

# PROFICIO CAPITAL PARTNERS

**Brochure**  
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Proficio Capital Partners LLC (“Proficio” or “we”). If you have any questions about the contents of this brochure, please contact Chief Compliance Officer Peter Kronberg at 617-431-5106 or [pkronberg@procapitalpartners.net](mailto:pkronberg@procapitalpartners.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Proficio is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the Securities and Exchange Commission as an investment adviser does not imply a certain level of skill or training.

July 27, 2015

## **Item 2: Material Changes**

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The Material Changes section of this brochure will be updated annually when material changes occur since the last annual update of the brochure.

This brochure is Proficio's initial brochure and therefore this Item 2 is currently not applicable.

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## **Item 4: Advisory Business**

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### **A. Firm Description**

Proficio Capital Partners LLC, a Delaware limited liability company (“Proficio” or “we”), was formed on August 6, 2014 to provide discretionary investment advisory services to our families as a private family office. Proficio will offer its services to high net worth families and individuals that are not related to Proficio’s management. Proficio may also provide comparable services to businesses, foundations and endowments. Proficio will sponsor and advise private pooled investment vehicles (“Pooled Vehicles”) to invest in illiquid investments requiring significant capital to purchase that are only available to accredited investors and qualified clients. Proficio will not have investment discretion to invest client assets in Pooled Vehicles. Clients that are willing to independently verify the appropriateness of their participation may join the founders of Proficio and their families in investing in these Pooled Vehicles. Robert Haber and Matthew Wosk are the founders and managing members of Proficio.

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### **B. Types of Advisory Services**

#### Discretionary Investment Advisory Services

Proficio provides highly personalized investment services. Proficio will have full discretion over client assets, except Pooled Vehicles, and will invest these assets in accordance with Proficio’s investment processes as described in Item 8. Proficio starts with a low client to investment manager ratio. Prior to advising or making investment allocations on behalf of a client, Proficio will attempt to learn as much as possible about the client’s personal and family situation including the client and their families expected financial needs and the anticipated financial needs for the next generations. Proficio will also review the client’s current levels of taxation, risk tolerance as well as the other investments that a client may hold including non-investment assets such as businesses and real estate. This information forms the basis of a holistic evaluation Proficio develops into an Investor Profile (“IP”) that Proficio and the client will update periodically. The IP informs Proficio’s decisions with respect investment selection, asset allocation, implementation, fund selection and investment monitoring.

Proficio will apply its extensive quantitative and derivative experience to these needs and may create customized hedges or other sophisticated transactions to address specific portfolio issues on behalf of its clients. Institutional clients will have access to the full range of services provided by Proficio and in certain situations Proficio may serve as their external Chief Investment Officer and investment staff. Proficio will not develop and update an IP for institutional clients. For its discretionary clients, Proficio will consider investments that are generally liquid (for which a market exists) and less liquid investments such as hedge funds with redemption restrictions, provided that any restrictions do not exceed 90 days. Proficio will

occasionally consider investments for its clients subject to redemption restrictions for periods greater than 90 days on a case by case basis.

#### Non-Discretionary Investments/Pooled Vehicles

The Pooled Vehicles that Proficio plans to sponsor will invest in private investments that are considered illiquid (subject to restrictions of more than 90 days and for which a limited market exists) that are only available to accredited investors. Proficio will analyze and review these investments to determine if they are suitable for a Pooled Vehicle. Clients may invest with Proficio in a Pooled Vehicle only after they and their advisers have conducted due diligence and review of the investment, fees and Pooled Vehicle formation documents. Generally, a Pooled Vehicle will hold one investment. Proficio may not form a Pooled Vehicle using assets acquired from its clients, their families or affiliates of Proficio.

From time to time, clients may ask Proficio to acquire a specific publicly traded equity security for their account or to purchase shares in an initial public offering. Upon written direction, Proficio will acquire the security for the client's portfolio but without specific direction from the client, Proficio will not invest in or acquire publicly traded equity securities on behalf of its clients.

