

**Item 1 – Cover Page**

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

**APEXIUM FINANCIAL LP**  
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**December 31, 2016**

This brochure provides information about the qualifications and business practices of Apexium Financial LP (“**Apexium**” or the “**Firm**”). If you have any questions about the contents of this brochure, please contact David Pilaitis at: (215) 545-4800, or by email at: [dpilaitis@apexiumfin.com](mailto:dpilaitis@apexiumfin.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”), or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

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

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting David Pilaitis, Chief Compliance Officer ("CCO") at [dpilaitis@apexiumfin.com](mailto:dpilaitis@apexiumfin.com) or by calling the Firm at (212) 697-1000.

Additional information about Apexium is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with the firm who are registered, or are required to be registered as investment adviser representatives.

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#### Item 4 - Advisory Business

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Apexium is an SEC registered investment adviser with its principal place of business located in New York, NY, USA. The Firm was launched in January 2016. Apexium is dedicated to providing independent, objective and comprehensive financial services to a select group of private clients and institutions

##### *Principal Owners*

Apexium was founded by Robert Brown, Matthew Marcello and Cory Chmelka, the former principals of Capstone Wealth Management, LLC, an investment advisor registered with the SEC ("**Capstone**"), and some of the former principals of Citrin Cooperman Wealth Management, LP, an investment advisor registered with the SEC ("**CCWM**").

Citrin Cooperman Financial Advisors, LLC ("**CCFA**") is the principal owner of the Firm's partnership interests.

Apexium Holdings LLC ("**Apexium Holdings**") is the Firm's General Partner. CCFA is also the principal owner of Apexium Holdings.

The Firm is not currently managing any assets pending the SEC's approval of its registration.

##### *Transition Period*

Most if not all of Capstone's clients' investment management agreements will be assigned to Apexium with the client's written consent. For those agreements that cannot be assigned, clients will execute new agreements with Apexium. Capstone will manage its client's assets until such time as such client's new agreement is signed.

Similarly, some of CCWM's clients will terminate their investment management agreement with CCWM and will sign a new agreement with Apexium.

##### *Types of Services*

Apexium is a full service wealth management firm offering clients a range of services that may include: financial planning, consulting, investment management services (both discretionary and non-discretionary), and services as trustee.

In performing its services, Apexium is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Apexium may recommend the services of itself, its related persons or its Supervised Persons in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Apexium recommends its own services or those of its related person or supervised persons.

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The client is under no obligation to act upon any of the recommendations made by Apexium under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Apexium itself. The client retains absolute discretion over all such implementation decisions in such instance and is free to accept or reject any of Apexium's recommendations.

*Tailored Relationships*

Apexium tailors its advisory services to the individual needs of clients. Customarily, the Firm will arrange for an initial meeting, which may be by telephone, to determine the extent to which financial planning and investment management may be beneficial to the client. Apexium consults with clients on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Apexium helps clients find suitable investments for their goals, objectives and risk tolerance.

Prior to Apexium providing investment management services, the client will be required to enter into a formal Investment Management Agreement with Apexium setting forth the terms and conditions under which Apexium shall manage the client's assets, as well as a separate custodial/clearing agreement with the broker-dealer/custodian (*See Item 12 – Brokerage Practices*). Clients may impose restrictions on investing in certain securities or types of securities in the Investment Management Agreement.

The Investment Management Agreement (as defined below) may authorize the broker-dealer/custodian to debit the account for the amount of Apexium's investment management fee and to directly remit that management fee to Apexium in accordance with required SEC procedures.

*Investment Management*

Apexium provides continuous and regular account supervision. As part of our investment management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds, options, mutual funds and other public and private securities or investments. We may also provide broader financial planning/financial consulting to clients.

We offer at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn; we propose an investment approach to the client that will be suitable to the client's circumstances. Each client's individual investment strategy is tailored to their specific needs and may include some or all of stocks or bonds, exchange traded funds, options, mutual funds and other public and private securities or investments.

Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. We review the client's portfolio at least annually and, if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives.

