

# Form ADV Part 2A Brochure

March 30, 2020

## United Income, Inc.

### Principal Office

**1600 Capital One Drive**

**22<sup>nd</sup> Floor**

**McLean, VA 22102**

**(202) 539-1039**

**unitedincome.com**

This brochure provides information about the qualifications and business practices of United Income, Inc. If you have any questions about the contents of this brochure, please contact us by phone at (202) 539-1039 or by email at [uicompliance@capitalone.com](mailto:uicompliance@capitalone.com). 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 United Income, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*Separate wrap fee program brochures have been prepared for United Income, Inc.'s United Income Wrap Fee Program and Traditional Wrap Fee Program. Please contact us at [uicompliance@capitalone.com](mailto:uicompliance@capitalone.com) to request a copy of the wrap fee program brochures, or visit the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) to view United Income Inc.'s wrap fee program brochures.*

## Item 2: Material Changes

This Form ADV Part 2A Brochure, dated March 30, 2020 (the “Brochure”), includes material changes to our last annual amendment dated March 29, 2019. Below is a summary of material changes since United Income, Inc.’s last annual amendment:

Item 1: Cover Page

*Principal Office.* In March 2020, United Income, Inc. moved to its new principal office located at 1600 Capital One Drive, 22<sup>nd</sup> Floor, McLean, VA 22102.

Item 4: Advisory Business

*Company Ownership.* In August 2019, Capital One Financial Corporation and its subsidiary, Capital One, N.A., acquired United Income, Inc., at which point United Income, Inc. became a direct subsidiary of Capital One, N.A. and an indirect subsidiary of Capital One Financial Corporation. As the result of an internal reorganization completed in February 2020, United Income, Inc. became a direct subsidiary of Capital One Financial Corporation.

*Assets Under Management.* As of January 31, 2020, United Income managed a total of \$1,216,303,737 of client assets, constituting \$1,199,185,772 of client assets on a discretionary basis and \$17,117,965 of client assets managed on a non-discretionary basis.

Item 5: Fees and Compensation

*Fee Schedule.* United Income, Inc. has revised its fee schedule, and has provided additional clarifying information on the structure of its fee schedule.

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

*Investment Strategies.* United Income, Inc. added additional information regarding its tax-loss harvesting strategy.

Item 14: Client Referrals and Other Compensation

*Client Referrals.* United Income, Inc. has entered into a solicitation agreement with one of its supervised persons. Under the solicitation agreement, the supervised person receives compensation for client referrals, which creates an economic incentive to recommend United Income, Inc.’s advisory services.

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## Item 4: Advisory Business

### General Description of the Company

United Income, Inc. (“United Income,” the “Advisor,” the “firm,” “us,” “we,” “our”), a direct subsidiary of Capital One Financial Corporation, is an SEC-registered investment adviser that offers portfolio management and financial planning services to clients. United Income’s principal owner is Capital One Financial Corporation (“Capital One”).

United Income was founded by Matt Fellowes in April 2016. Prior to United Income’s inception, Mr. Fellowes gained extensive knowledge about the financial industry through a breadth of experience, including as the Chief Executive Officer and founder of HelloWallet, the Chief Innovation Officer of Morningstar and a Fellow at The Brookings Institute. Mr. Fellowes applied such knowledge to create a solution to the observation that wealth management practices had been outpaced by medical and technological innovations. In response, he assembled a team of core leaders driven to find a solution – together they built the foundation of United Income.

United Income became an SEC-registered investment adviser in 2017, and, in 2019, Capital One acquired United Income in an effort to expand Capital One’s wealth management services. Today, our team is comprised of professionals with decades of experience in the finance and technology markets, including people who have written or overseen the laws governing the retirement and financial markets in places such as the White House and Department of Treasury; have worked on technology used by millions of people at places such as Amazon; and have won awards like the Webby for best financial services software.

Through new technology, an expanding team of experienced wealth managers and a commitment to the highest ethical standards, we seek to unlock more effective ways for our clients to build wealth that endures throughout increasingly longer lifespans. Our unified system of money management reflects a deeply held belief that financial decisions are interconnected, and new data and technology allows us to observe and understand these relationships in new ways. Our team of professionals uses our innovative technology to provide holistic wealth management advice, which includes integrated financial planning, investment management, tax reduction analysis and retirement management.