In certain instances, clients will already hold publicly traded equity stock in their portfolios that they are unwilling to sell; or where the sale would cause them substantial tax issues. In these situations, Proficio will monitor the stock holdings and may recommend when the client should consider selling the stock based on the client's IP or other considerations (such as to offset tax gains). Proficio may suggest actions to be taken with respect to the stock but it will not have investment discretion and ultimately, the client will have to effect any transaction. Proficio will take the client's stock holdings into account when making other discretionary investment decisions with respect to the client's portfolio.

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#### C. Tailored Services

Proficio expects to tailor its investment advisory services based on the client's IP.

Proficio does not provide legal or tax advice but will work together with a client's legal and tax advisors if requested.

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#### D. Wrap Fee Programs

At the current time, Proficio does not participate in any wrap fee programs.

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## E: Client Assets Under Management

As of July 17, 2015, Proficio managed family assets in the amount of approximately \$291 million on a discretionary basis. Proficio does not currently manage any assets on a non-discretionary basis.

### **Item 5: Fees and Compensation**

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#### A. Description

For its discretionary advisory services, Proficio will base its management fees upon a percentage of a client's assets under management. Each client will pay a quarterly management fee in arrears equal to 0.25% (1.0% per annum) of the client's account balance calculated as of the last business day of each quarter. For its non-discretionary advisory services, Proficio will charge each Pooled Vehicle a performance allocation or fee of 10% of the net realized and/or unrealized capital appreciation measured over an agreed upon period (generally when the instrument provides a return or matures) and may involve a target or hurdle for the increase in value depending on the structure. Performance-based fees are charged in accordance with Section 205 of the Investment Advisers Act and Rule 205-3 thereunder. In certain situations where the Pooled Vehicle's structure does not account for ongoing administrative costs, Proficio may charge a quarterly management fee in arrears of up to 0.25% (1.0% per annum) to pay for administrative costs. Proficio reserves the right to waive administrative costs for Pooled Vehicles.

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#### B. Fee Billing

Management fees will not be deducted from client's assets. Proficio will send each client an invoice on a quarterly basis for the amount of the management fee owed to Proficio. Clients may then direct Proficio to obtain payment from their account or remit the management fee to Proficio in some other fashion. Pooled Vehicle performance allocations will be withdrawn pursuant to the Pooled Vehicle's structure, generally when the underlying instrument provides a return or matures, and will be payable upon receipt of payment by the Pooled Vehicle. Pooled Vehicle administrative fees will be charged in arrears and withdrawn when invoiced. Any administrative fees withdrawn from Pooled Vehicles will appear in the audited financial statements (prepared in accordance with GAAP) that are periodically sent to all investors in the Pooled Vehicle (For further information, see Item 13C).

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#### C. Other Fees and Expenses

All custodian fees, brokerage commissions, stock transfer fees and other similar charges incurred in connection with transactions for client accounts, including,

without limitation, any wire transfer fees, fees associated with any money market mutual funds holding cash, fees associated with a client's special service requests and other fees that may be charged by a client's custodian or any broker-dealer, are payable by Proficio's clients and are in addition to the fees paid to Proficio. Please refer to Item 12 for a discussion regarding brokerage costs. In addition, to the extent that Proficio invests client assets in any mutual fund, hedge fund, closed-end fund, ETF, separately managed account or other investment vehicle, the client will bear additional expenses imposed by the mutual fund, hedge fund, closed-end fund, ETF, separately managed account or other investment vehicle, such as management fees, fund organizational expenses, brokerage commissions and other fees and expenses incurred. In certain instances, Proficio may be able to negotiate attractive fee discounts based on the buying power obtained through the volume of its client's assets.

Any Pooled Vehicle sponsored by Proficio will bear all of its expenses, including organizational expenses, initial and ongoing offering expenses, operating expenses, legal, accounting and auditing expenses, brokerage expenses, fiscal or government charges and any performance fees/allocations associated with such Pooled Vehicle.

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#### D. Fees in Advance

None of Proficio's clients will pay any fees in advance.

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#### E. Securities Compensation

Neither Proficio nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

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

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#### Sharing of Capital Gains

Proficio will charge each Pooled Vehicle a performance allocation or fee of 10% of the net realized and/or unrealized capital appreciation measured over an agreed upon period and may involve a target or hurdle for the increase in value depending on the structure.

