

# Edge Capital Management, LLC

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This brochure provides information about the qualifications and business practices of Edge Capital Management, LLC (“Edge Capital”). If you have any questions about the contents of this brochure, please contact us at (828) 768-1998 or [katedreherwells@gmail.com](mailto:katedreherwells@gmail.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information about Edge Capital also is available on the SEC’s website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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## ***Advisory Business***

### General Information

Edge Capital Management, LLC (“Edge Capital”, or “we”) was formed in 2011 and provides “Wealth Management” services. Wealth Management is an investment advisory approach that incorporates a financial planning discipline with investment portfolio management and other aggregated financial services. These types of services are typically provided by credentialed professionals who work to enhance the income, growth and tax favored treatment of long-term investors.

Wealth Management is fundamentally different from “money management” which tends to focus just on the portfolio. As Wealth Managers, we are focused on the individual client and their unique needs using a more comprehensive, and customized approach that captures a broad array of issues and interactions that money managers can often safely ignore.

### Financial Planning

The financial planning process is designed to increase the probability of achieving your financial goals. Financial planning services are optional, but we believe this process adds significant long-term value as it provides the “blue-print” for your financial affairs.

We start with an in-depth conversation about your financial goals and objectives to determine an appropriate level of service for your situation. Then we collect and review any data or documents necessary to develop a plan for you or your family. We will then analyze that information in light of your financial goals and provide a written analysis to identify the strengths and weaknesses of your current financial condition. We use this analysis to determine if you have adequate resources to achieve your objectives and to determine if those resources are structured and/or being utilized appropriately such that your goals are likely to be met as efficiently as possible. We will provide you with advice on any weaknesses discovered or changes which need to be considered to achieve your objectives.

The financial planning process plays a key role in the construction of optimal investment portfolios as it helps identify the rate of return requirements to achieve your goals. We can assist you in implementing your financial plan and we will work with your existing tax and legal advisors or refer you to other professionals if necessary. After initial implementation, we will monitor and update your financial plan as needed in light of personal, legislative and economic changes.

Financial planning services may address one or more of the following areas of a client’s financial situation:

- Net worth evaluation
- Cash flow planning
- Debt restructuring
- Major purchase financing
- Cash reserves
- Risk management (death, disability, long-term care, etc.)
- Tax planning
- Education funding
- Retirement planning
- Estate planning
- Charitable planning

Once financial planning advice is provided, the client may choose to have Edge Capital implement the client's financial plan and manage the investment portfolio on an ongoing basis. However, the client is under no obligation to act upon any of the recommendations made by Edge Capital under a financial planning engagement and/or engage the services of any recommended professional.

#### Investment Portfolio Management

We provide independent investment management services to individuals, family groups, trusts, estates, charitable organizations and retirement plans. Portfolios are constructed from a risk-based perspective.

We are process oriented and will determine an appropriate strategy only after we fully understand the client's financial goals, risk tolerance, time horizon, income needs, and tax situation. We review the suitability of each client's portfolio periodically as needs and circumstances change.

We construct portfolios based on strategic asset allocations and then seek to add value over the long term with tactical allocation changes without increasing risk. This involves tactically overweighting an asset class when we believe it is undervalued relative to other options and likely to deliver a strong return relative to its risk. We decrease our allocation in an asset class when we believe it has become overpriced or too risky for an investment strategy.

The investments we recommend include mutual funds, exchange-traded funds (also known as ETF's), individual stocks and bonds and alternative investments.

We use in-depth money manager research to add further value by identifying managers we think can outperform their benchmarks over time. Our investment philosophy requires a strong conviction in asset class allocations and manager selection, so our focus on and investment in research is a fundamental part of our investment services.

We will work with each client to develop an Investment Policy Statement (IPS) that reflects our understanding of the client's goals and risk tolerance and outlines the parameters for managing a client's investments. The IPS may include restrictions on which securities we buy and sell.

To implement the client's IPS, we will manage your investment portfolio on a discretionary or a non-discretionary basis. As a discretionary investment adviser, we will have the authority to supervise and direct your portfolio without prior consultation with you. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Notwithstanding the foregoing, you may impose certain written restrictions on us in the management of your investment portfolio, such as prohibiting the inclusion of certain types of investments (e.g., "sin stocks") in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. You should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolios. You should also note that your investment portfolio is treated individually by giving consideration to each purchase or sale for the account.