### Investment Advisory Services

This Brochure describes the investment advisory services offered under the Legacy Portfolio Management Program (the “Legacy Program”) and provides information on United Income’s Corporate Sponsored Retirement Plan Consulting Services (the “Retirement Consulting Services”). The Legacy Program was formerly referred to as Traditional Portfolio Management Services; given that one of our wrap fee programs is called the Traditional Wrap Fee Program, to help provide clarity, we updated Traditional Portfolio Management Services to now be referred to as the Legacy Portfolio Management Program.

Unless otherwise specified, any references to clients and advisory services mentioned in this Brochure means clients of, and services provided by, the Legacy Program and/or the Retirement Consulting Services. United Income also provides advisory services through two wrap fee programs, the United Income Wrap Fee Program and the Traditional Wrap Fee Program, each of which is described in separate wrap fee program brochures available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### Legacy Portfolio Management Program (the “Legacy Program”)

We created the Legacy Program to further our mission to improve the quality of wealth management and make innovative technology more accessible. We provide the Legacy Program to clients seeking continuous advice regarding the investment of funds based on their individual needs.

Legacy Program clients work with industry professionals (“Legacy Teams”) who have joined United Income’s growing team of professionals located in multiple offices throughout the country. Clients enrolled in the Legacy Program generally have a dedicated Legacy Team with sometimes decades of experience providing investment advisory services to such clients. In many cases, Legacy Program clients had preexisting advisory relationships with these professionals, and have since become clients of United Income. The Legacy Program is designed to preserve continuity of these relationships, while also allowing the Legacy Teams to leverage United Income’s team of professionals and innovative technology to provide investment services tailored to each client.

United Income's goal is to create a seamless transition that expands the team of professionals dedicated to providing investment services tailored to each client's needs, in furtherance of the client's financial goals – all without increasing the fee rate (as discussed further in Item 5). This allows United Income's extended team of professionals, primarily based in its principal office, to work with our Legacy Teams to learn about each client's individual preferences and identify how we can help each client attain his or her financial goals through a wide range of investment services such as: gathering additional information needed to analyze a client's portfolio and providing investment recommendations based on such analysis; identifying ways to save money and improve returns; discussing current and future assets in an effort to unify the client's investment strategy; utilizing knowledge gained through our proprietary technology to provide informed insight into suitable investment opportunities; and reviewing United Income's other programs alongside the scope of services received under the Legacy Program to consider if each client is enrolled in the program that best suits his or her needs.

Advisory Accounts in the Legacy Program may be managed on a discretionary or non-discretionary basis. Clients may impose reasonable restrictions on certain securities, types of securities or industry sectors. Our investment recommendations are not limited to any specific product or service and will generally include advice regarding the following securities:

- Exchange-traded funds ("ETFs") and other exchange listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Interests in vehicles investing in real estate
- Interests in partnerships investing in oil and gas interests

Investments in securities involve varying degrees of risk. United Income considers each client's investment objectives, risk tolerance and liquidity in determining if the recommended investment's degree of risk is suitable and in the client's best interest.

#### **Corporate Sponsored Retirement Plan Consulting Services (the "Retirement Consulting Services")**

United Income's Retirement Consulting Services are broken into four categories. Where applicable, the services are available on a discretionary or non-discretionary basis, as defined below. Clients may select one or more of the below services:

##### **I. Investment Policy Statement (IPS) Preparation**

We meet with the client (in person or over the telephone) to identify the plan's investment objectives and determine an investment strategy designed to meet the stated objectives. We then prepare a written IPS, which details the plan objectives, the strategy to achieve such objectives, the criteria for selecting an appropriate investment vehicle and the procedures for monitoring investment performance.

##### **II. Selection of Investment Vehicles**

We assist the corporation in constructing appropriate asset allocation models. We will then review various investment vehicles, such as mutual funds and exchange traded funds (both index and managed), to determine which investments are consistent with the criteria set forth in the IPS.

*Discretionary.* When providing discretionary investment advisory services, we are solely responsible for determining the appropriate investment options available to plan participants. We work with the plan administrator and qualified custodian to ensure the selected investment options are available to plan participants.

*Non-Discretionary.* When providing non-discretionary investment advisory services, we are responsible for making investment recommendations to the plan regarding the fund options made available to plan participants. The plan fiduciaries are ultimately required to exercise their discretion to act upon our investment recommendations.

##### **III. Monitoring of Investment Performance**

We monitor client investments based on the procedures and timing intervals delineated in the IPS.

*Discretionary.* When we provide discretionary investment advisory services we are responsible for the ongoing monitoring of investment options and implementing changes as necessary. Plan fiduciaries are given notice of changes to

existing allocations and/or investment choices; however, we implement those changes as promptly as possible in coordination with the administrator and plan custodian. Consent of the plan for investment options changes is not required.

