

# **Stratton Capital Investment Advisory LLC**

## **Form ADV Part 2A – Disclosure Brochure**

**Effective: April 13, 2020**

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Stratton Capital Investment Advisory LLC (“Stratton Capital” or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (914) 471-3377.

Stratton Capital is a registered investment advisor located in the State of Vermont. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Stratton Capital to assist you in determining whether to retain the Advisor.

Additional information about Stratton Capital and its Advisory Persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 307491.

**Stratton Capital Investment Advisory LLC**  
**88 High Meadow Road, Winhall, VT 05340**  
**Phone: (914) 471-3377**

## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of Stratton Capital. For convenience, we have combined these documents into a single disclosure document.

Stratton Capital believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. Stratton Capital encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### Material Changes

Stratton Capital is a newly formed registered investment advisor. This is the initial filing of the Disclosure Brochure.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 307491. You may also request a copy of this Disclosure Brochure at any time by contacting us at (914) 471-3377

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## **Item 4 – Advisory Services**

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### **A. Firm Information**

Stratton Capital Investment Advisory LLC (“Stratton Capital” or the “Advisor”) is a registered investment advisor located in the State of Vermont. Stratton Capital was organized as a Limited Liability Company (“LLC”) under the laws of the State of Vermont on January 1, 2020 and became a registered investment advisor in April 2020. Stratton Capital is owned and operated by Marcelo Cabral (Principal and Chief Compliance Officer). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Stratton Capital.

### **B. Advisory Services Offered**

Stratton Capital offers investment management services to individuals, high net worth individuals, trusts, and estates (each referred to as a “Client”). The Advisor serves Clients that are both in the United States and abroad.

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. Our fiduciary commitment is further described in our Code of Ethics. For more information regarding our Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Stratton Capital provides customized investment management solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and related advisory services. Stratton Capital works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. Stratton Capital will then construct an investment portfolio, consisting of low-cost, diversified mutual funds and/or exchange-traded funds (“ETFs”) to achieve the Client’s investment goals. The Advisor may also utilize individual stocks, bonds or options contracts to meet the needs of its Clients. The Advisor may retain certain legacy investments based on portfolio fit and/or tax considerations.

Stratton Capital’s investment strategies are primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. Stratton Capital will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

Stratton Capital evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. Stratton Capital may recommend, on occasion, redistributing investment allocations to diversify the portfolio. Stratton Capital may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. Stratton Capital may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

At no time will Stratton Capital accept or maintain custody of a Client’s funds or securities, except for the limited authority as outlined in Item 15 - Custody. All Client assets will be managed within the designated account[s] at the Custodian, pursuant to the terms of the advisory agreement. Please see Item 12 – Brokerage Practices.

### **C. Client Account Management**

Prior to engaging Stratton Capital to provide investment management services, each Client is required to enter into an investment management agreement with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client.

These services may include:

- Establishing an Investment Strategy – Stratton Capital, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – Stratton Capital will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance of risk for each Client.
- Portfolio Construction – Stratton Capital will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Stratton Capital will provide investment management and ongoing oversight of the Client's investment portfolio.

#### **D. Wrap Fee Programs**

Stratton Capital does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by Stratton Capital.

#### **E. Assets Under Management**

Stratton Capital is a newly established advisor. Assets under management shall be reported with the Advisor's next filing of this Disclosure Brochure. Clients may request more current information at any time by contacting the Advisor.

### **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into a written agreement with the Advisor.

#### **A. Fees for Advisory Services**

Investment management fees are paid quarterly, in advance of each calendar quarter, pursuant to the terms of the agreement. Investment management fees are based on the market value of assets under management at the end of the prior calendar quarter. Investment management fees range from 1.50% to 2.00% annually based on several factors, including: the complexity of the services to be provided, the level of assets to be managed, and the overall relationship with the Advisor. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions and other complexities may be charged a higher fee.

The investment management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by Stratton Capital will be independently valued by the Custodian. Stratton Capital will not have the authority or responsibility to value portfolio securities.

The Advisor's fee is exclusive of, and in addition to, brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

#### **B. Fee Billing**

Investment management fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning of the respective quarter-end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Stratton Capital at the end of the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment management fee. In addition, the Advisor will provide the Client a report itemizing the fee, including the calculation period covered by the fee, the account value and the methodology used to calculate the fee. Clients are urged to also review and compare the statement provided by the Advisor to

the brokerage statement from the Custodian, as the Custodian does not perform a verification of fees. Clients provide written authorization permitting advisory fees to be deducted by Stratton Capital to be paid directly from their account[s] held by the Custodian as part of the investment management agreement and separate account forms provided by the Custodian.

