

**Item 1 – Cover Page**

**SMC Global USA, Inc.**  
1345 Avenue of the Americas  
New York, NY 10105  
(212) 878-3600

Date of Disclosure Brochure: June 2016

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This disclosure brochure provides information about the qualifications and business practices of SMC Global USA Inc. (also referred to as we, us and SMC Global throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Roman N. Franklin at (212) 878-3600 or [RF@smcglobalusa.com](mailto:RF@smcglobalusa.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SMC Global is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for SMC Global USA Inc. or our firm's CRD number 226666.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2 – Material Changes

SMC Global is a newly registered investment adviser, and this disclosure brochure dated June 2016 is the first amendment to the firm's initial brochure filed in January 2016.

Material Changes noted in this brochure:

The firm's assets under management have increased, please refer to **Item 4 – Advisory Business** for more information.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

SMC Global is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a corporation formed under the laws of the State of New York.

- SMC Global Securities Ltd. owns 50.00% of SMC Global.
- Roman N. Franklin is the Chief Compliance Officer (CCO), Chief Investment Officer (CIO), Investment Advisor Representative and a 40.00% owner of SMC Global.
- Finney Jacob Cherian is the Chief Executive Officer (CEO) and a 10.00% owner of SMC Global.
- SMC Global filed its initial application to become registered as an investment adviser in January 2016.

### **Introduction**

SMC Global is a fee only advisor and does not participate in the solicitation of any commission based activity. The investment advisory services of SMC Global are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of SMC Global (referred to as your investment adviser representative throughout this brochure).

### **Description of Advisory Services**

The following are descriptions of the primary advisory services of SMC Global. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and SMC Global before we can provide you the services described below.

**Asset Management Services** – SMC Global offers asset management services, which involves SMC Global providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

**Financial Planning & Consulting Services** - SMC Global offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which typically address the following topics: Wealth Enhancement (tax mitigation & cash flow planning), Wealth Transfer (transferring wealth effectively within or outside families), Wealth Protection (risk mitigation, legal structures, and transference of risk to insurance companies), and Charitable Giving (maximizing charitable impact). When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. Written financial plans prepared by us do not include specific recommendations of individual securities.

We also offer consultations in order to discuss financial planning issues when you do not need a written financial plan. We offer a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. We also offer "as-needed" consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by you. Under an "as-needed" consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice or consultation on.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through SMC Global or retain SMC Global to actively monitor and manage your investments, you must execute a separate written agreement with SMC Global for our asset management services.

### **Limits Advice to Certain Types of Investments**

SMC Global provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Options Contracts on Securities

- Alternative Investments
- Real Estate Partnerships

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Tailor Advisory Services to Individual Needs of Clients**

SMC Global's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. Our financial planning and consulting services are always provided based on your individual needs. When providing financial planning and consulting services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Client Assets Managed by SMC Global**

As of April 30, 2016 SMC Global manages \$26,555,075.68 of client assets; \$21,031,376.63 on a discretionary basis and \$5,523,699.05 on a non- discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and SMC Global.

### **Asset Management Services**

#### **Asset Under Management Based Fee Arrangements**

Fees charged for our asset management services under this platform are charged based on a percentage of assets under management, billed in advance (at the start of the billing period) on a quarterly basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of a billing period, the prorated fee for the initial billing period is billed in arrears at the same time as the next full billing period's fee is billed.

The asset management services continue in effect until terminated by either party (i.e., SMC Global or you) by providing written notice of termination to the other party. Any prepaid, unearned fees will be promptly refunded by SMC Global to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

Fees charged for our AUM Based asset management services are negotiable based on the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

For our asset management services, client will be charged the following annual fee based upon the amount of assets under management:

<u>Assets Under Management</u>	<u>Annual Fees</u>
On the first \$1,500,000	1.500%
On the next \$500,000	1.250%
On the next \$1,000,000	1.000%
Over \$3,000,000	Negotiable

### **Fixed Fee Asset Management**

SMC Global also offers asset management services to suitable clients on a fixed fee retainer basis. Retainer fees range from \$10,000 to \$50,000. Fees charged for our retainer services are negotiable based on the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client. The retainer fees to be charged for each client will be specified in your Asset Management Agreement.