*Non-Discretionary.* When we provide non-discretionary investment advisory services we are not involved in any way in the purchase or sale of these investments, although we monitor the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

#### IV. Plan Participant Education

For pension, profit sharing, and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we also may provide communication services designed for the plan participants when the plan sponsor engages our firm to provide such services. We will determine the nature of the topics to be covered in partnership with the client under the guidelines established in ERISA Section 404(c). The communication services will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

#### Wrap Fee Programs

United Income sponsors and is the portfolio manager of two wrap fee programs: the United Income Wrap Fee Program (the "UIWP") and the Traditional Wrap Fee Program (the "Traditional Wrap Program").

The defining feature that differentiates a wrap fee program from a non-wrap fee program is that the wrap fee program offers bundled investment management and brokerage services for one fee. Clients and prospective clients are encouraged to read the SEC's Investor Bulletin: Investment Adviser Sponsored Wrap Fee Programs (dated December 07, 2017) to learn more about wrap fee programs, and for questions to consider when determining if a wrap program is the best option for his or her individual needs. United Income's wrap fee programs charge one, bundled fee. We receive a portion of the fee.

##### United Income Wrap Fee Program (the "UIWP")

Accounts in the UIWP are managed on a discretionary basis. A key distinction between the UIWP and our other programs is the extent to which the UIWP leverages technology to deliver advisory services to our clients. For example, the UIWP is built upon our proprietary technology platform which analyzes client information, including income, current investments, assets and debt, insurance policies and financial goals, to generate a comprehensive, personalized financial plan and investment strategy. Similarly, clients with accounts in the UIWP can interact directly with our platform to update information or view progress toward their financial goals. By contrast, while our Legacy Teams have access to certain insights made available by data derived from our innovative technology, the Legacy Teams are responsible for creating, implementing and monitoring investment decisions for accounts in all other programs.

##### Traditional Wrap Fee Program (the "Traditional Wrap Program")

Accounts in the Traditional Wrap Program are managed on a discretionary basis. The Traditional Wrap Program is similar to the Legacy Program in that our wealth management team members work directly with our clients to create and implement personalized investment strategies. The Traditional Wrap Program enables us to offer these services for one, bundled wrap fee.

Additional information on the UIWP and the Traditional Wrap Program is available in the Form ADV Part 2A Wrap Fee Program Brochures we have prepared for each program. For a copy of the brochures, contact us at [uicompliance@capitalone.com](mailto:uicompliance@capitalone.com) or visit the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### Assets Under Management

As of January 31, 2020, United Income managed a total of \$1,216,303,737 of client assets, constituting \$1,199,185,772 of client assets on a discretionary basis and \$17,117,965 of client assets managed on a non-discretionary basis. The non-discretionary assets were provided to six corporate retirement plan sponsors. While United Income provided investment advice to these plan sponsors, the sponsors were free to accept or reject United Income's recommendations and also were responsible for carrying out the investment decisions made on behalf of the plan.

## Item 5: Fees and Compensation

### Advisory Fee Methodology

#### Legacy Portfolio Management Program

Certain Legacy Program clients previously entered into an investment advisory agreement with a different investment adviser which was then assigned to United Income. Clients are subject to the terms of investment advisory agreements that have been assigned to United Income. As a result, Legacy Program clients are subject to the fee schedule included in the advisory agreement; however, Legacy Program clients shall pay *no more than* an annualized rate of 1.25% of total assets under management (the “standard advisory fee”). The standard advisory fee acts as a ceiling, and no Legacy Program clients shall be charged a fee above the standard advisory fee.

*Calculation.* Fees are deducted directly from the client’s custodial account(s). United Income’s management fees are assessed in accordance with the terms set forth in the advisory agreement. For the majority of the Legacy Program accounts, the fee is assessed quarterly in advance; for the remaining Legacy Program accounts, the fee is assessed quarterly in arrears, monthly in advance or in a different manner set forth in the advisory agreement. Fees assessed on a quarterly basis are based on the value of the client’s account(s) as of the last day of the prior calendar quarter. Fees assessed on a monthly basis are based on the average daily account value during the preceding month or the value of the account as of the last day of the prior month. United Income reserves the right to assess the fee in a manner consistent with the terms agreed upon in the advisory agreement between the client and United Income.

