

## Item 1 Cover Page



### **FORM ADV PART 2A FIRM BROCHURE**

March 30, 2020

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This brochure provides information about the qualifications and business practices of Edge Capital Group, LLC ("Edge"). If you have any questions about the contents of this brochure, please contact us at (404) 890-7707 or [compliance@edgecappartners.com](mailto:compliance@edgecappartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Edge also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Edge Capital Group, LLC is an SEC registered investment adviser, however such registration does not imply a certain level of skill or training

## **Item 2      Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the last annual amendment of this brochure was filed on March 18, 2019, the following material changes have occurred:

Henry Jones was appointed as our interim Chief Compliance Officer in July 2019 and Mary Johnston was appointed as our new Chief Compliance Officer in September 2019.

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## Item 4      **Advisory Business**

Edge Capital Group, LLC ("Edge" or the "Firm") is a limited liability company organized in Delaware and based in Atlanta, Georgia. Edge is an investment advisory firm registered with the United States Securities and Exchange Commission ("SEC").

### FOCUS FINANCIAL PARTNERS, LLC

Edge is part of the Focus Financial Partners, LLC ("Focus LLC") partnership. Specifically, Edge is a wholly owned subsidiary of Focus Operating, LLC ("Focus Operating"), which is a wholly owned subsidiary of Focus LLC. Focus Financial Partners Inc. ("Focus Inc.") is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc. As of the end of 2019, investment vehicles affiliated with Stone Point Capital, LLC ("Stone Point") had a greater than 25% voting interest in Focus Inc., and Stone Point had the right to designate two of seven directors on the Focus Inc. Board. As of the end of 2019, investment vehicles affiliated with Kohlberg Kravis Roberts & Co. L.P. ("KKR") had a less than 25% voting interest in Focus Inc., and KKR had the right to designate one of seven directors on the Focus Inc. Board.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the "Focus Partners"), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

Edge is managed by Henry Jones, Bert Rayle, Will Skeeane, Dennis Sabo and Elizabeth Mackie ("Edge Management Committee") pursuant to a management agreement between ECG Management Holdings, LLC and Edge. Mr. Jones and the other Edge Principals serve as officers of Edge and are responsible for the management, supervision and oversight of Edge. Edge's predecessor firm, Edge Advisors, LLC, was formed in 2006 and has managed investments for clients since April 2007.

### **Advisory Services**

Edge provides personalized, comprehensive wealth management services; outsourced CIO services; financial planning; family office services; and investment management services to a mutual fund and separately managed account clients through Edge's Blue Current division. Edge also serves as the investment adviser to private investment funds and provides other investment consulting services.

**Comprehensive Wealth Management:** Our Comprehensive Wealth Management is a holistic set of services and, in addition to traditional investment management, may include financial planning and advising on estate planning and insurance needs. Client portfolios are tailored to the needs of individual clients on the basis of their financial situation and investment objectives. Clients are responsible for notifying Edge of any material changes in their circumstances so Edge may make any necessary adjustments or changes to the strategies employed. Clients may impose reasonable restrictions on investing in certain securities or types of securities if Edge determines, in our sole discretion, that the conditions would not

materially impact the performance of a management strategy or prove overly burdensome for Edge's management efforts.

**Outsourced CIO Services:** Edge provides Outsourced CIO (Chief Investment Officer) services to family offices and institutional investors, their staff, investment committees, record-keepers, and other consultants. These services help relieve institutions of burdens such as asset allocation, manager selection and monitoring, and board education, thereby enabling key decision makers to focus on important strategic initiatives.

**Financial Planning:** Certain clients also engage Edge for full or limited scope financial planning services. With full scope financial planning, Edge performs a comprehensive evaluation of a client's current and future anticipated financial state using known variables to help predict future cash flows, asset values, and withdrawal plans. This process can facilitate the effective management of multiple aspects of the client's investment portfolios such as cash flow, debt management, tax planning strategies, retirement and estate planning, charitable giving, insurance/risk management, and multi-generational family governance. Limited scope financial planning typically consists of the evaluation of a specific area of concern, such as college savings or retirement planning. Depending on the type and scope of services to be provided, Edge may enter into a separate financial planning engagement agreement with the client. Please see Item 5 Fees and Compensation for additional information.