The assets that Proficio will consider for investment in Pooled Vehicles are generally illiquid securities for which no ready market is available or where there are restrictions on redemptions that are in excess of 90 days. Discretionary client and family accounts that carry a lower fee structure are invested in securities that are generally liquid and are not generally subject to redemption restrictions in excess of 90 days.

Proficio believes that the different asset classes invested in the accounts with investment discretion as differentiated from accounts without investment discretion removes potential incentives to direct preferential investments and firm resources toward higher paying non-discretionary accounts.

Pooled Vehicle investors should be aware that a performance-based fee arrangement may create an incentive for Proficio to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Pooled Vehicle investors should also be aware that management of Proficio intends to invest their assets and those of their families in the Pooled Vehicles. This may result in Proficio investing less aggressively than it might invest were Proficio management not joining in the investment. As a result, Pooled Vehicle investors may incur lost opportunity costs should they choose a Pooled Vehicle rather than a more aggressive investment with potentially higher returns (albeit also higher risk).

Discretionary clients that do not pay incentive fees should be aware that Proficio may have an incentive to favor the Pooled Vehicles because the compensation that Proficio receives from such clients is more directly tied to the performance of their accounts.

Proficio addresses potential conflicts of interest with policies to seek to ensure all clients receive fair treatment in line with their respective investment strategies, objectives and restrictions, cash position and other objective criteria. Such policies are described in further detail in the responses to Item 10.C and Item 12.B.

## **Item 7: Types of Clients**

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### **Description**

Proficio currently expects to primarily provide discretionary investment advisory services to high net worth individuals and their families. Proficio will also provide non-discretionary investment advisory services to the Pooled Vehicles it sponsors. Proficio may also provide discretionary and non-discretionary investment advisory services to businesses and institutional clients where these entities are linked to the families or individuals Proficio serves or where this type of client expresses an interest in the advisory services that Proficio offers.

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### **Account Minimums**

Proficio will have a minimum initial investment from clients of at least \$5,000,000, although Proficio may accept lesser amounts in its sole discretion. Each investor in any pooled investment vehicle sponsored by Proficio or its affiliate must be an “accredited investor,” as defined in Regulation D under the Securities Act of 1933, as



amended, as well as a “qualified client,” as defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended.

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

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### **A. Methods of Analysis**

Proficio’s Chief Investment Officer with the assistance of analysts (including third parties that provide analysis and due diligence) will employ quantitative analytics, fundamental research and technical analyses in researching and implementing its investment strategies.

Proficio’s review also includes an examination of an investment’s return as it correlates to market movements. If an investment’s historical return exceeds certain break points based on a number of market indices, Proficio considers its inclusion in an investment category (See Item 8.B).

Proficio also considers macro-economic factors, including interest rates, credit environment, rating agency announcements and market sentiment. Quantitative and qualitative factors are weighed against the risk/reward of various investment options to arrive at Proficio’s investment view. Proficio also uses a variety of external research sources, services and analytics to formulate, support and execute its investment strategies. Proficio conducts due diligence on the managers and results of mutual funds, hedge funds and closed-end funds, ETFs, separately managed accounts or other investment vehicles that it uses to manage client assets.

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### **B. Investment Strategies**

Proficio expect to allocate client capital into three asset categories based on the client’s risk tolerances, objectives, specific constraints and the information contained in their IP (if applicable):

1. alternative investments,
2. equity derivatives, equity funds (including ETFs, separately managed accounts, hedge and mutual funds) and non-publicly traded equity securities, and
3. fixed income securities and fixed income derivatives (including ETFs, separately managed accounts, hedge and mutual funds).

Proficio will seek investments from these categories that Proficio believes maximize tax efficiencies, bear the lowest fees (other things being equal) and provide the maximum risk-adjusted return. Proficio’s partners and their families will generally invest in each investment they select for inclusion in a category.