If a client terminates its relationship with United Income: for fees assessed in advance, we will refund a prorated portion of the fee commensurate with the number of days left in the billing time period; and for fees assessed in arrears, we will assess a prorated fee commensurate with the number of days the advisory agreement was in effect during the relevant billing period.

*Potential Additional Fees.* The Custodian may impose additional fees including: trading fees; any taxes or fees imposed by exchanges or regulatory bodies in connection with transactions effected on the Client’s behalf; and any other fees outlined in the Client’s agreement with their Custodian. The client is responsible for paying such fees. Additionally, if Client’s Account is invested in a mutual fund or an ETF (each, a “fund”), the Client, as a shareholder of such fund, will pay a proportionate share of the such fund’s fees and expenses, including management fees, Rule 12b-1 fees, sub-transfer agency fees, and potentially shareholder servicing fees (please see the relevant fund’s prospectus or other disclosure document for a description of its fees and expenses). These fees are reflected in the price paid or received for a given security or, in the case of a fund, reflected in the net asset value of the fund.

#### Corporate Sponsored Retirement Plan Consulting Services

Advisory Fees for United Income’s Retirement Plan Consulting Services are assessed as an annualized rate of assets under management. The rate depends on which of the four services United Income provides to clients (see Item 4 for a discussion of the four services). As of the date of this Brochure, the fee rate ranges between 0.05% to 1.25% of plan assets under management. The applicable fee rate shall be agreed upon in an advisory agreement between the client and United Income. Such fees are billed and payable quarterly in advance.

Either party can terminate an advisory agreement for any reason, upon thirty days prior written notice. If a client terminates its relationship with United Income during a quarter, we will refund a prorated portion of the prepaid management fee based on the number of days left in the quarter.

### Additional Fee Disclosures

*Mutual Fund Fees.* All fees paid to United Income for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund’s prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes a sales charge, a client would either pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without receiving our services, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client’s financial situation and objectives. Accordingly,



the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services United Income provides.

*ERISA Accounts.* United Income is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act (ERISA), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, we are subject to specific duties and obligations under ERISA and the Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

*Advisory Fees in General.* Advisory fee waivers, which are not generally available to our advisory clients, are offered to employees of United Income and their family members, defined as children, siblings, parents, grandparents, registered domestic partners or spouses, in-laws, and aunts and uncles.

Clients should be aware of the fact that similar or comparable advisory services may be available from other firms for a fee that is higher or lower than United Income's fee.

## Item 6: Performance-Based Fees and Side-by-Side Management

United Income does not charge clients any performance-based fees. Some investment advisors experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to United Income.

## Item 7: Types of Clients

### **Legacy Portfolio Management Program**

The types of clients that receive advisory services under the Legacy Program include individuals, high net worth individuals, trusts, estates, corporations, corporate pension and profit-sharing plans (other than plan participants), and other businesses.

A minimum account size of \$100,000 is required to open an account under the Legacy Program; however, the minimum account size is negotiable.

### **Corporate Retirement Plan Consulting Services**

The types of clients that receive Retirement Consulting Services are primarily comprised of pension, profit sharing, and 401(k) plans; however, where appropriate, we offer these services to individuals, trusts, estates, and charitable organizations.

There is no account minimum requirement associated with Corporate Retirement Plan Consulting Services.

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

United Income's core investment approach is to seek investments in global asset classes that provide diversification; we focus on factor strategies such as value, quality, momentum and low-volatility – our goal is to build an integrated financial plan that preserves wealth and to employ a strategy that outperforms the market so our clients can build wealth.

United Income's Legacy Teams are primarily responsible for creating, implementing and monitoring the investment strategies and methodologies employed for accounts enrolled in the Legacy Program and for accounts that receive Retirement Consulting Services. As such, we use several methods of analysis and a broad universe of investment strategies to enable the Legacy Teams to tailor such strategies to serve our clients' unique, but diverse needs. Such methodologies and strategies are supervised by United Income's Investment Strategy Committee and the senior managers of United Income's Wealth Operations and Wealth Management teams. Additionally, United Income has created a centralized Investment Team comprised of industry professionals who work with the Legacy Teams to carry out day-to-day advisory services such as advice based on investment research and insights into portfolio allocation methodology.

Our Investment Team uses correlation analysis and projected financial performance of asset classes to identify suitable investment recommendations. The Legacy Teams and Investment Team work together to make such determinations based



on each client's time horizon, risk tolerance, current asset allocation, income source(s), fixed and variable expenses and financial goals.

