltmore Capital is given this authority through a power-of-attorney included in the agreement between Biltmore Capital and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Biltmore Capital takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

Biltmore Capital votes proxies for clients who have given formal permission to their custodians for this service. Proxies are generally voted according to management's recommendations except in cases where a proposal clearly conflicts with clients' interests in the view of Biltmore Capital. In that instance Biltmore Capital will notify the client for their approval.

With respect to shareholder class action litigation and similar matters, Biltmore Capital generally will not make any filings in connection with any shareholder class action lawsuits involving securities currently or previously held in clients' accounts but will forward these notices to clients when received. Biltmore Capital recommends that its clients promptly review such materials, as they identify important deadlines and may require action on the client's part. Biltmore Capital will not be required to notify third party custodians or clients who utilize third party custodians of shareholder class action lawsuits and similar matters.

Item 18. Financial Information

Biltmore Capital does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Biltmore Capital is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Biltmore Capital has no disclosures pursuant to this Item.