On a monthly basis, Proficio’s Chief Investment Officer will recommend a model portfolio based on current market conditions, the relative weighting of each investment and asset class on the expected return as well as the results of Proficio’s

research and due diligence program (as described below). Portfolio managers will orient individual portfolios to the model portfolio taking into account each client's specific risk tolerances, financial and investment needs. The model portfolio serves as a template and in all cases the client's bespoke needs determine if and to what extent a change in the model portfolio results in a change in a client's portfolio.

Investing in the securities markets involves significant risk, including the risk of loss of some or all of an investment. Any Proficio client and investors in Pooled Vehicles should be prepared to bear this risk. Proficio does not intend to acquire publicly traded equity securities on behalf of a client unless a client specifically directs a purchase.

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### C. Material Risks

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing involves risk of loss. Different types of investments carry varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, Proficio cannot represent, guarantee, or even imply that its services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through Proficio:

Market Risk Either the 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.

Fixed Income Risk When investing in bonds, or in separately managed accounts that invest in bonds, there is the risk that 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, Separately Managed Accounts, Mutual, Closed-End and Hedge Fund Risks When Proficio invests in an ETF, separately managed account or a fund, clients will bear additional expenses based on the separately managed account fee or the client's pro rata share of the ETFs or fund's operating expenses, including the potential duplication of management fees. The risk of placing assets in a separately managed account or owning an ETF or fund generally reflects the risks of owning the underlying securities in the account or that the ETF or the fund holds. Clients will

also incur brokerage costs in a separately managed account and when purchasing ETFs.

Management Risk A client's investment with Proficio varies with the success and failure of Proficio's investment strategies, research, analysis and determination of the client's portfolio and the accuracy of the IP Proficio has developed as well as the success or failure of the third party managers of any separately managed accounts that Proficio will use to obtain certain types of market exposure for its clients. If Proficio's investment strategies do not produce the expected returns, the value of the investment will decrease.

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 Proficio directs certain assets into a separately managed account that acquires equities or Proficio holds legacy stock for a client, or a client has directed Proficio to acquire common stock on their behalf, or Proficio invests client assets in common stock equivalents of any given issuer, the investment will generally be exposed to the same or even greater risks (in the case of derivatives and equivalents) than if Proficio had acquired preferred stocks and debt obligations of the issuer.

Portfolio Turnover In some cases, the investment strategy or model portfolio that Proficio may suggest may involve frequent investment transactions. Frequent trading of securities can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Increased turnover of a client's investment portfolio and the associated higher brokerage commission expenses may significantly exceed those of other portfolios of comparable size.

Key Personnel The investment performance of Proficio's clients will depend on Proficio's key personnel including its Chief Investment Officer, Robert Haber. There are no assurances that Proficio will continue its operations or that key personnel will continue to provide investment management services to Proficio.

Location and Infrastructure Risk Proficio and its key personnel are physically located in one building in Newton, Massachusetts. Damage to or loss of the building and/or the key personnel, whether through fire, terrorist action, earthquake or some other catastrophic event, could adversely affect Proficio's operations and the investment returns. A serious impairment to the infrastructure of the building, such as an extended loss of power or communications, or a prolonged restriction of physical access to the building by governmental authorities, also could adversely affect Proficio's operations and the investment returns. Similar location and infrastructure risks may apply to Proficio's trading partners and key suppliers of its research, trading, communications, and information technology infrastructure. Proficio has a disaster recovery procedure which it believes will mitigate or eliminate these risks but there can be no assurance the procedure will work in all cases and address all possible situations.

Custodian and Counterparty Risks All investors are subject to the risk of the inability of their custodians, brokers and dealers and counterparties to safeguard assets or to perform with respect to transactions, whether due to bankruptcy, insolvency or other causes. There is a risk that any of such institutions could become bankrupt or insolvent. The bankruptcy or insolvency of any such institutions may result in an investor losing all or a portion of their assets held with such institutions or the termination of any outstanding transactions. In addition, brokers and dealers, custodians and counterparties may use sub-custodians and disclaim responsibility for any losses which may result therefrom. Proficio may have investments subject to the laws of various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a client's assets are subject to substantial limitations and uncertainties. Clients should assume that the insolvency of any non-U.S. counterparty may result in a loss, which could be material. In an effort to mitigate such risks, Proficio will attempt to limit transactions and entrust assets to counterparties, both within and outside the United States, which it believes are established, well-capitalized and creditworthy.