Our investments are selected from diversified asset classes across the globe. United Income selects investments that we believe capture the asset class well and are low-cost relative to other investments in the same asset class. This includes low-cost ETFs as well as stocks, bonds and mutual funds.

#### **Tax-Loss Harvesting**

United Income utilizes tax-loss harvesting for taxable accounts. Tax-loss harvesting is a strategy designed to help our clients lower their taxes while maintaining their portfolios' expected risk and return profile. The strategy harvests previously unrealized investment losses to offset taxes due on a client's other realized capital gains. The proceeds are then invested in securities with closely correlated risk and return characteristics. Clients are responsible for all tax consequences resulting from any rebalancing or reallocation of their accounts. We are not tax professionals and do not give tax advice.

#### **Cyclical Analysis**

United Income's portfolios are subject to change based on new or updated information from the client as well as changes in current and projected financial market analysis. For instance, Morningstar Inc., the source of our capital market assumptions, periodically updates its projections of asset class performance. In addition, our clients may receive inheritances, have new health spending needs, or change their charitable preferences, which can adjust the strategies we employ to help our clients reach their financial goals. Accounts are subject to interval-based updating and may be rebalanced to accommodate changes likely to impact the client's financial goals.

#### **Risk of Loss**

Investing in securities involves a risk of loss that clients should be prepared to bear. We cannot guarantee that our investments decisions will always be profitable, nor can we guarantee any certain level of performance. Further, past performance does not guarantee future results. Clients can lose some or all of the money invested, including principal, because the value of securities fluctuate. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

All investments carry some level of risk. Clients should understand that investment decisions made by United Income are subject to various market, currency, economic, political, and business risks. The degree of risk also depends on the type of security. Volatility is generally a good indication of the degree of risk; volatile stocks are generally riskier. If a client has funds that are needed to pay for a near-term expense, such clients should carefully consider the degree of risk inherent to certain types of investments as short term investments in highly volatile stocks are more likely to be exposed to loss of principal and less likely to realize a benefit.

**To help clients understand the risks associated with certain types of investments, the following is a discussion of risks associated with investments commonly held in accounts in the Legacy Program or accounts that receive our Retirement Consulting Plan Services:**

#### Risks Associated with Investments in Exchange-Traded Funds

ETFs are subject to market risk, including loss of principal. An ETF's net asset value is the value of each share of the fund's underlying securities and cash as of the end of the trading day. Shares of ETFs can trade for more or less than the ETF's net asset value. Risks associated with each ETF depend on the securities held in the fund. Some ETFs may hold more diverse types of securities than others. ETFs with a diverse strategy are generally less risky. ETFs that focus on certain types of investments, such as limiting the investment strategy to certain sectors or in only real estate, are inherently exposed to more risk than a more diversified fund. Risks associated with underlying securities and non-diversified strategies include, but are not limited to, the following:

- **Sector-Specific Investment Strategy:** Typically more volatile than a more diverse strategy.
- **International Securities:** Risk of currency fluctuations and volatility due to political and economic events.
- **Emerging Markets:** Typically more volatile than investments in more developed countries.

- Real Estate: Exposure to volatility due to changes in interest rates and factors that can impact property value such as environmental disasters and economic changes.
- Commodities and Futures: The risk of loss is substantial. Commodities trading is often dictated by the person or entity with access to borrowed capital, which gives the person the leverage to control larger positions and ultimately magnify returns.

United Income can select which ETFs to recommend, but it cannot control which underlying securities are held in an ETF.

#### Risks Associated with Investments in Mutual Funds

Mutual funds involve risks including loss of principal. When a mutual fund is not fully invested and maintains a portion of its portfolio in cash or cash equivalents, there is a risk that the market will begin to rise and cause the mutual fund to miss capturing the full effect of changing market conditions. Some mutual funds may use leverage as part of their investment strategy. Using leverage can magnify a mutual fund's potential for gain or loss and, therefore, amplify the effects of market volatility on a mutual fund's share price. A mutual fund may be subject to the risk that its assets are invested in a particular sector or group of sectors in the economy, and as a result, the value of the mutual fund may be adversely impacted by events or developments in a sector or group of sectors.

The price of small or medium capitalization company stocks can be subject to more abrupt or erratic market movements than larger capitalization securities or than the market averages in general. A higher portfolio turnover will result in higher transactional and brokerage costs and can result in higher taxes when mutual fund shares are held in a taxable account. Mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by the client who owns the mutual fund. As a result, the cost of investing in some mutual funds may be higher than the cost of investing in other mutual funds.