SMC Global has a minimum annual retainer fee of \$10,000.

### **General information on Asset Management Fees**

SMC Global believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to our firm.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. SMC Global does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than SMC Global in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by SMC Global are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

### **Financial Planning & Consulting Services**

Fees charged for our financial planning and consulting services are negotiable based upon the type of client, the services requested, the complexity of the client's situation, the composition of the client's account, other advisory services provided and the relationship of the client and the investment adviser representative. The following are the fee arrangements available for financial planning and consulting services offered by SMC Global.

#### ***Fees for Financial Planning Services***

SMC Global provides financial planning services under an hourly fee arrangement. An hourly fee of \$250 per hour is charged by SMC Global for financial planning services under this arrangement. Before commencing financial planning services, SMC Global provides an estimate of the approximate hours needed to complete the requested financial planning services. If SMC Global anticipates exceeding the estimated amount of hours required, SMC Global will contact you to receive authorization to provide additional services. The standard billing dates and events of SMC Global are the following: (1) the first business day of each month; (2) the date when incurred hourly fees and expenses will cause the retainer balance to be depleted to zero; (3) the date or thereafter that SMC Global substantially provides the agreed upon services; and (4) the date the engagement is terminated by either you or SMC Global. Upon presentment of the invoice to you, SMC Global will deduct the hourly fees due SMC Global against your current retainer balance and you are required to pay immediately SMC Global any outstanding balance of hourly fees due.

SMC Global also provides financial planning services under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for financial planning services under this arrangement. There is a range in the amount of the fixed fee charged by SMC Global for financial planning services. The minimum fixed fee is generally \$2,000 and the maximum fixed fee is generally no more than \$6,000. The amount of the fixed fee for your engagement is specified in your financial planning agreement with SMC Global. At our sole discretion, you may be required to pay in advance of the fixed fee at the time you execute an agreement with SMC Global; however, at no time will SMC Global require payment of more than \$1,200 in fees more than six months in advance. Upon completion and delivery of the financial plan, the fixed fee is considered earned by SMC Global and any unpaid amount is immediately due.



If Client is currently receiving asset management services from SMC Global for an annual retainer fee, SMC Global will not charge additional fees for Financial Planning services under this Agreement.

Although SMC Global is not charging investment advisory fees under this Agreement, there are fees and expenses charged by mutual funds to their shareholders if Client invests in mutual funds due in part to the services under this Agreement. These fees and expenses are described in each mutual fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee (known as 12(b)-1 fees). If the mutual fund also imposes sales charges, Client may pay an initial or deferred sales charge.

Likewise, although SMC Global is not charging investment advisory fees under this Agreement, if Client decides to invest through a qualified custodian due in part to the services under this Agreement, the qualified custodian or broker-dealer executing certain transaction will charge commissions for implementing transactions.

The financial planning services terminate upon delivery of the written financial plan or upon either party providing the other party with written notice of termination.

If you terminate the financial planning services after entering into an agreement with us, you will be responsible for immediate payment of any financial planning services performed by SMC Global prior to the receipt by SMC Global of your notice of termination. For financial planning services performed by SMC Global under an hourly arrangement, you will pay SMC Global for any hourly fees incurred at the rates described above. For financial planning services performed by SMC Global under a fixed fee arrangement, you will pay an early termination fee for the hours worked by SMC Global multiplied by the hourly rate of \$250. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by SMC Global to you.

### ***Fees for Consulting Services***

SMC Global provides consulting services under an hourly fee arrangement. An hourly fee of \$250 per hour is charged by SMC Global for consulting services. Before providing consulting service, SMC Global will provide an estimate of the approximate hours needed to complete the consulting services. If SMC Global anticipates exceeding the estimated amount of hours required, SMC Global will contact you to receive authorization to provide additional services. The standard billing dates and events of SMC Global are the following: (1) the first business day of each month; (2) the date or thereafter that SMC Global substantially provides the services; and (3) the date the engagement is terminated by either Client or SMC Global. Upon presentment of the invoice to Client, SMC Global will deduct the hourly fees due SMC Global against Client's current retainer balance and Client will immediately pay SMC Global any outstanding balance of hourly fees due. Client agrees to notify SMC Global within ten (10) days of receipt of an invoice if Client disputes any billing entry.

