

# **INVESTMENT ADVISER BROCHURE**

**NEOCAP, LLC**

**5334 2<sup>nd</sup> Street**

**Boulder, CO 80304**

**August 15, 2017**

Item 1: Cover Page

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of NeoCap, LLC (“NeoCap”, the “Firm” or the “Registrant”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer via e-mail at [cc@neocapfinance.com](mailto:cc@neocapfinance.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 authority. Registration with the SEC or a state securities authority does not imply any level of skill or training.**

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

## **Item 2 – Material Changes**

There are no material changes to report. This Item will be updated in the future to disclose any material changes to this Brochure.

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#### Item 4 – Advisory Business

- A. *Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).*

NeoCap is a Delaware Limited Liability Company formed in December 2016. The principal owner of NeoCap is: Chris Cecere (the “Sole Member”). The Sole Member formed NeoCap in December 2016.

- B. *Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, explain the nature of that service in greater detail.*

NeoCap provides discretionary and non-discretionary investment advisory services as well as consulting services to clients, in accordance with the terms of the client agreement (herein referred to as the “Client Agreement”) as agreed upon between NeoCap and its clients. NeoCap provides services to institutional investors as well as high-net-worth clients, herein referred to collectively as “Clients”.

NeoCap’s investment advisory services consist of identifying and evaluating investment opportunities, managing and monitoring investments and achieving dispositions for such investments for its Clients. All such investment advisory services are done in accordance with the Client Agreement.

NeoCap also provides consulting services to individual, high-net-worth Clients with regards to specific investments products on an ad hoc basis as agreed upon with the Client.

- C. *Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.*

NeoCap tailors its investment advisory services to its Clients in accordance with the terms of the respective Client Agreements. Such terms may impose restrictions on investing in certain securities or types of securities.

- D. *If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.*

NeoCap does not participate in wrap fee programs.

- E. *If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.*

NeoCap manages approximately \$200 million of Client assets on a non-discretionary basis as of June 30<sup>th</sup>, 2017.

## **Item 5 – Fees and Compensation**

- A. *Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.*

In general, NeoCap receives a management fee for its investment advisory services. In addition, certain Clients also pay performance-based fees which are calculated and paid in accordance with the respective Client Agreement. NeoCap also provides consulting services to certain Clients and charges a fixed fee as agreed upon within the Client Agreement.

All fees are negotiated and documented within the Client Agreement.

The Registrant delivers this Brochure only to qualified purchasers as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended, and therefore, is not required to disclose its Clients' fee schedules.

- B. *Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.*

NeoCap does not deduct fees from Client accounts. Clients receive an invoice either in advance or in arrears as determined in the Client Agreement. In accordance with the Client Agreement, NeoCap bills Clients in advance, or in arrears, on no less than a quarterly basis.

- C. *Describe any other types of fees or expenses clients may pay in connection with your advisory services.*

The expenses charged to Clients are determined on a case-by-case basis.

The Client may incur brokerage and other transaction fees, as is more fully described in Item 12 of this Brochure, for brokerage and/or other service provider costs and in accordance with the Client Agreement. Clients are typically responsible for all third party expenses.

- D. *If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.*

NeoCap charges the Client fees quarterly either in advance or arrears in accordance with the terms of each Client Agreement. For any fees collected in advance, each Client will obtain a reimbursement (or reduction) if the Client Agreement is terminated during any quarterly period. Such reimbursement (or reduction) will be done in accordance with calculations and methodology described in the respective Client Agreement.

- E. *If you or your supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact.*

Neither NeoCap 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**

*If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact.*

NeoCap charges performance based fees to certain Clients. Both the time duration and calculation of such performance fees are outlined and defined in the Client Agreement, as appropriate.

Performance-based fees may create an incentive for NeoCap to cause its Clients to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement. However, the Firm is committed to fulfilling its fiduciary duty to its Clients to act at all times in their best interest and to ensure all Clients receive fair and equitable treatment over time with respect to the allocation of investment opportunities. To this end, each Client Agreement describes guidelines and limitations on the size and allocation of investments that would be subject to performance fees.