**Family Office Services:** Edge's Family Office Services include consolidated and customized reporting of liquid and illiquid assets, coordination with clients' tax, legal, and financial advisors, and education for the next generations. Edge recommends clients consult with a qualified tax and legal professional before initiating any tax planning strategy. Edge can provide introductions to non-affiliated tax and legal professionals who specialize in these areas, as needed.

**Blue Current Discretionary Investment Management:** Edge, through our Blue Current division,<sup>1</sup> is the investment adviser to the Blue Current Global Dividend Fund (the "Fund" or "BCGDX"), a diversified series of Ultimus Managers Trust, an open-end investment company registered under the Investment Company Act of 1940. In managing the Fund, Edge follows defined investment policies and restrictions in helping the Fund reach its objective. These investment policies and restrictions can be found in the Fund's prospectus and the Statement of Additional Information available at [www.bluecurrentfunds.com](http://www.bluecurrentfunds.com).

Edge's Blue Current division also provides discretionary investment management services to separately managed accounts, both for clients where Edge serves as the primary investment adviser and clients where Edge is a third-party manager of separately managed accounts for unaffiliated advisers. Edge's Blue Current division manages the Global Dividend Equity and the U.S. Dividend Equity separately managed account strategies. Additional information on these strategies is available at [www.bluecurrentportfolios.com](http://www.bluecurrentportfolios.com).

**Ultra-Short Fixed Income:** Edge manages Ultra-Short Fixed Income portfolios designed to meet the needs of institutions and individuals. Each portfolio is tailored to the circumstances, risk tolerance, time horizon, and other variables of each client.

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<sup>1</sup> Blue Current is a business unit of Edge. It is not a separate legal entity or separately registered investment adviser.



Private Investment Funds: Edge serves as the investment adviser for three private investment funds; Edge Discovery LLC, Edge Private Opportunities Fund, LP, and ESAWF LLC. These funds are offered only to accredited investors.

ERISA Plans: Edge provides ERISA plan services on a non-discretionary basis (the client retains and exercises the final decision-making authority for implementing or rejecting Edge's recommendations) or on a discretionary basis (Edge makes the investment decisions in our sole discretion without the client's prior approval). Edge also provides non-fiduciary services such as fiduciary education and participant-level education.

Edge is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. Edge is also a fiduciary under the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRAs and IRA owners (collectively, "Retirement Account Clients"). As such, Edge is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a "PTE").

Consulting Services: Certain clients engage Edge for other investment consulting services regarding suitability, risk assessment, and portfolio management review.

Other Financial Solutions: We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Client Solutions ("FCS"). Please see Item 10 Other Financial Industry Activities and Affiliations for a fuller discussion of these services and other important information.

#### **Regulatory Assets Under Management:**

Edge provides investment advisory services to clients on both a discretionary and non-discretionary basis. As of December 31, 2019, Edge's regulatory assets under management were:

Discretionary Assets	\$3,798,154,220
Non-Discretionary Assets	\$ 272,114,033
Total	\$4,070,268,253

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

Edge's standard annual fee schedule for clients utilizing our Comprehensive Wealth Management services and for non-institutional clients with Blue Current Global Dividend Equity or Blue Current U.S. Dividend Equity separately managed account is generally:

- 1.00% on all assets under \$5 Million
- .70% on all assets more than \$5M but less than \$10M
- .65% on all assets more than \$10M but less than \$20M
- .55% on all assets more than \$20M but less than \$50M
- .45% on all assets more than \$50M but less than \$100M

- .40% on all assets over \$100M but less than \$250M
- .20% on all assets over \$250M

Edge standard annual fee schedule for Outsourced Chief Investment Officer services for non-profit institutional accounts is typically:

- .45% on all assets under \$10 Million
- .35% on all assets more than \$10M but less than \$25M
- .25% on all assets more than \$25M but less than \$50M
- .20% on all assets more than \$50M but less than \$100M
- Assets greater than \$100M – Please speak with your Adviser

Edge's standard annual fee schedule for institutional clients invested in the Blue Current Global Dividend Equity or Blue Current U.S. Dividend Equity separately managed account strategy is typically 0.50%.