Clients are advised to promptly notify Apexium if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Apexium's management services. Clients may impose reasonable restrictions or mandates on the management of

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their account if, in Apexium's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

Apexium manages clients' investment portfolios on a discretionary or non-discretionary basis.

a. **Discretionary.** Apexium has separately managed accounts with full discretion to invest a client's assets subject to any guidelines or special instructions that may be expressly set forth in the client's investment management agreement. Apexium may also allocate a clients' investment management assets among Independent Managers (as defined below), mutual funds, exchange-traded funds, bonds, master limited partnerships and alternative investments in accordance with the investment objectives of the client. Apexium also provides advice about any type of legacy positions or investments otherwise held in clients' portfolios.

b. **Non-Discretionary.** In addition to the discretionary investment management services provided by Apexium or the Independent Manager(s), Apexium may recommend that its clients allocate a portion of their investment management assets among various mutual fund classes and/or mutual fund asset allocation programs, on a non-discretionary basis, in accordance with the investment objectives of the client.

With respect to its non-discretionary asset management services, Apexium generally maintains ongoing responsibility to make recommendations, based upon the needs of the client, as to the specific securities the account may purchase or sell. The final decision on investment selection rests with the client in this arrangement and the client always maintains asset control. Apexium places trades for clients under a limited power of attorney.

Non-discretionary investment management services can negatively impact client accounts if Apexium is unable to contact clients during sudden negative market conditions.

Apexium may also render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products. In so doing, Apexium either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Certain of the alternative investments recommended by the Firm, which may include debt, equity and/or pooled investment vehicles, exist in the form of private placement securities. As such, Apexium limits such recommendations to those clients which are deemed to be "accredited investors" as defined under Rule 501 of the Securities Act of 1933.

Prior to engaging Apexium to provide investment management services, the client is required to enter into a written investment management agreement with Apexium setting forth the terms and conditions of the engagement (the "**Investment Management Agreement**").

### *Independent Managers*

Apexium may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among third party money managers' investment manager(s) and/or investment programs (the "**Independent Manager(s)**").

When selecting an Independent Manager for a client, Apexium considers the client's stated investment objectives as well as the Independent Manager's reputation, performance, management style, investment strategies, past performance and disclosures and/or research materials.

In addition to Apexium's written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than Apexium. In such instances, Apexium may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

Apexium has an affiliation with certain Independent Managers as described in greater detail in **Item 10 - Other Financial Industry Activities and Affiliations**. Apexium will not refer clients to CCWM, however, it may refer clients to Soundwatch Capital, LLC ("**Soundwatch**"). Because of Apexium's affiliation with Soundwatch, it could have an economic incentive to recommend this manager over another. It would only do so if it were in the best interest of the client and after full disclosure. The client is free to use a different manager, one of its own choice. A client may also choose to implement Apexium's recommendations through Apexium. In the event the client decides to implement investment recommendations through Apexium on a fee basis, Apexium shall charge an annual investment management fee based upon a percentage of the market value of the assets being managed by Apexium. The investment management fee charged shall vary (generally between 0.30% and 1.00%) depending upon the market value of assets under management and the specific type of discretionary or non- discretionary investment management services to be rendered.

The terms and conditions under which the client shall engage the Independent Manager(s) shall be set forth in separate written agreements between the client and Apexium and the client and the designated Independent Manager(s). Apexium shall continue to render non-investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives, for which Apexium shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager(s).

The investment management fees charged by the designated Independent Manager(s) are exclusive of, and in addition to, Apexium's ongoing investment advisory fee.

### *Financial Planning and Consulting Services*

Apexium may provide its clients with a broad range of comprehensive financial planning and consulting services, addressing a multitude of investment and non-investment related matters which may include, but is not limited to, the following:

- Asset protection strategies
- Charitable giving

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- Philanthropic planning
- Education funding
- Insurance coverage
- Risk management
- Retirement planning
- Tax strategies
- Estate planning
- Succession planning

Prior to engaging Apexium to provide financial planning and/or consulting services, the client will be required to enter into a financial planning agreement with Apexium setting forth the terms and conditions of the engagement, describing the scope of the services to be provided (the “**Financial Planning Agreement**”).

In the event the client terminates Apexium’s investment management, financial planning, and/or consulting services, the balance of Apexium’s fee, if any, shall be refunded to the client.