## **Item 7 – Types of Clients**

*Describe the types of clients you generally provide investment advice, such as individuals, trusts, investment companies or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose these requirements.*

As described in Item 4, NeoCap offers discretionary and non-discretionary investment advisory services as well as consulting services to institutional Clients and high-net-worth Clients. NeoCap does not intend to impose a minimum account size at this time, although a minimum account size may be implemented for investment advisory services in the future.

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

- A. *Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves a risk of loss that clients should be prepared to bear.*

NeoCap, in accordance with Client Agreements, employs certain methodologies and strategies in formulating discretionary and non-discretionary investment advisory services to its Clients.

NeoCap analyzes and selects and/or recommends investments for its Clients by identifying certain investments to assist with generating a diversified portfolio for its Clients.

- B. *For each significant investment strategy or method of analysis you use, explain the material risks involved.*

NeoCap's Clients bear the risk of loss that NeoCap's investment strategy entails. The risks involved with NeoCap's investment strategy include, but are not limited to, the following risks outlined below.

*Concentration of Investments.* NeoCap recommends the Clients to participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the Clients' investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return.

*Market Conditions.* Any material change in the economic environment, including a slowdown in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of Client investments. The Clients' portfolio performance can be affected by deterioration in public markets and by market events.

*Business Continuity and Disaster Recovery.* NeoCap's and the Clients' business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes and earthquakes), terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolonged power outages. Although NeoCap has implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. If such business operations are disrupted or suspended for extended periods of time, the Clients may be adversely affected.

*Cyber Security Breaches and Identity Theft.* NeoCap's and the Clients' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, other security breaches and/or usage errors by their respective professionals. Although NeoCap has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, NeoCap or a Client may have to make a significant investment to fix or replace them. The failure of these systems for any reason could cause significant interruptions in NeoCap's and such Client's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm NeoCap's and such Client's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

- C. *If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant risks, discuss these risks in detail.*

The Firm does not recommend a particular type of security to the Clients, but rather, retains investment discretion to make investment decisions in-line with each Client's investment guidelines, as fully disclosed in each Client Agreement.

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

There are no legal or disciplinary events that are material to the Clients' or prospective clients' evaluation of NeoCap's advisory business or the integrity of the Firm's management.

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

- A. Neither NeoCap nor any management person is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither NeoCap nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.
- C. Neither NeoCap nor any of its management persons has any relationship or arrangement that is material to the Registrant's advisory business or its Clients with the related persons described in the instructions to this Item.
- D. NeoCap does not receive compensation directly or indirectly from Clients, other than for services as agreed upon within the respective Client Agreements, or have other business relationships with Clients that may create a material conflict of interest.

### **Item 11 – Code of Ethics, Participation or Interests in Client Transactions & Personal Trading**

#### **A. Code of Ethics**

NeoCap strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Firm has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all NeoCap employees will be expected to uphold:

- employees must at all times place the interests of the Clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code, and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;



- information concerning the identity of securities and financial circumstances of the Clients, including the Clients' investments, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting NeoCap at the email address listed on the first page of this Brochure.

- B. Neither NeoCap nor any of its related persons recommend to its Clients, or buys or sells for its Clients' accounts, securities in which NeoCap or its related persons has a material financial interest.
- C. NeoCap and its related persons may invest in the same securities that it recommends to its Clients. However, NeoCap has implemented policies and procedures to ensure compliance with their fiduciary duty to Clients.
- D. Neither NeoCap nor any of its related persons recommend securities to its Clients, or buys or sells securities for its Clients' accounts, at or about the same time that NeoCap or its related persons buys or sells the same securities for their own accounts.

## **Item 12 – Brokerage Practices**

### *A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions*

As noted previously, NeoCap has discretionary and non-discretionary authority to manage the Clients' portfolios. For the Clients' portfolios which NeoCap manages on a discretionary basis, the Firm shall have, in general, authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

For any Client for which NeoCap provides non-discretionary advisory services, NeoCap may only recommend, among other things, which securities are to be bought or sold, the amount and price of those securities, and the brokers or dealers to be used for a particular transaction. All of the Firm's recommendations are subject to final approval by the Client. NeoCap's authority is limited by the Firm's own internal policies and procedures and the Client Agreement.