For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and you should not expect that the composition or performance of your investment portfolio would necessarily be consistent with similar clients of Edge Capital.

#### Principal Owners

Kate D. Wells is the sole principal owner of Edge Capital.

#### Type and Value of Assets Currently Managed

Edge Capital is a newly-formed Registered Investment Adviser and does not currently have any assets under management.

### ***Fees and Compensation***

#### General Fee Information

Fees paid to Edge Capital are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third party consultants. Fees paid to Edge Capital are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). You should review all fees charged by funds, brokers, Edge Capital and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

#### Financial Planning Fees

Financial planning fees are based on the scope of work and the degree of complexity associated with the client's situation. We will generally waive the financial planning fees for clients with at least \$500,000 who choose to use our investment portfolio management services for a minimum of one year.

#### Investment Portfolio Management Fees

Asset management fees are based on the value of your managed account(s). Advisors who use this method want your account value to rise, just like you do. Having this shared goal is the foundation for a long-term partnership.

Accounts within the same household will be combined to determine the fee rate. We have discretion to link "related" accounts (charitable trusts, etc) or other family members together for the purpose of lowering fees.

The annual fee schedule, based on a percentage of assets under management, is as follows:

- 1.25% on the first \$500,000
- 1.00% on the next \$500,000
- 0.75% on the next \$4,000,000
- 0.50% on the balance above \$5,000,000

Fees are negotiable for accounts over \$10,000,000.

The minimum portfolio value is generally set at \$100,000. The minimum annual portfolio management fee is \$1,250. We may, at our discretion, make exceptions to the foregoing or negotiate special fee arrangements where we deem it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from your account(s), unless other arrangements are made.

Either Edge Capital or you may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client, and any fees due to Edge Capital from you will be invoiced or deducted from the client's account prior to termination.

#### Other Compensation

Certain of Edge Capital's employees 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 Edge Capital does not sell such insurance products to its investment advisory clients, Edge Capital does permit its employees, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Edge Capital recommends the purchase of insurance products where our employees receive insurance commissions or other additional compensation.

#### ***Performance-Based Fees and Side-By-Side Management***

Edge Capital does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Edge Capital has no performance-based fee accounts, it has no side-by-side management.

#### ***Types of Clients***

Edge Capital serves individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$100,000, and the annual minimum fee charged is \$1,250. Under certain circumstances and in its sole discretion, Edge Capital may negotiate such minimums.

#### ***Methods of Analysis, Investment Strategies and Risk of Loss***

##### Methods of Analysis

##### *Economic Scenario Analysis*

We continually review economic scenario analysis to assess the risk in our portfolio strategies. We consider a range of possible five-year economic outcomes from worst case to best case. Likely changes to key economic variables such as inflation, interest rates, economic growth and the dollar are considered in determining what impact these variables could have on the return of global asset classes and the risk on client portfolios.

##### *Fund Manager & Alternative Investment Manager Due Diligence Process*

Our fund manager research and evaluation process includes both quantitative and qualitative data. We start with the available universe of managers within each asset class. We use Morningstar for compiling some of the quantitative data such as expense ratios, average market capitalization of holdings, etc. After completing initial screening on a fund, which includes an initial view of the

strategy (via marketing materials, third-party materials, and, for alternative investments, offering materials), we review additional in-depth research which covers an extensive quantitative and qualitative evaluation on a number of factors, some of which are not available elsewhere. Examples of some of the fund manager research and characteristics we look for and evaluate on a continuous basis are noted below:

- Consistency of performance relative to the funds peer group and benchmark
- Unusual factors that may have positively impacted performance that may not be repeatable
- Fund asset levels on which the track record was based
- Determining if an apparently successful long-term track record resulted from a much shorter period of exceptional performance that might not be repeatable
- Whether a manager earned a strong record through many modestly successful stock picks or through a much smaller number of very large winners. We generally favor consistency
- Portfolio manager interviews
- A clearly defined and repeatable investment process
- A passion for seeking an investment “edge”
- Independent thinking
- A highly focused and experienced stock-picking team
- Ethical management and business practices
- A stable organization
- Decisions that reflect concern for fund shareholders

Going through this amount of research produces very few managers in which we have a high level of conviction. However, we do not need many- we only need a few with an identifiable investment edge. Once a manager is chosen for use in client portfolios, performance numbers are monitored relative to an appropriate benchmark, over both the short term and over longer periods of time.