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than Stratton Capital, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian. The fees charged by Stratton Capital are separate and distinct from these custody and execution fees.

In addition, all fees paid to Stratton Capital for investment management services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of Stratton Capital, but would not receive the services provided by Stratton Capital which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Stratton Capital to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

### **D. Advance Payment of Fees and Termination**

Stratton Capital may be compensated for its investment management services in advance of the quarter in which services are rendered. Either party may terminate the investment management agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the investment management agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Advisor will refund any unearned, prepaid investment management fees from the effective date of termination to the end of the quarter. The Client's investment management agreement with the Advisor is non-transferable without the Client's prior consent.

### **E. Compensation for Sales of Securities**

Stratton Capital does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment management fees noted above.

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

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Stratton Capital does not charge performance-based fees for its investment management services. The fees charged by Stratton Capital are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client.

Stratton Capital does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## **Item 7 – Types of Clients**

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investment management services to individuals, high net worth individuals, trusts, and estates. The Advisor serves Clients that are primarily outside the United States. Stratton Capital generally does not impose a minimum relationship size.

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

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

Stratton Capital primarily employs fundamental analysis and related methods in developing investment strategies for its Clients. Research and analysis from Stratton Capital are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

As noted above, Stratton Capital generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Stratton Capital will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Stratton Capital may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

### **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Stratton Capital will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals. Please see Item 8.B. for risks associated with the Advisor's investment strategies as well as general risks of investing.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's strategies:

#### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.



### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

### Bond ETFs

Bond ETFs are subject to specific risks, including the following: (1) interest rate risks, i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e. the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

## **Item 9 – Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving Stratton Capital or its owner/any of its Supervised Persons.** Stratton Capital values the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider with whom you partner. Our backgrounds are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 307491.

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

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The sole business of Stratton Capital and Mr. Cabral is to provide investment management services to its Clients. Neither Stratton Capital nor its Advisory Persons are involved in other business endeavors. Stratton Capital does not maintain any affiliations with other firms, other than contracted service providers to assist with the servicing of its Client's accounts.

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

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

Stratton Capital has implemented a Code of Ethics (the "Code") that defines our fiduciary commitment to each Client. This Code applies to all persons associated with Stratton Capital (our "Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. Stratton Capital and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Stratton Capital's Supervised Persons to adhere not only to the specific provisions of



the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code, please contact us at (914) 471-3377.

#### **B. Personal Trading with Material Interest**

Stratton Capital allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Stratton Capital does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. Stratton Capital does not have a material interest in any securities traded in Client accounts.

#### **C. Personal Trading in Same Securities as Clients**

Stratton Capital allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons may have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can potentially be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Stratton Capital by conducting a coordinated review of personal accounts and the accounts of the Clients. We have also adopted written policies and procedures to detect the misuse of material, non-public information.

#### **D. Personal Trading at Same Time as Client**

While Stratton Capital allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. **At no time will Stratton Capital, or any Supervised Person of Stratton Capital, transact in any security to the detriment of any Client.**

### **Item 12 – Brokerage Practices**

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#### **A. Recommendation of Custodian[s]**

Stratton Capital does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize Stratton Capital to direct trades to the Custodian as agreed upon in the investment management agreement. Further, Stratton Capital does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where Stratton Capital does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a Custodian not recommended by Stratton Capital. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. Stratton Capital may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and its reputation and/or the location of the Custodian's offices. Stratton Capital will generally recommend that Clients establish their account[s] at Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer and member SIPC. Schwab will serve as the Client's "qualified custodian". Stratton Capital maintains an institutional relationship with Schwab, whereby the Advisor receives economic benefits from Schwab. Please see Item 14 below.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. Stratton Capital does not participate in soft dollar programs sponsored or offered by any broker-

dealer/custodian. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14 – Client Referrals and Other Compensation.

**2. Brokerage Referrals** - Stratton Capital does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a “directed brokerage basis”, where Stratton Capital will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor’s own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client’s account[s]). Stratton Capital will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. Stratton Capital will execute its transactions through the Custodian as authorized by the Client. Stratton Capital may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by Mr. Cabral. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client’s request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client’s financial situation, and/or large deposits or withdrawals in the Client’s account[s]. The Client is encouraged to notify Stratton Capital if changes occur in the Client’s personal financial situation that might adversely affect the Client’s investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian’s website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client’s account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by Stratton Capital**

Stratton Capital is a fee-based advisory firm, that is compensated solely by its Clients and not from any investment product. Stratton Capital does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. Stratton Capital may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain financial services necessary to meet

the goals of its Clients. Likewise, Stratton Capital may receive non-compensated referrals of new Clients from various third-parties.