Neither Apexium nor the client may assign a Financial Planning Agreement or Investment Management Agreement without the prior consent of the other party. Transactions that do not result in a change of actual control or management of Apexium shall not be considered an assignment.

A client may terminate any of the aforementioned agreements at any time by notifying Apexium in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Apexium’s fee shall be prorated through the date of termination. Apexium may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, Apexium’s fee shall be prorated through the date of termination.

A copy of the written disclosure statement for Apexium, as set forth on Part 2A and 2B of Form ADV, shall be provided to each client prior to, or contemporaneously with, the execution of the Financial Planning Agreement or Investment Management Agreement. Any client who has not received a copy of Apexium’s written disclosure statement at least forty-eight (48) hours prior to executing the Financial Planning Agreement or Investment Management Agreement shall have five (5) business days subsequent to executing the agreement to terminate Apexium’s services without penalty.

## **Item 5 - Fees and Compensation**

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Apexium is an independent, fee-only financial planning and investment management firm. We receive compensation only from our clients, and not from any fund manager or vendor. Apexium bases its fees on a percentage of assets under management, hourly charges or fixed fees.

The specific manner in which fees are charged by Apexium is established in each client’s written agreement. In addition to Apexium’s investment management fee, the client shall also incur, relative to mutual fund purchases, charges imposed directly at the mutual fund level (i.e. fund advisory fees and expenses). The Investment Management Agreement between Apexium and the client will



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continue in effect unless terminated by either party by written notice in accordance with the terms and conditions of the Investment Management Agreement. Apexium's investment management fee shall be prorated through the date of termination.

*Financial Planning and Consulting Fees*

Apexium charges a fixed fee and/or hourly fee for financial planning and consulting services. These fees generally range from \$1,000 to \$15,000 on a fixed fee basis and/or \$250.00 to \$500.00 on an hourly basis. These fees are largely determined by the level and scope of the services and the professional engaged to render them. If the client engages Apexium for additional investment advisory services, Apexium may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Generally, Apexium requires one-half of the financial planning or consulting fee (estimated hourly or fixed) payable upon entering the Financial Agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

*Investment Management Fees*

Apexium's current basic annual fee schedule for investment management services is as follows:

Fee schedule - BASE FEE

First \$1,000,000	1.00%
Next \$4,000,000	0.90%
Next \$5,000,000	0.80%
Above \$10,000,000	0.50%

Apexium, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

*Billing*

Investment management fees are deducted monthly, in arrears, meaning that we debit client accounts at the end of each month. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in writing in advance to direct debiting of their investment account.

*Fees for Management During Partial Months of Service*

For the initial period of investment management services, the fees are calculated on a *pro rata* basis. The Agreement between Apexium and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Apexium's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time. Additions may be in cash or securities provided that Apexium reserves the right to liquidate any transferred securities or

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decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Apexium, subject to the usual and customary securities settlement procedures. However, Apexium designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Apexium may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (*i.e.*, contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a month, the fee payable with respect to such assets will be adjusted or prorated based on the number of days remaining in the billing period.

*Other Fees*

The Firm's advisory fees are exclusive of and in addition to brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may also incur certain other charges imposed by custodians, brokers, third-party investment managers, and other third-parties, such as interest charges, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Clients are responsible for the payment of these costs and expenses. Mutual funds, exchange-traded funds, investment advisors and private funds also charge internal management fees, which are disclosed in a fund's prospectus or offering documents. Apexium will not receive any portion of these commissions, fees, or costs.

As described in **Item 13 – Review of Accounts**, if an investment management client engages Apexium they will also be charged an annual fee of \$100 per account for technology service and/or supplemental reports. This fee will be billed on a monthly basis in arrears in equal installments over a twelve (12) month period.

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

*Commissions or Sales Charges for Recommendations of Securities*

Clients can engage certain persons associated with Apexium (but not Apexium) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Apexium. Under this arrangement, clients may implement securities transactions through certain of Apexium's Supervised Persons in their respective individual capacities as registered representatives of Purshe Kaplan Sterling Investments ("**PKS**"), an SEC registered broker-dealer and member of FINRA. PKS may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by PKS to such Supervised Persons. Prior to effecting any transactions clients are required to enter into a new account agreement with PKS. The brokerage commissions charged by PKS may be higher or lower than those charged by other broker-dealers. In addition, certain of Apexium's Supervised Persons may also receive ongoing 12b-1 fees for mutual fund

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purchases from the mutual fund company during the period that the client maintains the mutual fund investment. Clients are advised that Apexium also recommends no-load funds.