Portfolio transactions for the Clients are allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to NeoCap and/or the Clients. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, NeoCap may consider, among other things, the following:

- the ability of the brokers and dealers to affect the transaction; and
- the brokers' or dealers' facilities, reliability and financial responsibility.

Accordingly, the commission rates (or dealer markups and markdowns) charged to the Clients by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. NeoCap need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Neither NeoCap nor the Clients separately compensate any broker or dealer for any of these other services.

NeoCap expects that activities involving brokers and public securities will be very minimal. In the rare instances where a broker is used to execute a transaction, NeoCap will review the quality and cost of execution.

1. *Research and Other Soft Dollar Benefits.*

The Firm does not benefit from any soft dollar arrangements. NeoCap does not receive research or other products or services.

2. *Brokerage for Client Referrals.*

Neither NeoCap nor any of its related persons receive client referrals from any broker-dealer or third party.

3. *Directed Brokerage.*

NeoCap does not recommend, request or require that its Clients direct the Firm to execute transactions through a specified broker-dealer.

B. *Order Aggregation*

In the future, in the event that purchase or sale orders of securities are aggregated for the Clients' accounts, NeoCap's policy is to aggregate the purchase or sale of publicly-traded securities and allocate the purchase or sale of such shares on a pro rata basis among the Clients in the transaction.

## Item 13 – Review of Accounts

A. *Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.*

NeoCap performs periodic, but not less than quarterly, ongoing reviews for Clients that engaged NeoCap for discretionary and non-discretionary investment advisory services. Such reviews will be conducted by the Sole Member. The Clients' portfolio is reviewed in the context of the stated investment objectives and guidelines in the Client Agreement.

- B. *If you review client accounts on other than a periodic basis, describe those factors that trigger a review.*

A review of the Clients accounts will also be triggered by any unusual activity or special circumstances, including, without limitation, changes in the financial markets, activity and trends in the political or economic environment, as well as the specific circumstances effecting the Client.

- C. *Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.*

Pursuant to the Client Agreement, NeoCap provides periodic written information, including quarterly reports, as appropriate, to its Clients regarding updates on the performance and status of the Client portfolios.

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

- A. NeoCap does not receive an economic benefit from anyone, other than its Clients, for providing investment advice or other advisory services to its Clients.
- B. Neither NeoCap nor any of its related persons directly or indirectly compensate any person who is not the Firm's supervised person for client referrals.

#### **Item 15 – Custody**

NeoCap does not have custody or any form of custodial arrangement with respect to its Clients or securities.

#### **Item 16 – Investment Discretion**

As outlined in Item 4 of this Brochure, NeoCap offers discretionary and non-discretionary investment advisory services to Clients. For such Clients, investment discretion exercised by NeoCap shall include, in general, the authority to make decisions with respect to which investments are bought and sold, and the amount and price of those investments.

The terms of NeoCap's investment advisory services, including investment discretion, are negotiated with each Client and agreed to in the Client Agreements. These terms may, among other things, potentially restrict NeoCap's investment advice in certain securities or types of securities or investments, size of investments, or geographies.

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

NeoCap has established proxy voting policies and procedures designed to ensure that proxies are voted in the best interest of the Clients.

The proxy voting policy requires NeoCap, when voting proxies, to follow procedures designed to identify and address material conflicts that may arise between its interests and those of its Clients. Accordingly, prior to voting any proxy, the CCO will determine whether a material conflict of interest exists and will either resolve the conflict or refer the proxy vote to an outside service provider for its independent consideration.

In the absence of a material conflict, NeoCap will follow the voting guidelines set forth in its proxy voting policy to determine whether and how to vote a proxy.

Upon the request by a Client, NeoCap will disclose to such Client how it voted securities owned by such Client.

## **Item 18 – Financial Information**

- A. NeoCap does not require or solicit prepayment of more than \$1,200 in fees per Registrant Client, six months or more in advance, and therefore has not included a balance sheet.
- B. NeoCap does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to Registrant Clients.
- C. NeoCap has never been the subject of a bankruptcy petition.

## **Item 19 – Requirements for State-Registered Advisers**

Not applicable.