#### Risks Associated with Investments in Common Stocks

The risks of investing in common stocks include, but are not limited to the following:

- Market Risk: Stock prices will fluctuate and can decline.
- Sector Risk: Events that impact a sector may also impact the securities classified under the same sector.

#### Risks Associated with Investments in Fixed Income

The risks of investing in fixed income securities include, but are not limited to the following:

- Credit Risk: If a credit agency (e.g., Moody's or Standard & Poor's) downgrades the rating on a municipal, government, or corporate bond, the bond value can decline.
- Call Risk: If a callable, high coupon bond is called away from the investor in a low interest rate environment, the investor will have less attractive reinvestment options.
- Interest Rate Risk: Bond prices move inversely to interest rates; therefore, if interest rates rise, the price of bonds will decline.

#### Risks Associated with Borrowing Money (Margin Accounts)

A margin account is an account where you may borrow funds for the purpose of purchasing additional securities. You may also borrow money to pay for fees associated with your account or to withdraw funds. While United Income generally does not recommend margin in connection with our advisory services, we also do not expressly prohibit the practice. Accordingly, if you decide to open a margin account, please carefully consider the following:

- If you do not have available cash in your account and use margin, you should understand that you will be borrowing money to purchase securities, pay for fees associated with your account or withdraw funds;
- You are using the securities that you own as collateral - if the securities decline in value, so does the value of the collateral, and as a result the custodian may take action, such as issue a margin call and/or sell securities in the account in order to maintain the required equity;
- Money borrowed is charged an interest rate that is subject to change over time;
- Because your advisory fee is based on the total market value of the securities in your account, if you have a margin debt balance (in other words you have borrowed and owe money to your custodian), your margin debit balance does not

reduce the total market value. In fact, incurring margin debt results in a total market value in the account that is higher than it would be if you didn't incur margin debt, which results in a higher advisory fee; and

- You should understand that:
  - the use of borrowed money will result in greater gains and or losses than otherwise would be the case without the use of margin, and
  - there will be no benefit from using margin if the performance of the account does not exceed the interest expense being charged on the margin balance plus the additional advisory fees assessed on the securities owned using margin.

Please also review the margin disclosure document provided by your custodian for additional risks involved in opening and maintaining a margin account.

### Cybersecurity Risks

As the use of technology has grown, there are ongoing cybersecurity risks that make United Income and its clients susceptible to operational and financial risks associated with cybersecurity. To the extent that United Income is subject to a cyber-attack or other unauthorized access is gained to its systems, United Income and its clients may be subject to substantial losses in the form of theft, misuse, improper release of or unauthorized access to confidential or restricted data. Cyber-attacks affecting United Income's service providers holding its financial or client data may also result in financial losses to United Income's clients, despite efforts to prevent and mitigate such risks under United Income's policies. While measures have been developed which are designed to reduce the risks associated with cybersecurity, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since United Income does not directly control the cybersecurity measures of its service providers and financial intermediaries with which it does business.

### Unforeseen Risks

Securities markets are subject to unforeseen risks caused by political events, terrorism, fraud and certain events commonly referred to as acts of God, such as a fire, flood, earthquake, an infectious disease outbreak or any other serious public health concern. These unforeseen risks can negatively affect the performance of clients' investment portfolios.

## Item 9: Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to evaluating United Income or the integrity of our management. We do not have any information to disclose concerning United Income, its management, or any of its employees that would be material to a client's or prospective client's evaluation of United Income's advisory business or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

### Insurance

Two of United Income's Investment Adviser Representatives ("IARs") hold licenses to sell fixed and variable insurance products. The IARs receive compensation for providing insurance-related services and are therefore incentivized to sell such insurance products. Any time a fiduciary is incentivized to sell a product, there is a potential conflict of interest as the fiduciary directly benefits from such recommendations and, as such, may make a recommendation that serves his or her own interests. United Income neither offers such insurance products nor provides compensation for such insurance-related services. Clients are not obligated to purchase insurance products from United Income's IARs with licenses to sell fixed and variable insurance products.

The IARs with licenses to sell fixed and variable insurance products spend less than ten percent of their time providing such services.

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

### Summary Description of Code of Ethics

United Income has adopted a Code of Ethics, pursuant to SEC Rule 204A-1 of the Investment Advisers Act of 1940, as amended (“Advisers Act”), which sets forth the high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. United Income personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable state and federal securities laws. Consistent with our fiduciary duties, United Income has an obligation to adhere, not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports, as well as initial and annual securities holdings reports that must be submitted by the firm’s access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement, and record-keeping provisions.