All of this in-depth research increases our chance of success when it comes to fund/manager selection.

#### *Individual Securities*

Individual equities are typically evaluated and selected based on fundamental qualitative research. Emphasis is placed on earnings and dividend growth, stability of the company, dividend yield, dividend stability and capital appreciation potential.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. Edge Capital may evaluate and select individual bonds based on a number of factors including, without limitation, rating, yield and duration.

#### Investment Strategies

We develop broadly diversified investment portfolios which are focused on return objectives and varying degrees of risk tolerance as defined by downside “thresholds”. We begin with a strategic long-term asset allocation suitable for each risk level. We then use tactical asset allocation changes to increase the potential return to our investment strategies, without increasing risk.

Investment strategies may contain a mix of fixed-income investments (such as bond funds or individual bonds) and equity investments (such as stock funds or individual stocks). There are instances where we may use passively-managed index and exchange-traded funds (ETF's). We may

also use alternative investments or strategies, such as real estate funds, arbitrage funds, absolute-return-oriented funds, commodity futures funds, distressed debt, and hedge funds, if appropriate and when we believe allocations to these strategies can add value.

### *Strategic Asset Allocations*

We start by determining an appropriate strategic asset allocation for each client based on return objectives risk tolerance as defined by downside “thresholds”.

Individual strategies are built initially on “static” asset allocations for a hypothetical long-term investor who is not making changes to the allocation. The static asset allocations are based on an evaluation of the historical long-term risk and return relationships of global asset classes, and on what we consider to be realistic and reasonable expectations going forward. These strategic allocations serve three important functions:

1. They represent a “neutral” allocation that will be maintained when there is no clear justification to make changes based on the risk and return evaluations of the universe of asset classes we could be invested in.
2. The static allocations serve as a reference against which to measure and evaluate decisions over time.
3. They serve as a benchmark to evaluate value added by any tactical changes to the static asset allocation percentages.

### *Tactical Changes to the Strategic Asset Allocations*

The current allocation for each client strategy can deviate significantly from the “static” asset allocation mentioned above, when compelling tactical opportunities are identified.

We use a disciplined tactical asset allocation approach to increase the return potential on client portfolios, without increasing risk. We do this by overweighting asset classes which we believe have a higher return potential based on valuation levels. Conversely, we underweight asset classes which we believe are overvalued and may have lower return potential and/or higher risk.

When assessing the return potential of any asset class, we are typically focused on a five-year time frame as we have a higher level of confidence in longer term predictions. Risk, on the other hand, is managed with one-year time horizons as it is difficult to predict what may happen over shorter periods.

In order to justify a change to a strategic asset allocation, an asset class needs to be significantly under- or overvalued relative to competing asset classes and/or to the asset class’s historical valuation levels. Also, we must have a high level of conviction that the reason for the mis-valuation is temporary rather than permanent. The allocation to each asset class is dependent upon a number of factors:

- The individual strategy’s risk level for a 12-month period
- The long-term risk/return potential for each asset class relative to all other asset classes
- Tax considerations and/or limits imposed on a specific asset class by the clients’ Investment Policy Statement

### Risk of Loss

While we seek to diversify clients' investment portfolios across various asset classes consistent with each client's Investment Policy Statement in an effort to reduce risk of loss, all investment portfolios are nevertheless subject to risks. Accordingly, there can be no assurance that your investment portfolio will be able to fully meet your investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While we manage client investment portfolios based on our experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying mutual funds and other securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that we allocate assets to asset classes that are adversely affected by unanticipated market movements, and the risk that our specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, we may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally considered less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Risks Related to Alternative Investment Vehicles.* The value of client portfolios will be based in part on the value of alternative investment vehicles in which they are invested, the success of each of which will depend heavily upon the efforts of their respective Managers. When the investment objectives and strategies of a Manager are out of favor in the market or a Manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the Manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the Managers make unsuccessful investment decisions at the same time.

*Equity Market Risks.* We will generally invest portions of your assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* We may invest portions of your assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments



nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* We also may invest portions of your assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

### ***Disciplinary Information***

Edge Capital has no disciplinary events to report.

### ***Other Financial Industry Activities and Affiliations***

Neither Edge Capital nor its Management Person has any other financial industry activities or affiliations to report.