If Client is currently receiving asset management services from SMC Global for an annual retainer fees, SMC Global will not charge additional fees for our Consulting Services under this Agreement.

The one-time consulting services will terminate upon completion of the consultation or either party providing the other party with written notice. The "as-needed" consulting services will terminate upon either you or SMC Global providing written notice of termination to the other party.

If you terminate the consulting services after entering into an agreement with SMC Global, you will be responsible for immediate payment of any consulting work performed by SMC Global prior to the receipt

by SMC Global of your notice of termination. For consulting services performed by SMC Global under an hourly arrangement, you will pay SMC Global for any hourly fees incurred at the rates described above. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by SMC Global to you.

### ***Other Fee Terms for Financial Planning & Consulting Services***

You may pay the investment advisory fees owed for the financial planning services by submitting payment directly (for example, by check) or having the fee deducted from an existing investment account.

If you elect to pay by automatic deduction from an existing investment account, you will provide written authorization to SMC Global for such charge.

You should notify SMC Global within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

To the extent SMC Global engages an outside professional (i.e. attorney, independent investment adviser or accountant) while providing financial planning and consulting services to you, SMC Global will be responsible for the payment of the fees for the services of such an outside professional, and you will not be required to reimburse SMC Global for such payments. To the extent that you personally engage such an outside professional, you will be responsible for the payment of the fees for the services of such an outside professional, and SMC Global will not be required to reimburse Client for such payments. Fees for the services of an outside professional (i.e. attorney, independent investment adviser or accountant) will be in addition to and separate from the fees charged by SMC Global, and you will be responsible for the payment of the fees for the services of such an outside professional. In no event will the services of an outside professional be engaged without your express approval.

All fees paid to SMC Global for services are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you may also pay a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to SMC Global and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

All fees paid to SMC Global for financial planning and consulting services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

It should be noted that lower fees for comparable services may be available from other sources.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

## **Item 7 – Types of Clients**

SMC Global generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with SMC Global specifying the particular advisory services in order to establish a client arrangement with SMC Global.

### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing an account managed by SMC Global. However, all clients are required to execute an agreement for services in order to establish a client arrangement with SMC Global and/or the third-party money manager or the sponsor of third-party money manager platforms.

- The minimum fee for client selecting our annual retainer services is \$10,000.
- The minimum fee generally charged for financial planning services provided on an hourly basis is \$250. The minimum fixed fee generally charged for financial planning services on a fixed fee basis is \$2000.
- The minimum hourly fee generally charged for consulting services is \$250.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

SMC Global uses the following methods of analysis in formulating investment advice:

**Fundamental** – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is

possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

There are risks involved in using any analysis method.

To conduct analysis, SMC Global gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

### **Investment Strategies**

SMC Global uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase.

Short sales. A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the

stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from SMC Global.

### **Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Liquidity Risk – Certain securities may not have an available secondary market for the sale of such securities, resulting in securities needing to be held until maturity or some other liquidity event occurs.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and SMC Global and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.

- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

### **Item 9 – Disciplinary Information**

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

A foreign affiliate of our firm, SMC Global Securities Ltd. (SMC), is a trading member (TM) of Indian national stock exchanges, the BSE Ltd. (“BSE”), the National Stock Exchange of India (“NSE”), and Metropolitan Stock Exchange of India Ltd. (“MCX-SX”). SMC is also a clearing member of these exchanges in different segments wherein it inter alia clears (settles) the trades of other TMs of the Futures & Options (F&O) segment of the NSE. SMC is required to provide margin/mark-to-markets (“MTMs”) for the TMs trades to the exchange in permissible forms like cash, Bank FDRs, Bank Guarantees and approved collaterals; and SMC in turn is required to collect it from the TMs in permissible forms.

During the global financial markets meltdown of 2008, MTM losses were phenomenal in exceptionally fast falling markets. Due to sudden illiquidity, SMC accepted from some of the TMs their MTMs in form of undated checks and immovable property. However, SMC paid all margins to the exchange in respect of all trades cleared without any default.