United Income’s Code of Ethics further includes the firm’s policy prohibiting the use of material non-public information. All employees are reminded that such information may not be used in a personal or professional capacity. A copy of United Income’s Code of Ethics is available to our prospective and current clients upon request by sending an email to [uicompliance@capitalone.com](mailto:uicompliance@capitalone.com) or by calling our office at (202) 539-1039.

### Personal Trading Practices

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients; and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

United Income and/or our employees are permitted to buy or sell for their personal accounts securities identical to or different from those recommended to our clients, and United Income employees may own securities which are also recommended to clients. This creates a potential conflict of interest. Accordingly, United Income has adopted policies and procedures designed to ensure that such purchases and sales do not place United Income employees’ interests ahead of our clients’ interests. United Income and our employees are prohibited from engaging in principal transactions and agency cross transactions.

We aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average execution price, and transaction costs will be shared equally and on a pro rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro rata, with each account receiving the average price. Our employee accounts will be included in the pro rata allocation.

United Income has established the following policies and procedures for implementing our firm’s Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosures:

- No principal or employee of our firm will put his or her own interest above the interest of an advisory client.
- Principals and employees of United Income are prohibited from buying or selling securities for their personal portfolio(s) while in possession of material, non-public information relating to such securities.
- We maintain a list of all reportable securities held in our firm’s and employees’ investment accounts. These holdings are reviewed on a regular basis by our firm’s Chief Compliance Officer or his designee.
- We have established procedures for the maintenance of all required books and records.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.

- All of our principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- United Income will provide its Code of Ethics to all supervised persons and will require each supervised person to acknowledge their receipt and understanding of the Code of Ethics.
- United Income's Code of Ethics requires all supervised persons to report violations of the Code of Ethics to senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

## Item 12: Brokerage Practices

A qualified, non-affiliated custodian will maintain custody of the clients' assets and effect trades as directed by United Income. As discussed in Item 5 of this Brochure, the Client is responsible for paying fees imposed by the account custodian for services associated with trading and account management. As such, the account custodian is a vital part of effective account management and trade execution, and it impacts the total fees a client pays for such services.

In light of the custodian's vital role in helping our clients attain their financial goals and the fact that we have a fiduciary duty to seek best execution, United Income assesses brokerage practices and the reasonableness of fees in considering which custodians to select to maintain custody of our clients' assets and facilitate trades in accordance with our instructions. We may recommend or require that clients establish a brokerage account with a specific custodian based on our assessment of such services, and where doing so results in benefits for the clients (e.g., by allowing us to aggregate trade orders, which generally result in a more favorable execution cost and price for our clients). The factors we consider in determining which custodians to select include, but are not limited to, the following:

- |   |  |
|---|--|
| • Trade execution and allocation quality                        | • Financial stability                            |
| • Fees associated with brokerage and custodial account services | • Account services available to clients          |
| • Responsiveness  | • Reliability                                    |
| • Order flow management   | • Security and protection of private information |

United Income's Execution Quality Committee reviews such brokerage services and the reasonableness of fees assessed for such services. All of the above factors are considered in reviewing if the fee is reasonable. A determination that a fee is reasonable does not mean that it is the lowest fee; for example, we may deem a fee as reasonable in light of the execution quality. As such, clients should be aware of the fact that potentially lower fees and other services could have been provided by a different custodian.

As of the date of this brochure, clients in the Legacy Program and plans that receive Retirement Plan Consulting Services have established accounts with TD Ameritrade, National Financial Services & Fidelity Clearing and Custody or Charles Schwab & Co., Inc., all are registered broker-dealers and members of FINRA and SIPC.

### Research and other Soft Dollar Benefits

As of the date of this Brochure, United Income does not maintain soft dollar arrangements.

### Brokerage for Client Referrals

As of the date of this Brochure, neither United Income nor its related persons receive client referrals for selecting or recommending certain broker-dealers.

### Directed Brokerage

Under certain circumstances, United Income permits clients to direct brokerage. If the client chooses to direct brokerage, the client is responsible for negotiating the terms, conditions and fees of such arrangements. Clients should be aware that directing brokerage to certain broker-dealers limits United Income's ability to see best execution and that fees for directing brokerage may cost the client more money. For example, a client may pay a higher brokerage commission as the result of directing brokerage because United Income was not able to aggregate orders to reduce transaction costs.