#### Participation in Institutional Advisor Platform

Stratton Capital has established an institutional relationship with Schwab through its “Schwab Advisor Services” unit, a division of Schwab dedicated to serving independent advisory firms like Stratton Capital. As a registered investment advisor participating on the Schwab Advisor Services platform, Stratton Capital receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit the Advisor and many, but not all services provided by Schwab will benefit Clients. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a potential conflict of interest since these benefits may influence the Advisor’s recommendation of this custodian over one that does not furnish similar software, systems support, or services.

*Services that Benefit the Client* – Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client’s funds and securities. Through Schwab, the Advisor may be able to access certain investments and asset classes that the Client would not be able to obtain directly or through other sources. Further, the Advisor may be able to invest in certain mutual funds and other investments without having to adhere to investment minimums that might be required if the Client were to directly access the investments.

*Services that May Indirectly Benefit the Client* – Schwab provides participating advisors with access to technology, research, discounts and other services. In addition, the Advisor receives duplicate statements for Client accounts, the ability to deduct advisory fees, trading tools, and back office support services as part of its relationship with Schwab. These services are intended to assist the Advisor in effectively managing accounts for its Clients, but may not directly benefit all Clients.

*Services that May Only Benefit the Advisor* – Schwab also offers other services and support to Stratton Capital that may not benefit the Client, including: educational conferences and events, financial start-up support, consulting services and discounts for various service providers. Access to these services creates a financial incentive for the Advisor to recommend Schwab, which results in a potential conflict of interest. Stratton Capital believes, however, that the selection of Schwab as Custodian is in the best interests of its Clients.

#### **B. Client Referrals from Solicitors**

If a Client is introduced to Stratton Capital by an unaffiliated referrer (herein a “Solicitor”), Stratton Capital may pay the Solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, the laws of the State of Vermont and any applicable state securities regulations. Referral fees are paid solely from Stratton Capital’s investment advisory fees and will not result in any additional charges or higher fees to the Client. The Solicitor will provide the Client with a copy of Stratton Capital’s Disclosure Brochure along with a Solicitor’s Disclosure Statement containing the terms and conditions of the solicitation arrangement including compensation.

#### **Item 15 – Custody**

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Stratton Capital does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor’s fees. All Clients must place their assets with a “qualified custodian”. Clients are required to engage the Custodian to retain their funds and securities and direct Stratton Capital to utilize that Custodian for the Client’s security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by Stratton Capital to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

## Item 16 – Investment Discretion

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Stratton Capital generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Stratton Capital. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment management agreement containing all applicable limitations to such authority. All discretionary trades made by Stratton Capital will be in accordance with each Client's investment objectives and goals.

## Item 17 – Voting Client Securities

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Stratton Capital does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## Item 18 – Financial Information

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Neither Stratton Capital, nor its management, have any adverse financial situations that would reasonably impair the ability of Stratton Capital to meet all obligations to its Clients. Neither Stratton Capital, nor any of its Advisory Persons, have been subject to a bankruptcy or financial compromise. Stratton Capital is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.

## Item 19 – Requirements for State Registered Advisors

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### A. Educational Background and Business Experience of Principal Officer

The Principal Officer of Stratton Capital is Marcelo Cabral (Principal and Chief Compliance Officer). Information regarding the formal education and background of Mr. Cabral is included in Item 2 of his Form ADV 2B – Brochure Supplement below.

### B. Other Business Activities of Principal Officer

Mr. Cabral is dedicated to the investment advisory activities of Stratton Capital's Clients. Mr. Cabral does not have any other business activities.

### C. Performance Fee Calculations

Stratton Capital does not charge performance-based fees for its investment advisory services. The fees charged by Stratton Capital are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client.

### D. Disciplinary Information

***There are no legal, civil or disciplinary events to disclose regarding Stratton Capital or Mr. Cabral.*** Neither Stratton Capital nor Mr. Cabral have ever been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Stratton Capital or Mr. Cabral.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Cabral.

### E. Material Relationships with Issuers of Securities

Neither Stratton Capital nor Mr. Cabral has any relationships or arrangements with issuers of securities.