Pooled Vehicle risks For investors considering investing in a private pooled investment vehicle sponsored by Proficio (a "Pooled Vehicle"), please refer to the Confidential Offering Memorandum for that particular Pooled Vehicle for a more detailed discussion of risks.

## **Item 9: Disciplinary Information**

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### Legal and Disciplinary

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Proficio's advisory business or the integrity of its management.

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

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### A. Broker-Dealer

Proficio and its management persons are not registered and do not plan to register as a broker-dealer or a registered representative of a broker-dealer.

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## B. Financial Industry Activities

Proficio and its management persons are not registered and do not plan to register as a future commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities.

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## C. Affiliations

Proficio and its management persons plan to provide non-discretionary advisory services to Pooled Vehicles that will invest in private investments. Proficio and its management persons and their affiliates plan to invest in these Pooled Vehicles. Proficio believes that these relationships or arrangements do not in themselves create a material conflict of interest with Proficio's clients and that in any event, Proficio's policies and procedures that are intended to mitigate such conflicts of interest will function effectively to limit any such conflict.

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## D. Compensation for Referrals.

Proficio does not receive any compensation directly or indirectly from investment advisers for recommending or selecting other investment advisers for its clients.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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#### A. Code of Ethics

The Access Persons of Proficio have committed to a Code of Ethics that is available for review by potential clients or any potential investors in a Pooled Vehicle upon request. The Code of Ethics has been adopted in accordance with Section 204A and Rule 204A-1 under the Investment Advisers Act of 1940, as amended. Each Access Person must read, sign and deliver a certificate of compliance with the Code of Ethics. In accordance with Rule 204A-1, Access Persons also must provide initial securities holdings reports, annual securities holding reports and quarterly transaction reports related to reportable securities in which such Access Person has direct or indirect beneficial ownership. Finally, all Access Persons must pre-clear all new issues and private placements prior to investment. Access Persons include Proficio's Members and any officer or director and employees or other supervised person who (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public.

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## B. Participation or Interest in Client Transactions

Proficio and Proficio's related persons expect to serve as general partner/managing member of the Pooled Vehicles sponsored by Proficio. Proficio will charge each Pooled Vehicle a performance allocation or fee of 10% of the net realized and/or unrealized capital appreciation measured over an agreed upon period (generally when the instrument provides a return or matures) and may involve a target or hurdle for the increase in value depending on the structure. Clients may invest with Proficio in a Pooled Vehicle only after they and their advisers have had the opportunity to conduct due diligence and review the assets that Proficio recommends for purchase by the Pooled Vehicle as well as the terms, legal structure and formation documents of the Pooled Vehicles. Proficio believes that its lack of investment discretion over assets selected for Pooled Vehicles in addition to the requirement that all investors in Pooled Vehicles be accredited investors with enough resources to obtain independent advice whether to invest will serve to mitigate the potential conflicts of interest.

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## C and D. Participation or Interest in Client Transactions

Proficio, Proficio's related persons and other accounts beneficially owned by family members related to such related persons will invest in the same securities that Proficio purchases, sells or recommends to unaffiliated clients. Proficio will manage this potential conflict of interest to ensure that any accounts beneficially owned by Proficio, its related persons or any of their family members purchase or sell such securities at the same time as Proficio's unaffiliated clients. To the extent that Proficio determines that there is a conflict of interest that cannot be addressed or waived, Proficio will disclose such conflict of interest to its clients, seek their consent and/or abstain from trading in such securities that are purchased or sold for unaffiliated clients.

Access Persons are permitted to make securities transactions in their personal accounts. This presents potential conflicts in that an employee could make improper use of information regarding a client's holdings or future transactions or research paid for by the clients. An Access Person could take for himself or herself an investment opportunity available to a client or could engage in "front-running" of a client's trade.