The Securities and Exchange Board of India (SEBI) initiated proceedings against SMC alleging that SMC collected margin from TMs in non-permissible forms such as undated checks, immovable property and bank guarantees. SMC contended that due to recession in the year 2008, the margin requirement shot up drastically, whereas the value of available collateral security of TMs fell in this background, however SMC deposited the requisite margin money with exchange out of its own funds. SMC tried its best to recover its dues from the TMs and prevent the TMs from becoming defaulter by endeavoring to collect security from them in any other available form.

SEBI, however, by its order dated August 02, 2013, imposed restriction on SMC against enrolling any new TMs for 3 months in the NSE F&O segment. SMC appealed to the Securities Appellate Tribunal (SAT) against SEBI order, but the appeal was unsuccessful.

It is important to note that the SEBI order did not provide for cancellation or suspension of registration of SMC or suspension of any trading or clearing activity; it restricted SMC from enrolling new TMs in clearing operations in NSE Future & Operations (“F&O”) segment for a period of 3 months. The contribution of NSE F&O clearing operations in SMC’s consolidated revenue was stated by SMC to be about 0.40% on an annual basis. As such, the economic effect to SMC of the SEBI order was, according to SMC, not material. This temporary restriction on one of SMC’s activities (clearing services in NSE F&O segment) for a period of three months started from the date of upholding of SEBI’s order by SAT on February 1, 2014 and ended on April 30, 2014.

## **Item 10 – Other Financial Industry Activities and Affiliations**

SMC Global is **not** and does **not** have a related person that is an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

### **Other Business Activities of SMG Global Securities, Ltd.**

As disclosed in **Item 4 – Advisory Business** SMC Global Securities Ltd. (SMCGS) is a 45% owner of SMC Global. SMCGS is a company incorporated under the India Companies Act of 1956 and is a trading member with Indian stock exchanges, including the BSE, NSE and MCX-SX. It also acts as a clearing member of the NSE and BSE in F&O and Currency segments and also provides depository participant services of the National Securities Depository Ltd ("NSDL") and the Central Depository Services India Ltd. ("CDSL") (share depositories in India).

In addition to providing investment advisory services and brokerage as discussed above, SMCGS provides wealth management and advisory services, commodities brokerage, insurance broking, lending and real estate advisory services, to its clients through various subsidiary companies, which are described below. SMCGS also provides brokerage and clearing services to clients on DGCX in currency and commodities through its Dubai subsidiary. SMCGS may recommend any of the services provided by SMCGS to its clients.

- SMC Investments & Advisors Limited: Wealth Management, PMS, Advisory Services
- SMC Real Estate Advisors Pvt. Ltd.: Real Estate Advisory Services (including Brokerage)
- SMC Comex International DMCC: Brokerage and Clearing Services in commodities and currency
- SMC Insurance Brokers Pvt. Ltd. : Insurance Broking (Life and Non-Life)

### **Other Business Activities of Finney Jacob Cherian**

Finney Jacob Cherian is also the President of Indunia Real Tech (a next generation real estate digital marketplace based in New Delhi, India), an affiliated entity of SMC Global Securities. Mr. Cherian also serves on the Boards of Directors for SMC Global Securities, Ltd, and for Moneywise Financial Services these are not compensated positions. Since Mr. Cherian is not involved with the management of client portfolios his involvement in these outside activities should not create a conflict of interest to the clients of SMC Global.



### **Other Business Activities of Roman N. Franklin**

In 2015, Mr. Franklin co-founded of Axis India, LLC, formed to provide investment and business gateways to India for institutional investors and privately held businesses. The services provided by Axis India are entirely separate and independent from the services offered by Mr. Franklin to our company and therefore, no conflict of interest exists between the interests of SMC Global USA and Mr. Franklin with the best interests of its clients with respect to Axis India.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. SMC Global has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. SMC Global requires its supervised persons to consistently act in your best interest in all advisory activities. SMC Global imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of SMC Global. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

SMC Global or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of SMC Global that all persons associated in any manner with our firm must place clients’ interests ahead of their own when implementing personal investments. SMC Global and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.

- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of SMC Global.

Any associated person not observing our policies is subject to sanctions up to and including termination.

## **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of SMC Global. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

### **Brokerage Recommendations**

You are under no obligation to act on the financial planning recommendations of SMC Global. If we assist you in the implementation of any recommendations, we are responsible to ensure that you receive the best execution possible.