Edge's standard annual fee schedule for clients utilizing the Ultra-Short Fixed Income Strategy or other fixed income services is generally:

- .20% on all assets under \$25M
- .15% on all assets more than \$25M but less than \$50M
- .10% on all assets more than \$50M but less than \$75M
- .08% on all assets more than \$75M but less than \$100M
- .05% on all assets over \$100M

For client accounts where Edge has selected a third-party investment manager to advise on the assets, Edge's fee is negotiated on a manager-by-manager basis. Edge's fee for these accounts usually ranges from .03% (e.g., for ETFs) to 1.00%.

All of Edge's fee schedules are "asset-based" and as such, the management fee is based upon a percentage of the client's assets under management, including cash and cash equivalents. Margin or other borrowing balances are not included in the market value on which fees are calculated. Asset-based management fees are typically payable quarterly in arrears, using the average month end balance in client accounts managed by Edge during the quarter, and based on the most recently available pricing at the time of billing. Occasionally, at the request of a client, Edge may be paid by the client in advance. For arrangements where the client pays the management fee to Edge in advance but chooses to terminate their relationship prior to the completion of the quarter, the prepaid fee will be prorated and the client will be refunded any unearned portion of the fee. Edge's management fees will be automatically deducted from the client's account unless otherwise agreed by the client and Edge.

Upon written agreement between Edge and a client, fees for financial planning and/or family office services can also be calculated based upon the client's assets under management, as specified in the investment advisory agreement, or billed as a fixed fee. At the request of the client, financial planning and/or family office services fees can be billed either together with or separately from the client's investment management fee.

Any deviation from Edge's normal compensation arrangement will be documented in the client's investment advisory agreement or limited partnership subscription document or a letter signed by both Edge and the client. Fees are negotiable depending on the circumstances surrounding the client's account. Any deviation from our stated fee schedules will be at the sole discretion of Edge and, as a

result, fees can and do vary. Investment advisory fees are typically discounted or waived for Edge associate (or related) investment advisory accounts.

Investors in the Institutional Share Class of the Blue Current Global Dividend Fund will pay a management fee and total annual operating expenses which are currently capped at .99%. The total annual operating expense includes the management fee earned by Edge as well as other operating expenses incurred by the Fund; please see a copy of the Fund's prospectus for a full description of all fees that comprise the annual operating expense. The Fund will not charge investors an initial or "upfront" sales charge but charges investors a fee of 2% for shares liquidated within seven (7) days after purchase. Edge advisory clients who invest in the Blue Current Global Dividend Fund will pay a single fee to Edge on those assets, through their investment in the Fund.

Clients investing in a private investment fund Edge advises pay a single fee to Edge on those assets, through their investment in the fund. Investors in Edge Discovery, LLC who are qualified clients can elect to invest in a share class which pays Edge performance-based fees. The fees Edge receives for serving as an investment adviser to private funds are separate and apart from the fees charged by unaffiliated sub-advisers and the fees and expenses charged by the underlying funds.

Edge also receives consulting fees for providing investment knowledge or resources regarding services that fall outside our typical investment process such as suitability, risk assessment, and portfolio management review. These fees would generally be custom in nature and based on the type and extent of the services being provided.

If Edge invests client assets in mutual funds, ETFs, and/or external managers of separately managed accounts, the client will bear the fees and expenses of the mutual fund and/or ETF, as set forth in the prospectus or offering document, or the fees charged by external managers, as set forth in the Form ADV Part 2A Brochure of the external manager. Accordingly, clients should review both the fees charged by the product sponsor and the fees charged by Edge to understand the total fees they will pay.

