

# **Cardan Capital Partners, LLC**

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**March 30, 2020**

**FORM ADV PART 2A**

**BROCHURE**

This brochure provides information about the qualifications and business practices of Cardan Capital Partners, LLC (hereinafter "Cardan Capital Partners" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (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). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## Item 2 Material Changes

This Item 2 discloses material changes that have been made to this Brochure since the last annual update on March 15, 2019.

Since the last annual update of this Brochure, the following material changes have been made:

- Item 4 descriptions of services offered by Cardan Capital Partners has been updated and Divorce Planning has been added as a service;
- Item 5 has been revised to reflect that maximum wealth management fee as 1.5%, previously stated as 1.75%;
- Item 8 has been revised with an updated description of Cardan Capital Partners methods of analysis and investment strategies; and
- Item 12 has been revised to reflect that the Firm, whenever possible, will aggregate trading orders for accounts purchasing/selling the same security using the same broker.

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## **Item 4 Advisory Business**

Cardan Capital Partners provides clients with wealth management services which generally include a broad range of comprehensive financial planning and consulting services, as well as discretionary and/or non-discretionary management of investment portfolios.

Cardan Capital Partners was founded on November 6, 2015 and is wholly owned by Ross Fox, Matthew Papazian, Martha Awad and Sarah Keys. As of December 31, 2019, Cardan Capital Partners had \$941,344,102 in assets under management; \$888,740,839 of which was managed on a discretionary basis and \$52,603,263 of which was managed on a non-discretionary basis.

While this brochure generally describes the business of Cardan Capital Partners, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Cardan Capital Partners' behalf and is subject to the Firm's supervision or control.

### **Financial Planning and Consulting Services**

Cardan Capital Partners offers comprehensive financial planning and consulting services which may include any or all of the following functions:

Business Planning	Liability Management
Cash Flow Forecasting	Risk Management
Trust and Estate Planning	Charitable Giving
Financial Planning	Distribution Planning
Investment Consulting	Tax Planning
Insurance Planning	Manager Due Diligence
Divorce Planning	

While each of these services is available on a stand-alone basis, some or all of them may also be rendered in conjunction with investment portfolio management services, as part of a comprehensive wealth management engagement.

### **Investment Management Services**

Cardan Capital Partners primarily allocates client assets among various exchange-traded funds ("ETFs"), individual debt and equity securities, and mutual funds in accordance with the account's stated investment objective, goals and risk parameters. In limited circumstances, Cardan Capital Partners may also consider other investment options including independent investment managers and structured investment products as requested by, and where appropriate for a client.

Where appropriate, the Firm may also provide advice on legacy positions or other investments held in client portfolios. Clients may engage Cardan Capital Partners to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts (to the extent permissible without an insurance license) and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Cardan Capital Partners will direct or make recommendations on a non-discretionary basis for the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or custodian for the plan trustee or administrator.

Cardan Capital Partners tailors its advisory services to meet the needs of its individual clients and seeks to manage client portfolios in a manner consistent with the account's investment objective and risk tolerance parameter. Cardan Capital Partners consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. In performing these services, Cardan Capital Partners is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on the accuracy of such information provided. Clients are advised to promptly notify Cardan Capital Partners if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Cardan Capital Partners determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

Prior to Cardan Capital Partners rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Cardan Capital Partners setting forth the relevant terms and conditions of the advisory relationship (the "Advisory Agreement").

## **Item 5 Fees and Compensation**

Cardan Capital Partners offers services on a fee basis. Clients generally pay fees based upon assets under management or advisement. In certain circumstances fixed fees may be charged for financial planning or consulting services only.

### **Wealth Management Fees**

Cardan Capital Partners offers investment management services for an annual fee based on the total amount of household assets under the Firm's management or advisement and each account's predominate asset class. The maximum wealth management fee is 150 basis points (1.5%). The annual fee is prorated and charged monthly, in arrears, based on the average daily value of the assets being managed by Cardan Capital Partners over the fee calculation period. Advisory fees for the first and last fee calculation periods shall be prorated based on the number of days assets were under the Firm's management. Clients are advised that a conflict of interest exists because the Firm will have an incentive to recommend certain asset classes based on the compensation to be received.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Cardan Capital Partners may negotiate a fee rate that differs from the range set forth above.

### **Financial Planning and Consulting Fees**

Cardan Capital Partners may charge a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but generally range from \$1,000 to \$20,000, depending upon the scope and complexity of the services and the professional rendering of the financial planning and/or the consulting services. If the client engages the Firm for additional investment advisory services, Cardan Capital Partners 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.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Cardan Capital Partners generally requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not solicit or accept \$1,200 or more in prepaid fees in excess of six months in advance of

services rendered.

### **Fee Discretion**

Cardan Capital Partners may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to Cardan Capital Partners, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, margin or other borrowing costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 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. The Firm's brokerage practices are described at length in Item 12, below.