### Trade Aggregation

When possible and when deemed advantageous to the clients, United Income aggregates trades in the same security for the benefit of more than one client account, which is referred to as “block trading.” Block trading allows us to execute trades in a timelier, more cost-effective manner. United Income is able to aggregate trades for clients whose accounts are held at the same custodian. The shares are then allocated to the respective accounts at the average price of the shares executed as part of the aggregate block transaction. The associated brokerage fees assessed against the client’s account are prorated at an amount commensurate with the client’s portion of shares. No client or account shall be favored over another.

If the order cannot be executed in full, the quantity of securities purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. In certain circumstances, we may allocate shares on a different basis and upon weighing factors such as, cash availability, certain investment restrictions, or to avoid fractional shares.

## Item 13: Review of Accounts

### Legacy Portfolio Management Program

The Legacy Teams shall meet with the client to review the account at least annually. During such reviews, United Income considers whether the client’s investment objectives are still accurate and if the investment recommendations are consistent with the client’s objectives. The Legacy Teams are primarily responsible for monitoring the accounts on an ongoing basis. Ad hoc reviews may be prompted by changes that materially impact the client’s investment goals, including changes to the client’s circumstances and financial plan, or the market, political or economic environment. The account may be rebalanced as the result of such reviews.

Account custodians are responsible for providing trade confirmations and account statements to clients in the Legacy Program. The account statements must be provided to clients at least quarterly. Account statements include information on trades, contributions and withdrawals, fees and expenses and the account value as of the beginning and end of the relevant time period. **Clients are urged to compare information provided in the custodial statement against account information United Income communicates to the client.**

### Corporate Sponsored Retirement Plan Consulting Services

United Income’s Senior Director of Wealth Operations reviews each clients’ IPS annually or whenever the client advises us of a change in circumstances regarding the needs of the plan. United Income also reviews the investment options of each plan on a quarterly basis.

United Income provides reports to clients that receive Retirement Plan Consulting Services, in accordance with the terms set forth in the advisory agreement between United Income and each client.

## Item 14: Client Referrals and Other Compensation

United Income may, from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. United Income is aware of the requirements of Rule 206(4)-3 (the “Cash Solicitation Rule”) under the Advisers Act. As such, all appropriate disclosures will be made, and all written agreements will be maintained by United Income as it relates to client referral activities covered under the Cash Solicitation Rule. United Income is currently under contract with an affiliated investment adviser representative (“solicitor”) who is compensated for referring new prospective clients to United Income. As compensation for each prospective client referral that results in the opening of a new investment advisory account, United Income will pay a fee based on the Account’s average annualized United Income advisory fee. Clients should understand that solicitors have an economic incentive to recommend the advisory services of United Income. This relationship is fully disclosed to the client prior to initiating a new account and does not result in the client paying any additional fees other than United Income’s investment management fees indicated in Item 5 herein.

### Item 15: Custody

Client assets are held in a brokerage account established with an unaffiliated custodian.

The Advisers Act states that an investment adviser is deemed to have custody of clients' assets in certain circumstances, including if the adviser has the authority to obtain possession of client funds in connection with advisory services or if the adviser is authorized to withdraw and transfer funds to designated third parties. United Income is deemed to have custody of client assets because the advisory agreement between United Income and our clients authorizes United Income to directly debit the advisory fee upon instruction to the applicable custodian, and because United Income can access client funds through certain functionality enabled through the UIWP software platform. Further, certain clients have implemented a Standing Letter of Authorization authorizing United Income to withdraw and transfer assets to designated third parties, and pursuant to which United Income is deemed to have custody. As such, we reiterate the importance of checking the account statements provided by the custodian against information provided by United Income.

### Item 16: Investment Discretion

United Income manages client accounts on a discretionary and non-discretionary basis. The discretionary authority granted to United Income is stated in the advisory agreement. As discussed in Item 4 of this Brochure, Clients may impose reasonable restrictions on certain securities, types of securities or industry sectors.

### Item 17: Voting Client Securities

As of the date of this Brochure, United Income does not vote proxies on behalf of clients. Clients will not receive proxies or other solicitations from United Income. Clients should receive proxies and other solicitations from their custodian or the applicable transfer agent.

Clients may contact us with questions about proxies or solicitations, by calling us at (202) 539-1039 or by sending an email to [members@unitedincome.com](mailto:members@unitedincome.com).

### Item 18: Financial Information

United Income does not have a financial condition reasonably likely to impair our ability to meet contractual commitments to clients. United Income has not been the subject of a bankruptcy petition at any time over the past ten years.