Clients have the option to purchase investment products that Edge recommends through other brokers or agents that are not affiliated with us. In such cases, the client would not receive any fee reductions negotiated by Edge or the services of Edge which are designed, among other things, to assist the client in determining which products or services are most appropriate to the client's financial condition and objectives. In addition to fees paid for investing in mutual funds, ETFs, or with third-party managers, clients also pay fees charged by their brokerage firm or custodian. These fees include brokerage transaction fees and expenses, custodian fees, and account maintenance fees. Please see Item 12 Brokerage Practices for more information.

### **Compensation Conflict of Interest (Retirement Clients)**

If Edge recommends an open-end mutual fund that is managed by us or an affiliate (the "proprietary fund manager") to a Retirement Account Client resulting in the payment of an investment management fee to the proprietary fund manager, a prohibited transaction arises for which an exemption is needed. Prohibited transaction exemption 77-4 can be used to mitigate this conflict.

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

Clients who choose to invest in shares of Edge Discovery LLC elect either to invest in a share class which pays an asset-based advisory fee, or a share class which does not pay an advisory fee, but



instead pays a performance-based fee equal to 10% of the investor's net profits for the calendar year, subject to a high-water mark. Edge has an incentive to favor accounts for which we receive performance-based fees. Edge mitigates this conflict by allocating investments between our asset-based clients and our performance-based clients in a fair and equitable manner without giving preferential treatment to one type of account over another.

When considering potential conflicts of interest between Edge Discovery's performance-based share class and all other client accounts being charged asset-based fees, Edge mitigates potential conflicts of interest through the separation of duties by assigning one individual (whose compensation is not influenced by performance) to make investment decisions for Edge Discovery and generally assigning other portfolio managers to make investment decisions in non-Discovery asset-based accounts. In addition, Edge Discovery investments are only suitable for certain clients and we would not recommend it to a client unless we believed it to be a suitable investment, based on a variety of factors.

## **Item 7      Types of Clients**

Edge's client base currently consists of high net-worth and ultra-high net-worth individuals and families who often use trusts or other complex structures to hold their assets, endowments and foundations, and corporations and qualified retirement plans. In addition, Edge acts as an investment manager for an open-end fund that is registered under the Investment Company Act of 1940, as well as private funds that are exempt from registration. Although Edge reserves the right to make exceptions, Edge normally requires an initial account value of a minimum of \$5,000,000.

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

For our comprehensive wealth management clients, Edge primarily allocates client assets among mutual funds or external managers of separately managed accounts, exchange-traded funds, and private investment fund managers. Edge seeks to employ investment strategies that are consistent with a client's financial goals. When deciding which external managers to recommend, Edge utilizes due diligence conducted with the assistance of third-party research firms.

### **Investment risks**

All investments present a risk of loss of capital. Clients should be willing to bear such losses. Supply and demand for securities and other financial instruments change rapidly and are affected by a variety of factors. Such factors include investment-specific price fluctuations as well as macro-economic, market and industry-specific conditions, including national and international economic conditions, domestic and international financial policies and performance, national and international politics, governmental events, and changes in interest rates and income tax laws. In addition, events such as political instability, terrorism, natural disasters, and regional and global health epidemics may occur.

The value of equity securities generally varies with the performance of the issuer and movements in the equity markets. As a result, clients may suffer losses if they invest in equity instruments of issuers whose performance diverges from Edge's expectations. With bonds, an issuer has agreed to return the face value of the security to the holder at maturity. Bonds carry risks that include the risk that the issuer will default on payment of principal, fluctuation in interest rates, inflation, and counterparties' inability to meet contractual obligations.

An ETF's risks include declining value of the securities held by the ETF, adverse developments in the industry or sector the ETF tracks, capital loss in geographically focused funds because of unfavorable fluctuation in currency exchange rates, differences in generally accepted accounting principles, economic or political instability, and tracking error—which is the difference between the return of the ETF and the return of its benchmark and trading at a premium or discount, meaning the difference between the ETF's market price and its net asset value.

The following events could also cause mutual funds, ETFs, equities, fixed income securities, and other investments managed for, or recommended to, clients to decrease in value:

**Market Risk:** The price of an equity security, bond, or ETF may drop in reaction to certain events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, changes in political, economic and social conditions may trigger adverse market events.

**Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive compared to newly issued bonds, causing the market values of existing bonds to decline.