### **Direct Fee Debit**

Clients generally provide Cardan Capital Partners with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institution(s) that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Cardan Capital Partners.

### **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to Cardan Capital Partners' right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to Cardan Capital Partners, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Cardan Capital Partners may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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

Cardan Capital Partners does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7 Types of Clients**

Cardan Capital Partners offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Cardan Capital Partners does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

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

### **Methods of Analysis**

Cardan Capital Partners utilizes a combination of fundamental, technical and economic methods of analysis.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Cardan Capital Partners, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Cardan Capital Partners will be able to accurately predict such a recurrence.

Economic analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that Cardan Capital Partners is recommending. The risks with economic analysis are similar to those of technical analysis.

Based on its analysis, Cardan Capital Partners creates internally managed strategies/model portfolios, each with different objectives including income, growth, and total return. Model portfolio(s) for Client's account(s) involve investing the account in a portfolio primarily of ETFs, mutual funds, and some individual debt and equity securities, that are the result of careful selection and weighting of key asset classes, and on-going evaluation of such investment's accurate reflection of a particular asset class and role in the portfolio. The Cardan Capital Partners Representative works with the client to identify the initial and ongoing Firm model portfolio(s) that reflect the appropriate asset classes most closely aligned with the Client's financial objectives, risk tolerance, and other factors. Clients may impose reasonable restrictions on the investments in their account.

### **Risk of Loss**

#### ***Market Risks***

Investing involves risk, including price volatility and the loss of principal, that clients should be prepared to bear. The profitability of a significant portion of Cardan Capital Partners' recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Cardan Capital Partners will be able to predict those price movements accurately or capitalize on any such assumptions.

#### ***Mutual Funds and ETFs***

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and

ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and exchange traded funds are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intra-day changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based exchange traded funds and potentially more frequently for actively managed exchange traded funds. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

#### *Use of Independent Managers*

In limited circumstances, Cardan Capital Partners may select certain Independent Managers to manage a portion of its clients' assets. In these situations, Cardan Capital Partners continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Cardan Capital Partners generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

## **Item 9 Disciplinary Information**

Cardan Capital Partners nor any Supervised Person has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

We are required to disclose if Cardan Capital Partners or a related person is registered in certain capacities, and also disclose any relationships or arrangements involving the Firm or a related persons



and businesses in certain capacities. Neither Cardan Capital Partners nor any related person is registered in any capacity requiring disclosure in Item 10.

Although we may, on a limited basis, recommend the services of third-party managers, Cardan Capital Partners does not receive compensation from them, nor does it have any business relationships with them which require disclosure.

## **Item 11 Code of Ethics**

Cardan Capital Partners has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Cardan Capital Partners' Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading of the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires Cardan Capital Partners' Supervised Persons to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, private investments). The Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures.

Clients and prospective clients may contact Cardan Capital Partners to request a copy of its Code of Ethics.

## **Item 12 Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

Cardan Capital Partners generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services™ ("Schwab") for investment management accounts. Factors which Cardan Capital Partners considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab may enable the Firm to obtain many mutual funds and ETFs without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Cardan Capital Partners' clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Cardan Capital Partners determines that the commissions are 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Cardan Capital Partners seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist Cardan Capital Partners in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Cardan Capital Partners does not have to produce or pay for the products or services.

Cardan Capital Partners periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### **Software and Support Provided by Financial Institutions**

Cardan Capital Partners may receive without cost from Schwab computer software and related systems support, which allow Cardan Capital Partners to better monitor client accounts maintained at Schwab. Cardan Capital Partners may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. 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 Cardan Capital Partners, but not its clients directly. In fulfilling its duties to its clients, Cardan Capital Partners endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Cardan Capital Partners' receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Cardan Capital Partners may receive the following benefits from Schwab:

- Credits to be used toward qualifying third-party service providers used in connection with the Firm's research, technology and software platforms;
- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- 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.

### **Brokerage for Client Referrals**

Cardan Capital Partners does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

The client may direct Cardan Capital Partners in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Cardan Capital Partners (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Cardan Capital Partners may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

The Company currently provides investment advice to a number of clients. Securities of the same issuer may be purchased, held, or sold by clients of the Company. In this case the Company may elect to combine or aggregate orders in order to obtain an average price and allocate shares equitably among several client accounts. This technique is used as part of the Company's duty to seek best execution and may be potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Aggregated orders may include proprietary model or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts.

The Company, whenever possible, will aggregate orders for accounts purchasing/selling the same security and using the same broker. Allocated trades are generally done at the model level on a monthly basis and include accounts in the same model purchasing the same security as part of that model rebalance. A particular client may or may not participate in any specific transaction based on a number of factors including, but not limited to, the client's investment objectives, strategies, policies, restrictions, assets and cash held. Each client that participates in an aggregated order will participate at the same average share price for a given security in the specific model trade if that trade was aggregated. Model rebalancing order is done on a random or rotational method.