A conflict of interest exists to the extent that Apexium recommends the purchase of securities where Apexium Supervised Persons receive commissions or other additional compensation as a result of Apexium recommendations. Apexium has policies and procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of clients.

For accounts covered by ERISA (and such others that Apexium, in its sole discretion deems appropriate), Apexium provides its investment advisory services on a fee-offset basis. In this scenario, Apexium may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Apexium's Supervised Persons in their individual capacities as registered representatives of PKS.

For the Supervised Persons that is a registered representative of PKS, he currently devotes approximately five percent (5%) of his time to commission securities brokerage business.

Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management. See **Item 7 – Types of Clients** for account minimums and correlating fees.

*Past Due Accounts and Termination of Agreement*

Apexium reserves the right to stop work on any account that is more than ninety (90) days overdue. In addition, Apexium reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Apexium's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within sixty (60) days.

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

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Apexium does not use a performance-based fee structure and Apexium's fees are not based on a share of the capital gains or capital appreciation of managed securities.

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**Item 7 - Types of Clients**

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Apexium has clients located throughout the United States, expatriates and U.S. citizens living abroad. Apexium generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities. Client relationships vary in scope and length of service.

As a condition for starting and maintaining a relationship, Apexium generally imposes a minimum portfolio size of \$500,000. Apexium, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention and *pro bono* activities. Apexium only accepts clients with less than the

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minimum portfolio size if, in the sole opinion of Apexium, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Apexium may aggregate the portfolios of family members to meet the minimum portfolio size.

Depending upon circumstances, Apexium may sign an hourly agreement with the client if assets have diminished significantly below the minimum threshold. Other exceptions will apply to employees of Apexium and their relatives, or relatives of existing clients.

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

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

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### *Methods of Analysis*

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. Other sources of information that Apexium may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "SchwabLink" service, Morningstar Direct for manager/fund due diligence and the World Wide Web.

### *Investment Strategies*

The investment strategy for a specific client is based upon the objectives stated by the client during consultations with Apexium. The client may change these objectives at any time. Each client completes a risk tolerance questionnaire or similar form that documents their objectives and their desired investment strategy.

### *Investment Managers*

Apexium recommends Independent Managers to help clients meet their investment objectives. The Independent Managers that the Firm selects and monitors are responsible for the analysis, selection and execution of the securities. Independent Managers establish their own specific asset management fee schedules and may have account minimum requirements. Account minimums are generally higher on fixed income accounts than for equity based accounts. A complete description of the Independent Manager's services, fee schedules and account minimums will be disclosed in the Independent Manager's disclosure brochure which will be provided to a client prior to or at the time an agreement for services is executed and the account is established. The actual fee charged to a client will depend on the Independent Manager's fee schedule and will be billed directly by such Independent Manager to the client. Under this program, a client may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees.

There may be other third-party money managers that may be suitable for a client that may be more or less costly.

### *Risk of Loss*

All investment programs have certain risks that are borne by the investor. No guarantees can be made that a client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Third Party Risk: It is not uncommon for companies to maintain myriad third-party relationships in an effort to reduce costs, increase efficiency and focus more intently on core

competencies. However, while businesses seek to gain a competitive and operational advantage through these relationships, they are also exposing themselves to an increasing level of risk. At the same time, however, it is becoming increasingly difficult for businesses to maintain the necessary controls for mitigating the risks associated with these relationships. Failure to manage these risks can expose a business to regulatory action, financial loss, litigation, and reputational damage, and may even impair the institution's ability to establish new or service existing customer relationships.

For those clients choosing to invest in alternative investments, such securities come with additional substantial risks as they are speculative in nature. They may not be registered or regulated under any laws, should be considered illiquid investments, are not freely transferable, may be highly leveraged, may be volatile, and may involve higher fees and expenses than other types of investments. Alternative investments may not be immediately redeemable. Alternative investments such as hedge funds only permit redemptions at specified time periods and in specified advanced notice. As a result, the client may be required to hold alternative investments in its account after termination of this or any investment management agreement with Apexium.