SMC Global recommends that you establish brokerage accounts with TD Ameritrade through their Institutional Platform. TD Ameritrade, Inc. (“TD Ameritrade”) is a member of FINRA/SIPC/NFA. TD Ameritrade is an independent (and unaffiliated) SEC-registered broker-dealer and is recommended by SMC Global to maintain custody of clients' assets and to effect trades for their accounts.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations.

SMC Global is independently owned and operated and not affiliated with TD Ameritrade.

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by SMC Global must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

TD Ameritrade, Inc. provides us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

TD Ameritrade does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed by recommended money managers through the custodian or that settle into a custodian account.

These benefits include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

TD Ameritrade, Inc. also makes available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. SMC Global is also providing other services intended to help our firm manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

Specifically, SMC Global participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Adviser receives some benefits from TD Ameritrade through its participation in the program. *(Please see the disclosure under Item 14 below.)*

### **Directed Brokerage**

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, SMC Global may not achieve the most

favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, SMC Global has decided to require our clients to use broker/dealers and other qualified custodians determined by SMC Global.

### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

SMC Global does not have a soft dollar agreement with a broker-dealer or a third-party.

### **Handling Trade Errors**

SMC Global has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of SMC Global to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by SMC Global if the error is caused by SMC Global. If the error is caused by the broker-dealer, the broker-dealer is responsible for handling the trade error. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. SMC Global may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

SMC Global will never benefit or profit from trade errors.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when SMC Global believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

SMC Global uses the pro rata allocation method for transaction allocation.

Under this procedure, pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. SMC Global will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of shares of each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which SMC Global or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

### **Agency Cross Transactions**

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Roman N. Franklin, with reviews performed in accordance with your investment goals and objectives.

Our financial planning services terminate upon the presentation of the written plan. Our financial planning and consulting services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services.

### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements in writing directly from the qualified custodian.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by SMC Global.

You are encouraged to always compare any reports or statements provided by us against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

## **Item 14 – Client Referrals and Other Compensation**

SMC Global intends on entering into agreements with various Referring Parties to refer clients to SMC Global. If a referred client enters into an investment advisory agreement with SMC Global, a cash referral fee is paid to the referring party, which is based upon a percentage of the client advisory fees that are generated. The referral agreements between any referring party and SMC Global will not result in any charges to clients in addition to the normal level of advisory fees charged.

When a client is referred to us by a referring party, the referring party provides the client with a copy of our Disclosure Brochure as required by the *Investment Advisers Act of 1940*. The client also will

complete a Solicitor's Disclosure Statement document. If the referring party is an unaffiliated registered investment adviser firm, then the client will also receive a copy of the referring party's Form ADV Part 2 Disclosure Brochure. If a referred client enters into an investment advisory agreement with SMC Global, a referral fee is paid to the referring party. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided.

The referral agreements between SMC Global and referring parties are in compliance with state and federal securities rules regarding paid solicitor arrangements.

SMC Global does not directly or indirectly compensate anybody for client referrals.

However, as disclosed under *Item 12* above, SMC Global participates in TD Ameritrade's institutional customer program and Adviser may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between SMC Global's participation in the program and the investment advice it gives to its Clients, although we receive economic benefits that are typically not available to TD Ameritrade retail investors through our participation in the program. These benefits include 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 our 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 SMC Global by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit SMC Global but may not benefit your accounts. These products or services may assist SMC Global in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help SMC Global manage and further develop its business enterprise. The benefits received by SMC Global or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, we endeavor at all times to put clients' interests first. You should be aware, however, that the receipt of economic benefits by SMC Global or our related persons in and of itself creates a potential conflict of interest and may indirectly influence SMC Global's choice of TD Ameritrade for custody and brokerage services.

SMC Global also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include access to on-line investment research services at no cost. TD Ameritrade provides the Additional Services to SMC Global in its sole discretion and at its own expense, and we do not pay any fees to TD Ameritrade for the Additional Services. SMC Global and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

SMC Global's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to SMC Global, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with SMC Global, in its sole

discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, SMC Global may have an incentive to recommend to you that the assets under management by SMC Global be held in custody with TD Ameritrade and to place transactions for your accounts with TD Ameritrade. SMC Global's receipt of Additional Services does not diminish its duty to act in your best interests, including seeking best execution of trades for your accounts.

*Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

SMC Global is deemed to have custody of client funds and securities whenever SMC Global is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody SMC Global will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which SMC Global is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from SMC Global. When clients have questions about their account statements, they should contact SMC Global or the qualified custodian preparing the statement.

## **Item 16 – Investment Discretion**

When providing asset management services, SMC Global maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to SMC Global so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### **Item 17 – Voting Client Securities**

SMC Global does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

### **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. SMC Global does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, SMC Global has not been the subject of a bankruptcy petition at any time.

### **Business Continuity Plan**

SMC Global has a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or the operations of a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business.

The plan includes the following:

- Alternate locations to conduct business;



- Hard and electronic back-ups of records;
- Alternative means of communications with employees, clients, critical business constituents and regulators; and
- Details on the firms' employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.

## **Customer Privacy Policy Notice**

### **Our Commitment to You**

SMC Global USA Inc. ("SMC Global USA") is committed to safeguarding the use of your personal information that we have as your Investment Advisor. SMC Global USA (also referred to as "we", "our" and "us" throughout this notice) protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you. Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything we can to maintain that trust.

SMC Global USA does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and proper business purposes in connection with the servicing and management of our relationship with you as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Privacy Policy.

<b>Why you need to know?</b>	
Registered Investment Advisors ("RIAs") share some of your personal information. Federal and State laws give you the right to limit some of this sharing. Federal and State laws require RIAs to disclose how we collect, share, and protect your personal information.	
<b>What information do we collect from you?</b>	
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number(s)	Income and expenses
E-mail address(es)	Investment activity
Account information (including other institutions)	Investment experience and goals
<b>What sources do we collect information from in addition to you?</b>	
Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents

Transactional information with us or others		Other information needed to service account
<b>How we share your information?</b>		
RIAs do need to share personal information regarding its clients to effectively implement the RIA's services. In the section below, we list some reasons we may share your personal information.		
<b>Basis For Sharing</b>	<b>Does SMC Global USA Share?</b>	<b>Can you limit Sharing?</b>
<p><b>Servicing our Clients</b></p> <p>We may share non-public personal information with nonaffiliated third parties (such as brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed services to you consistent with applicable law, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Processing transactions;</li> <li>• General account maintenance;</li> <li>• Responding to regulators or legal investigations; and</li> <li>• Credit reporting, etc.</li> </ul>	SMC Global USA may share this information.	Clients cannot limit the Advisors ability to share.
<p><b>Administrators</b></p> <p>We may disclose your non-public personal information to companies we hire to help administrate our business. Companies we hire to provide services of this kind are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We limit their use of your personal information to the performance of the specific service we have requested.</p>	SMC Global USA may share this information.	Clients cannot limit the Advisors ability to share.
<p><b>Marketing Purposes</b></p> <p>SMC Global USA does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where SMC Global USA or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b></p>	SMC Global USA does not share personal information.	Clients cannot limit the Advisors ability to share.

<b>Authorized Users</b>  In addition, your non-public personal information may also be disclosed to you and persons we believe to be your authorized agent or representative.	SMC Global USA does not share personal information.	Clients cannot limit the Advisors ability to share.
<b>Information About Former Clients</b>  SMC Global USA does not disclose, and does not intend to disclose, non-public personal information to nonaffiliated third parties with respect to persons who are no longer our clients.	SMC Global USA does not share personal information.	Clients cannot limit the Advisors ability to share.

### How do we protect your information?

To safeguard your personal information from unauthorized access and use, we maintain physical, procedural and electronic safeguards. These include computer safeguards such as passwords, secured files and buildings.

Our employees are advised about SMC Global USA 's need to respect the confidentiality of each client's non- public personal information. We train our employees on their responsibilities.

We require third parties that assist in providing our services to you to protect the personal information they receive. This includes contractual language in our third party agreements.

### Changes to our Privacy Policy.

We will send you notice of our Privacy Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise our Privacy Policy, and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

**Questions:** You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (212) 878-3600 or via email at [RF@smcglobalusa.com](mailto:RF@smcglobalusa.com).