Proficio manages the potential conflicts of interest inherent in Access Person personal trading by rigorous enforcement of its Code of Ethics, which contains strict pre-clearance and reporting guidelines for Access Persons. Under the Code of Ethics, Access Persons must obtain pre-clearance from the Chief Compliance Officer of direct or indirect purchases or sales of securities that may be purchased or sold in any Client portfolio, with limited exceptions. Pre-clearance decisions are based on a number of factors, including whether any of the clients hold or are contemplating an investment in the given security. Further, to deter and prevent improper personal trading, Proficio generally prohibits Access Persons from making a purchase or sale

transaction in a security that is purchased or sold for a client within a period of seven days before or after that security is purchased or sold for the client.

In addition, Proficio requires Access Persons to provide transaction and holdings reports in accordance with Advisers Act's Rule 204A-1. The Chief Compliance Officer or his designee reviews Access Persons' personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code. The Chief Compliance Officer's transactions are reviewed by the Chief Executive Officer.

## **Item 12: Brokerage Practices**

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### **A. Selecting Brokerage Firms**

Proficio will be responsible for selecting broker-dealers to execute trades and negotiating any commissions paid on such transactions. Proficio's primary consideration in placing transactions with particular broker-dealers will be to obtain best execution in the most effective manner possible. Proficio also will take into account a variety of other factors, including the financial strength, integrity and stability of the broker-dealer and the commissions to be paid. Proficio may also consider the quality comprehensiveness and frequency of available research and other products and services considered to be of value. The products and services furnished by broker-dealers may include, among other things, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; and statistics and pricing or appraisal services, discussion with research personnel, special execution capabilities, and order of call.

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#### **1. Research and Other Soft Dollar Benefits.**

Subject to the objective of seeking best execution, Proficio also may take into consideration brokerage and research services provided by the broker-dealer executing trades for a client, which is included in the client commission rate. Although Proficio will make a good faith determination that the amount of client brokerage commissions paid is reasonable in light of the products or services provided by a broker-dealer, commission rates are generally negotiable, and thus selecting broker-dealers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. Proficio may also cause its clients to pay broker commissions higher than those charged by other broker-dealers in return for "soft dollar" credits which Proficio may use to purchase certain brokerage and research services from other broker-dealers or third-party vendors.

When Proficio uses client brokerage commissions or soft dollar credits to obtain research or other products or services, Proficio receives a benefit because it does not have to pay for the research or other products or services. In such instances, Proficio may have the incentive to use, and continue to use, a broker-dealer based on

Proficio's interest in receiving research or other products or services, or in generating soft dollar credits, rather than in its clients' interest in receiving most favorable execution. Proficio uses soft dollar benefits to service all client accounts, but does not allocate the soft dollar benefits proportionately to the soft dollar credits such client accounts generate; therefore soft dollars may benefit some client accounts more than others.

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a "safe harbor" that permits an investment manager to use brokerage commissions or "soft dollars" to obtain brokerage and research services that provide lawful and appropriate assistance in investment decision-making and trade execution. Proficio limits the use of "soft dollars" to obtain brokerage and research services that fall within the Section 28(e) safe harbor.

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## 2. Brokerage for Client Referrals.

In selecting or recommending broker-dealers, Proficio and its related persons do not consider whether they receive client referrals from a broker-dealer or third party.

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## 3. Directed Brokerage.

Proficio does not routinely recommend, request or require that a client direct it to execute transactions through a specific broker-dealer and does not permit a client to direct brokerage.

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## B. Aggregation.

Unless a client has imposed a particular restriction that is applicable to an investment or Proficio is rebalancing assets among its clients, Proficio invests clients' assets proportionately based upon the respective net assets of each client and the securities to be purchased or sold may be aggregated in order to obtain superior execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of multiple clients in any one business day may be averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, shall be made in a manner that Proficio considers to be equally as favorable to each client.

# **Item 13: Review of Accounts**

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## A. Periodic Reviews

Client account reviews including IP reviews will be performed on a periodic basis (no less than annually) for consistency with Proficio investment strategy and performance by Robert Haber and Matthew Wosk, Proficio's managing members.



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## B. Review Triggers

Other conditions that may trigger a review are changes in a particular client's circumstances, the request of a client, changes in applicable laws, new investment information or for any other reason as determined in the sole discretion of Proficio.