#### **Item 9 - Disciplinary Information**

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Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Apexium or the integrity of Apexium's management. Apexium has no information applicable to this Section as neither it nor any of its employees have faced legal or disciplinary matters since its inception.

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

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Apexium is not involved in any other financial industry activities besides its investment advisory activities described in **Item 4 - Advisory Business**. Apexium has no proprietary products or funds to sell.

##### *Related Investment Advisers*

Apexium is under common control with an affiliated SEC registered investment adviser, Soundwatch. Certain Supervised Persons of Apexium have an ownership position in Soundwatch.

Apexium is also under common control with an affiliated SEC registered investment adviser, CCWM and during the Transition Period, Apexium will be under common control with Capstone.

Apexium may recommend that Soundwatch act as an Independent Manager for certain Apexium clients. A conflict of interest exists to the extent that Apexium recommends Soundwatch's investment advisory services because Apexium's Supervised Persons will profit due to their ownership in Soundwatch. Apexium will only utilize Soundwatch as an Independent Manager where it is in the best interest of clients. Apexium will not recommend or utilize CCWM as an Independent Manager.

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*Related Accountant/Accounting Firm*

Apexium's supervised person, Alan Mandeloff, is an accountant and partner at the accounting firm, Citrin Cooperman & Company, LLP ("**CCC**"), which owns a majority of CCFA. CCC is also the sole member of Citrin Cooperman Holding Company, LLC, the general partner and minority owner of CCFA. CCFA owns a majority of Apexium.

CCC clients may be referred to Apexium and vice versa, however, there are no fee or commission arrangements between Apexium and CCC. In addition to any compensation Alan Mandeloff may receive from Apexium for his investment advisory services to clients, Alan Mandeloff is compensated by CCC based on the accounting services he provides to CCC and the percentage of his ownership interests in CCC.

*Registered Representatives of Broker Dealer*

One of Apexium's Supervised Persons is a registered representative of PKS and may provide clients with securities brokerage services under a separate commission-based arrangement. Such Supervised Person receives no salary, or benefits from PKS, but he may receive commissions or fees in connection with a referral of a client of the Firm's. See **Item 5 – Fees and Compensation** for further information.

*Receipt of Insurance Commission*

Certain of Apexium's Supervised Persons, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Apexium does not sell such insurance products to its clients, Apexium does permit its Supervised Persons, in their individual capacities as licensed insurance agents, to sell insurance products to its clients.

A conflict of interest exists to the extent that Apexium recommends the purchase of insurance products where Apexium Supervised Persons receive insurance commissions or other additional compensation.

For those of Apexium's Supervised Persons that are licensed insurance agents, such Supervised Persons currently devote up to approximately thirty-five percent (35%) of their time to insurance sales.

*Related Insurance Company*

Apexium is under common control with an affiliated insurance company Apexium Insurance Services, LP ("**Apexium Insurance**"), a firm providing clients with insurance based products. Certain Supervised Persons of Apexium have an ownership interest in Apexium Insurance. The general partner of Apexium Insurance is Apexium Holdings LLC.

In some instances, Apexium's clients are referred to Apexium Insurance for insurance products and Apexium Insurance's clients may be referred to Apexium for investment advisory services. There are no fee or commission arrangements between Apexium and Apexium Insurance.

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

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Apexium has adopted a Code of Ethics for all supervised persons of the firm that describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Apexium must acknowledge the terms of the Code of Ethics annually, or as amended.

Apexium anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Apexium has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Apexium, its affiliates and/or clients, directly or indirectly, have a position of interest. Apexium's employees and persons associated with Apexium are required to follow Apexium's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Apexium and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Apexium's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Apexium will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Apexium's clients. In addition, the Code of Ethics requires pre-clearance of certain transactions, and may restrict certain trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between Apexium and its clients.

Apexium's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting the CCO at [dpilaitis@apexiumfin.com](mailto:dpilaitis@apexiumfin.com).

It is Apexium's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Apexium will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.