## **Form ADV Part 2B – Brochure Supplement**

**for**

**Marcelo C. Cabral  
Principal and Chief Compliance Officer**

**Effective: April 13, 2020**

This Form ADV 2B (“Brochure Supplement”) provides information about the background and qualifications of Marcelo C. Cabral (CRD# 2237540) in addition to the information contained in the Stratton Capital Investment Advisory LLC (“Stratton Capital” or the “Advisor”, CRD# 307491) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the Stratton Capital Disclosure Brochure or this Brochure Supplement, please contact us at (914) 471-3377.

Additional information about Mr. Cabral is available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with his full name or his Individual CRD# 2237540.

## Item 2 – Educational Background and Business Experience

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Marcelo C. Cabral, born in 1961, is dedicated to advising Clients of Stratton Capital as its Principal and Chief Compliance Officer. Mr. Cabral earned an MBA from Fundacao Getulio Vargas in 1988. Mr. Cabral also earned a BsSc Mechanical Engineering from Universidade Federal do Rio Grande do Sul in 1985. Additional information regarding Mr. Cabral's employment history is included below.

### Employment History:

Principal and Chief Compliance Officer, Stratton Capital Investment Advisory LLC	01/2020 to Present
Chief Executive Officer, Bradesco Securities UK	01/2014 to 05/2017
Chief Executive Officer, Bradesco Securities LLC	07/2008 to 03/2014

## Item 3 – Disciplinary Information

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***There are no legal, civil or disciplinary events to disclose regarding Mr. Cabral.*** Mr. Cabral has never been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Cabral.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. ***As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Cabral.***

However, we do encourage you to independently view the background of Mr. Cabral on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with his full name or his Individual CRD# 2237540.

## Item 4 – Other Business Activities

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Mr. Cabral is dedicated to the investment advisory activities of Stratton Capital's Clients. Mr. Cabral does not have any other business activities.

## Item 5 – Additional Compensation

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Mr. Cabral is dedicated to the investment advisory activities of Stratton Capital's Clients. Mr. Cabral does not receive any additional forms of compensation.

## Item 6 – Supervision

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Mr. Cabral serves as the Principal and Chief Compliance Officer of Stratton Capital. Mr. Cabral can be reached at (914) 471-3377.

Stratton Capital has implemented a Code of Ethics, an internal compliance document that guides each Supervised Person in meeting their fiduciary obligations to Clients of Stratton Capital. Further, Stratton Capital is subject to regulatory oversight by various agencies. These agencies require registration by Stratton Capital and its Supervised Persons. As a registered entity, Stratton Capital is subject to examinations by regulators, which may be announced or unannounced. Stratton Capital is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.

## Item 7 – Requirements for State Registered Advisors

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### A. Arbitrations and Regulatory Proceedings

State regulations require disclosure if any Supervised Person of the Advisor is subject to:



1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - a. an investment or an investment-related business or activity;
  - b. fraud, false statement(s), or omissions;
  - c. theft, embezzlement, or other wrongful taking of property;
  - d. bribery, forgery, counterfeiting, or extortion; or
  - e. dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - a. an investment or an investment-related business or activity;
  - b. fraud, false statement(s), or omissions;
  - c. theft, embezzlement, or other wrongful taking of property;
  - d. bribery, forgery, counterfeiting, or extortion; or
  - e. dishonest, unfair, or unethical practices.

Mr. Cabral does not have any disclosures to make regarding this Item.

### **B. Bankruptcy**

If a Supervised Person has been the subject of a bankruptcy petition, that fact and the details must be disclosed. Mr. Cabral does not have any disclosures to make regarding this Item.

## **Privacy Policy**

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Effective: April 13, 2020

### **Our Commitment to You**

Stratton Capital Investment Advisory LLC ("Stratton Capital" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. Stratton Capital (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

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

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

### **Why you need to know?**

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### **What information do we collect from you?**

Driver's license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities

Name, address and phone number(s)	Income and expenses
E-mail address(es)	Investment activity
Account information (including other institutions)	Investment experience and goals

#### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

#### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

#### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.	Yes	No
<b>Marketing Purposes</b> Stratton Capital does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where Stratton Capital or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent(s) or representative(s).	Yes	Yes
<b>Information About Former Clients</b> Stratton Capital does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

#### State-specific Regulations

Massachusetts	In response to a Massachusetts law, clients must “opt-in” to share non-public personal information with non-affiliated third parties before any personal information is disclosed. We may disclose non-public personal information to other financial institutions with whom we have joint business arrangements for proper business purposes in connection with the management or servicing of your account.
Vermont	In response to a Vermont regulation, if we disclose personal information about you to non-affiliated third parties, we will only disclose your name, address, other contract information, and general information about our experience with you.

### **Changes to our Privacy Policy**

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

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

### **Any Questions?**

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (914) 471-3377.