Although the Company will generally seek to be consistent in its investment approach for similarly situated clients, the act of purchasing, selling, or holding a security for one client does not mean it will be purchased, sold, or held for another client.

### **Trade Error Correction Policy**

Although Cardan Capital Partners takes reasonable steps to avoid errors, occasionally errors do occur. The Firm seeks to identify errors and work with the Custodian to correct the error as quickly as possible in order to put the client in the position they would have been had the error not occurred.

## **Item 13 Review of Accounts**

### **Account Reviews**

Cardan Capital Partners monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's Principals and/or investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Cardan Capital Partners and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its accounts, services and/or recommendations and quarterly, either electronically or in writing, requesting any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Cardan Capital Partners and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Cardan Capital Partners or an outside service provider.

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

Cardan Capital Partners does not compensate any parties (affiliated or unaffiliated) for referring clients to the Firm.

## **Item 15 Custody**

Under government regulations, we are deemed to have custody of your assets if you authorize us to directly deduct our advisory fees from your account held with a qualified custodian, generally Schwab, or if you grant us authority to move your money to another person's account.

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize Cardan Capital Partners and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Cardan Capital Partners.

In addition, as discussed in Item 13, Cardan Capital Partners may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Cardan Capital Partners.

### **Third-Party Authorizations**

Clients may provide the qualified custodian of their account a written instruction authorizing Cardan Capital Partners to direct transfers to a specified third party, either on a set schedule or from time to time, subject to certain regulatory requirements pursuant to the SEC's Custody Rule. As a result of this limited authority, Cardan Capital Partners is deemed to have custody of the Client's accounts, but is not required to engage an independent CPA to conduct a surprise verification of the client's account assets.

## **Item 16 Investment Discretion**

Cardan Capital Partners may be given the authority to exercise discretion on behalf of clients. Cardan Capital Partners is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Cardan Capital Partners is given this authority through a power-of-attorney included in the agreement between Cardan Capital Partners and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Cardan Capital Partners takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The selection of and allocation to model portfolios; and
- The Independent Managers, if considered, to be hired or fired.

## **Item 17 Voting Client Securities**

### **Acceptance of Proxy Voting Authority**

Cardan Capital Partners may accept the authority to vote a client's securities (i.e., proxies) on their behalf. When Cardan Capital Partners accepts such responsibility, it will cast proxy votes only in a

manner it believes consistent with the best interest of its clients. At any time clients may contact the Firm to request information about how Cardan Capital Partners voted proxies for that client's securities.

A brief summary of Cardan Capital Partners proxy voting policies and procedures is as follows:

- The Firm has engaged Broadridge ProxyEdge ("Broadridge"), a third-party, independent proxy advisory firm, to provide it with research, analysis, and recommendations on the various proxy proposals for the client securities that Cardan Capital Partners manages with the aim of maximizing shareholder value. In engaging Broadridge for that purpose, Cardan Capital Partners has reviewed Egan-Jones Proxy Services Standard Proxy Voting Principles and Guidelines for the current proxy voting season and has approved the summary of Broadridge's positions on the voting positions it recommends for the types of proposals most frequently presented, including: election and composition of directors; financial reporting; compensation of management and directors; corporate governance structure and anti-takeover measures; and environmental and social risks to operations. Cardan Capital Partners is currently in agreement with the approach Broadridge has set forth in its current Standard Proxy Voting Principles and Guidelines for voting proxies. Although Cardan Capital Partners, based on its approval of the positions in the Standard Proxy Voting Principles and Guidelines, expects to vote proxies according to Broadridge's recommendations, certain issues may need to be considered on a case-by-case basis due to the diverse and continually evolving nature of corporate governance issues. If such cases should arise, then Cardan Capital Partners will devote appropriate time and resources to consider those issues.
- Cardan Capital Partners will not vote proxies when Broadridge is not voting with respect to a particular proxy and either 1) Proxies are received for equity securities where, at the time of receipt, Cardan Capital Partners' position, across all clients that it advises, is less than, or equal to, 1% of the total outstanding voting equity (an "immaterial position"); or 2) Proxies are received for equity securities where, at the time of receipt, Cardan Capital Partners no longer holds that position.
- Where Cardan Capital Partners is responsible for voting proxies on behalf of a client, the client cannot direct the Firm's vote on a particular solicitation. The client, however, can revoke Cardan Capital Partners authority to vote proxies. In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Cardan Capital Partners maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps, whether by following Broadridge's third-party recommendation or otherwise, to ensure that proxy voting decisions are made in what it believes is the best interest of its clients and are not the product of any such conflict.

## **Item 18 Financial Information**

Cardan Capital Partners is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not ever been the subject of a bankruptcy petition.