## Item 12 - Brokerage Practices

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Specific custodian recommendations are made to clients based on their need for such services. Unless the client directs otherwise, Apexium shall generally recommend that investment management accounts be maintained at Charles Schwab & Co., Inc. and Fidelity Investments (collectively, the “**Brokers**”). Factors which Apexium considers in recommending the Brokers (or any other broker-dealer/custodian) to clients include the Broker’s, respective financial strength, reputation, execution, pricing, reporting, research, service and best execution of orders at reasonable commission rates. Because of Apexium’s established relationship with the Brokers, the Brokers enable Apexium to obtain many no-load mutual funds without transaction charges and other no-load and load waived funds at nominal transaction charges.

The brokerage commissions and/or transaction fees charged by the Brokers are exclusive of, and in addition to, Apexium’s investment management fee. Although the commissions and/or transaction fees paid by Apexium’s clients shall comply with Apexium’s duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Apexium determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services (including the comprehensiveness, frequency, quality and value of research or other services provided), the broker’s execution capability, commission rates, responsiveness and quality of service. Accordingly, although Apexium will seek competitive rates, it may not necessarily obtain the lowest possible commission rates on any particular transaction.

Apexium is not affiliated with the Brokers and Apexium does not receive fees, commissions or other compensation from any of these arrangements

### *Best Execution*

Apexium acknowledges its duty to seek best execution of trades for client accounts. All client accounts are currently held in custody at the Brokers. It is possible that trades for accounts held at one Broker may be executed at different times and different prices than trades for accounts at the other Broker, or even trades for other client accounts executed at other broker-dealers.

Apexium reasonably believes that the Brokers will provide “best execution”. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Apexium will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

### *Bunched Trades*

Transactions for each client account generally will be effected independently, unless Apexium decides to purchase or sell the same securities for several clients at approximately the same time. Apexium may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate

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more favorable commission rates or to allocate equitably among Apexium's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Apexium's clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that the Apexium determines to aggregate client orders for the purchase or sale of securities, including securities in which Apexium's principal(s) and/or associated person(s) may invest, Apexium shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. Apexium shall not receive any additional compensation or remuneration as a result of the aggregation.

The client may direct Apexium to use a particular broker-dealer (subject to Apexium's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and Apexium will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Apexium. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event that transactions for client accounts are effected through a broker-dealer that refers investment management clients to the Apexium, the potential for conflict of interest may arise.

*Custodian*

Each client must have its own custodian. Apexium would recommend a client utilize Fidelity or Schwab as its custodian. Apexium receives no benefit of any kind from these custodians, nor does it require any account be maintained at these custodians.

The client will enter into a separate custodial/clearing agreement with its selected custodian. The custodian's custodial/clearing agreement may authorize the custodian to debit the account for the amount of Apexium's fee and to directly remit that fee to Apexium in accordance with required SEC procedures.

The custodial/clearing agreement will also give Apexium clients the choice as to how they wish to be charged for custodial services. Generally, clients can choose either a fee based model, in which they pay a flat fee to the custodian for unlimited trading, or they can choose a commission based model and pay the custodian for each trade or transaction. The appropriate custodial fee arrangement depends on the type of account and the anticipated trading frequency. The fees and/or commissions are debited directly by the custodian and are retained by the custodian.

Apexium will help clients review and select custody payment options and further acknowledges that it is often beneficial for a client with multiple accounts to use a combination of fee based pricing and commission based pricing. Apexium does not receive remuneration from the custodian in either format.

*Commissions or Sales Charges for Recommendations of Securities*

As discussed above, certain Supervised Persons in their respective individual capacities, are registered representatives of PKS. These Supervised Persons are subject to FINRA Rule 3040 which restricts

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registered representatives from conducting securities transactions away from their broker-dealer unless PKS provides written consent. Therefore, clients are advised that certain Supervised Persons may be restricted to conducting securities transactions through PKS unless they first secure written consent to execute securities transactions through a different broker-dealer. Absent such written consent or separation from PKS, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than PKS under PKS's internal supervisory policies.