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

#### **Code of Ethics and Personal Trading**

We have adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Our Code has several goals. First, the Code is designed to assist us in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, we owe fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires our associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Edge Capital's associated persons (managers, officers and employees). Under the Code's Professional Standards, we expect our associated persons to put the interests of our clients first, ahead of personal interests. In this regard, our associated persons are not to take inappropriate advantage of their positions in relation to our clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time our associated persons may invest in the same securities recommended to clients. Under the Code, we have adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

### Participation or Interest in Client Transactions

As outlined above, we have adopted procedures to protect client interests when our associated persons invest in the same securities as those selected for or recommended to you. In the event of any identified potential trading conflicts of interest, our goal is to place your interests first.

Consistent with the foregoing, we maintain policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If associated persons trade with client accounts (e.g., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with our written policy.

### ***Brokerage Practices***

#### Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, we seek "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, we may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of our clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

We participate in the Schwab Institutional ("SI") service program. While there is no direct link between the investment advice we provide and participation in the SI program, Edge Capital receives certain economic benefits from the SI program. These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of our fees from its clients' accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of our accounts, including accounts not held at Schwab. Schwab may also make available to Edge Capital other services intended to help us manage and further develop our business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to be rendered to Edge Capital by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services, pay all or a part of the fees of a third-party providing these services to Edge Capital, and/or Schwab may pay for travel expenses relating to participation in such training. Finally, participation in SI provides Edge Capital with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through participation in the SI program do not necessarily depend upon the proportion of transactions directed to Schwab. The benefits are received by Edge Capital, in part because of commission revenue generated for Schwab by our clients. This means that the investment activity in client accounts is beneficial to Edge Capital, because Schwab does not assess a fee to us for these services. This creates an incentive for us to continue to recommend Schwab to our clients. While it may be possible to obtain similar custodial, execution and other services

elsewhere at a lower cost, we believe that Schwab provides an excellent combination of these services.

#### Aggregated Trade Policy

We may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rata basis between all accounts included in any such block. Block trading allows us to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

We will only aggregate transactions when we believe that aggregation is consistent with our duty to seek best execution (which includes the duty to seek best price) for our clients, and is consistent with the terms of Edge Capital's Investment Advisory Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all Edge Capital's transactions in a given security on a given business day, with transaction costs generally shared pro-rata based on each client's participation in the transaction. On occasion, owing to the size of a particular account's pro rata share of an order or other factors, the commission or transaction fee charged could be above or below a breakpoint in a pre-determined commission or fee schedule set by the executing broker, and therefore transaction charges may vary slightly among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

We will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how we intend to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of Edge Capital. Edge Capital's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and Edge Capital will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

#### ***Review of Accounts***

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by us. Kate D. Wells, Managing Member of Edge Capital, reviews all accounts.

For those clients to whom we provide separate financial planning and/or consulting services, reviews are conducted on an as needed or agreed upon basis. Such reviews are conducted by one of Edge Capital's investment advisory representatives or principals.

Account custodians are responsible for providing you with monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide you with prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, we may provide a quarterly report for each managed portfolio. Additional reports are available at the request of the client.

### ***Client Referrals and Other Compensation***

As noted above, Edge Capital may receive some benefits from Schwab based on the amount of client assets held at Schwab. Please see ***"Brokerage Practices"*** for more information. However, neither Schwab nor any other party is paid to refer clients to Edge Capital.

### ***Custody***

Schwab is the custodian of nearly all client accounts at Edge Capital. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify us of any questions or concerns. Clients are also asked to promptly notify us if the custodian fails to provide statements on each account held.

From time to time and in accordance with our agreement with you, we may provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

### ***Investment Discretion***

As described in the ***"Advisory Business"*** section, we will accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, a Limited Power of Attorney ("LPOA") is executed by the client, giving Edge Capital the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. We then direct investment of your portfolio using its discretionary authority. You may limit the terms of the LPOA to the extent consistent with your investment advisory agreement with us and the requirements of your custodian.

For *non-discretionary* accounts, clients also generally execute an LPOA, which allows Edge Capital to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between Edge Capital and the client, we do not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, you may limit the terms of the LPOA, subject to our written agreement and the requirements of your custodian.

***Voting Client Securities***

As a policy and in accordance with our client agreement, we do not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to you. You may contact us with questions relating to proxy procedures and proposals; however, we generally do not research particular proxy proposals.

***Financial Information***

Edge Capital does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure with respect to this item.