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## C. Regular Reports

Proficio will provide reports to its managed account clients on a quarterly basis. In addition, on a quarterly basis, Proficio will send each client an invoice for the amount of the management fee due to Proficio.

For each private pooled investment vehicle ("Pooled Vehicle") that Proficio sponsors, an audited annual financial statements in accordance with GAAP will be prepared for each Pooled Vehicle and sent to investors in such Pooled Vehicle within either 90 or 180 days of the Pooled Vehicle's fiscal year end, depending on the structure of the Pooled Vehicle. Unless otherwise restricted by law, all reports, financial statements, and other information may be delivered electronically.

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

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### A. Referrals

Proficio does not receive any economic benefits from anyone who is not a client for providing investment advice or other advisory services to its clients.

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### B. Other Compensation

Proficio and its related persons do not directly or indirectly compensate any person who is not its supervised person for providing Proficio with successful referrals for new clients. From time to time clients or individuals may refer other individuals, families or institutions who become clients of the firm. Proficio will screen all referrals to ensure that Proficio's fees, services and investment strategies are suitable to their investment needs and objectives. In situations where the referral results in a new client, Proficio may (but is not obligated to) show its appreciation by responding with a gift or entertainment that may or may not have substantial value. Proficio will disclose any gift or entertainment provided in response to a successful referral to the incoming client. Proficio will not show its appreciation in this fashion to any individual or entity involved in the financial services industry. Proficio will pay for any such gift or entertainment solely from Proficio's investment management fees and the gesture will not result in any additional charge to any clients.

## **Item 15: Custody**

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Proficio does not have custody of its clients' assets where Proficio exercises investment discretion. However, Proficio serves as the general partner or managing member of the Pooled Vehicles that Proficio sponsors. As a result, Proficio will be deemed to have "custody" of each Pooled Vehicle that Proficio sponsors. Pooled Vehicles will satisfy custody requirements by having audited financial statements prepared in accordance with generally accepted accounting principles sent to investors within either 90 or 180 days of the Pooled Vehicle's fiscal year end, depending on the structure of the Pooled Vehicle.

All non-Pooled Vehicle clients' assets are held by qualified custodians. Each client should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the client's assets. We urge clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. For tax and other purposes, the custodial statement is the official record of the client's account(s) and assets.

## **Item 16: Investment Discretion**

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Proficio will accept discretionary authority to manage securities on behalf of its clients. In these discretionary arrangements, Proficio will have the authority to determine, without obtaining specific consent from its clients, the investments to be bought or sold, and the amount and timing of the investments to be bought or sold on behalf of its clients.

Before Proficio will assume discretionary authority on behalf of its clients Proficio will enter into a written investment advisory agreement with the client in which the client grants Proficio discretionary investment authority. Investors in any pooled investment vehicle sponsored by Proficio (a "Pooled Vehicle") will not provide discretionary investment authority to Proficio although Proficio will have the authority to direct the actions of the Pooled Vehicle that are granted in the Pooled Vehicle formation documents.

## **Item 17: Voting Client Securities**

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### **A. Proxy Voting**

Proficio does not vote proxies on behalf of clients.

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## B. Client Proxy Voting Responsibility and Legal Proceedings for Securities

Clients will receive their proxies and other solicitations directly from their custodian or transfer agent and retain sole responsibility for voting. Proficio may offer assistance as to proxy matters upon a client's request, (such as advising the clients on the voting questions, and/or referring them to a voting service) but the client always retains the proxy voting responsibility. In the event a client directs custodians to mail proxy statements to Proficio, the client will sign an acknowledgement stating that Proficio is not responsible for exercising voting rights on behalf of clients, and that Proficio will destroy the statements in a secure manner on their behalf.

Proficio will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct Proficio to transmit copies of class action notices to the client or a third party. Upon such direction, Proficio will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18: Financial Information**

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### **A. Balance Sheet**

Proficio has not included a balance sheet for its most recent fiscal year because Proficio does not require prepayment of fees of more than \$1,200 from its clients, six (6) months or more in advance.

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### **B. Financial Condition**

Proficio does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

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### **C. Bankruptcy Petition**

Proficio has not been the subject of a bankruptcy petition at any time during the past ten years.