Apexium is aware of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

*Software and Support Provided by Financial Institutions*

Apexium may receive from the Brokers, without cost to Apexium, computer software and related systems support, which allow Apexium to better monitor client accounts maintained at such Brokers. Apexium may receive the software and related support without cost because Apexium renders investment management services to clients that maintain assets at the Brokers. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Apexium, but not its clients directly. In fulfilling its duties to its clients, Apexium endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Apexium's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Apexium's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Apexium may receive the following benefits from Schwab through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### **Item 13 - Review of Accounts**

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*Account Reviews*

For those clients to whom Apexium provides investment management services, Apexium monitors those portfolios as part of an ongoing process while regular account reviews are conducted according to client requirement but offered at least annually. Account reviews may be performed more frequently when market conditions or fiduciary responsibility dictate. For those clients to whom Apexium provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis by the Firm. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Apexium and to keep Apexium informed of any changes thereto. Apexium contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

*Account Statements and Supplemental Reports*

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Apexium provides investment advisory services may engage Apexium to provide them with a supplemental report including relevant account and/or market-related information such as an inventory of account holdings and account performance from time to time.

Apexium charges an additional fee for such reports, as discussed in response to **Item 5 – Fees and Compensation**.

Clients should compare the account statements they receive from their custodian with those they receive from Apexium.

*Financial Planning and/or Consulting Reports*

Those clients to whom Apexium provides financial planning and/or consulting services will receive reports from Apexium summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Apexium.

*Review Triggers*

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

**Item 14- Client Referrals and Other Compensation**

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*Economic Benefits*

Apexium is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. Apexium may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to **Item 12 – Brokerage Practices**.

*Incoming Referrals*

If a client is introduced to Apexium by either an unaffiliated or an affiliated solicitor, Apexium may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 (the “**Advisers Act**”) and any corresponding state securities law requirements. Any such referral fee is paid solely from Apexium's investment management fee, and does not result in any additional charge to the client. If the client is introduced to Apexium by an unaffiliated solicitor, the solicitor provides the client with a copy of Apexium's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Apexium discloses the nature of his/her relationship to prospective clients at the

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time of the solicitation and will provide all prospective clients with a copy of Apexium's written disclosure brochure at the time of the solicitation.

*Referrals Out*

Apexium does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

*Solicitor's Compensation*

Apexium receives compensation as a solicitor with respect to one account it referred to Wilmington Trust pursuant to a solicitor's agreement that meets the requirements set forth in Rule 206(4)-3, or the referral fee rule.

*Other Compensation*

Apexium receives no other compensation.

## **Item 15 - Custody**

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As previously disclosed in **Item 5 - Fees and Compensation**, Apexium and the client may agree to authorize and arrange for the direct deduction of Apexium's fees from a client's accounts. The financial institutions serving as the Custodians that were recommended by Apexium have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Apexium. Clients should carefully review the statements sent directly by the financial institutions serving as custodians and compare them to those received from Apexium.

In addition, certain of Apexium's relationship managers are the named trustees of client accounts with full power of appointment. These trustees are deemed to have custody of such accounts. Apexium does not, however, have physical custody of client funds and securities. All client assets are held at a qualified custodian, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Apexium engages an independent public accountant to conduct an annual surprise examination of client funds and securities.

Apexium urges its clients to carefully review such statements and compare such official custodial records to the statements or performance reports that Apexium may provide. Apexium's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 - Investment Discretion**

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If the client signs a discretionary Investment Management Agreement, Apexium will be granted discretionary authority from the client at the outset of the advisory relationship, customarily through a power of attorney included in the Investment Management Agreement. This authority will allow

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Apexium to select the identity, amount, time, and price at which securities are to be purchased and sold for the client's portfolio. It will also allow Apexium the authority to hire or fire Independent Managers. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and making investment decisions, Apexium observes the investment policies, limitations, and restrictions of the clients for which it provides discretionary investment advisory services. Apexium allows its clients to place reasonable restrictions on the management of their portfolio. For discretionary clients, all investment guidelines and restrictions must be agreed to in writing between Apexium and the client.

Apexium consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

#### **Item 17 - Voting Client Securities**

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As a matter of firm policy and practice, Apexium does not have authority to, and does not vote proxies on behalf of its advisory clients, unless the particular client agreement states otherwise. Clients, therefore, retain the responsibility for receiving and voting proxies for securities maintained in client portfolios. Clients receive proxies directly from the appropriate financial institutions.

#### **Item 18 - Financial Information**

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Apexium has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Apexium does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Apexium does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.