**Event Risk:** An adverse event affecting a particular company or that company's industry could depress the value of a client's investment in that company's stocks or bonds.

**Liquidity Risk:** Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.

**Inflation Risk:** Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits reflecting their underlying health.

**Reinvestment Risk:** Future proceeds from investments may have to be reinvested at a lower rate of return when such proceeds become available for investment. This primarily relates to fixed income securities, especially in a period of declining interest rates.

**Currency or Exchange Rate Risk:** Overseas investments denominated in foreign currencies are subject to fluctuations in the exchange rates between such foreign currencies and the U.S. dollar. In addition, investments denominated in foreign currencies are subject to the possible imposition of exchange control regulations, currency restrictions or blockages.

**Operational Risk:** ETF service providers may experience disruptions or operating errors such as processing or human errors, inadequate or failed internal or external processes, or systems or technology failures that could negatively impact the ETF.

**Regulatory/Legislative Developments Risk:** Regulators and/or legislators may issue rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions.

**Risks Associated with Derivative Instruments:** Options and other derivative instruments may be subject to various risks, including market risk, liquidity risk, credit risk, legal risk, and

operations risk. The regulatory and tax environment for derivative instruments in which clients may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on taxable client accounts.

**MLP Risk:** Investments in MLPs are generally subject to many of the risks that apply to investments in partnerships, such as limited control, limited voting rights, and fewer corporate protections than afforded investors in a corporation. MLPs that concentrate in a particular industry or region are subject to risks associated with such industry or region. Investing in MLPs also involves certain risks related to investing in the underlying assets of the MLPs and risks associated with pooled investment vehicles, such as adverse economic conditions, an increase in the market price of the underlying commodity, higher taxes or other regulatory actions which increase costs, a shift in consumer demand, or conflicts of interest with the general partner.

**MLP Tax Risk:** MLPs generally do not pay U.S. federal income tax at the partnership level. Rather, each partner in an MLP is allocated a share of the MLP's income, gains, losses, deductions, and expenses. A change in current tax law, or a change in the underlying business mix of a given MLP, could result in an MLP being treated as a corporation for U.S. federal income tax purposes. This would result in such MLP being required to pay U.S. federal income tax on its taxable income and could result in lower income to the client and a reduction in the value of the client's investment in the MLP.

## **REITs**

A REIT (or real estate investment trust) is a company that owns and manages income-producing real estate. Dividend-paying stocks such as REITs tend to suffer when interest rates rise.

## **Client-Directed Trade Risks**

Edge will take client-directed trade orders and we will use our reasonable efforts to execute them, as directed. As a result, all client-directed trades will be executed on a "best efforts" basis only. The Edge team will do our best to execute the instructed trades in a timely and accurate manner. We are not responsible, however, if the instructions are unclear, based on misinformation, or derived from faulty assumptions. Ultimately, the responsibility for overseeing the trade rests with the person issuing the instructions.

Edge does not accept instructions regarding the opening, closing, trading, or management of an account over voicemail or email which has not been subsequently confirmed as received by a member of the Edge team. Edge shall have no responsibility for any losses, expenses, damages or lost opportunities based on our inability to execute unconfirmed voicemail or unconfirmed emailed instructions in the event that they are given.

## **Blue Current Global Dividend Fund and Strategies**

As noted above, Edge serves as the investment adviser for Blue Current Global Dividend Fund (BCGDX), a diversified series of Ultimus Managers Trust and an open-end investment company registered under the Investment Company Act of 1940. Risks associated with BCGDX investments are set forth in the Fund's prospectus and summarized below. The Blue Current Global and US Dividend separately managed account strategies are generally subject to these same risks:



**Stock Market Risk:** The return on and value of an investment in the Fund will fluctuate in response to stock market movements. Stocks are subject to market risks, such as a rapid increase or decrease in a stock's value or liquidity, fluctuations in price due to earnings, economic conditions and other factors beyond our control.

**Management Style Risk:** The portfolio manager's method of security selection may not be successful and the Fund may underperform relative to other mutual funds which employ similar investment strategies. In addition, we may select investments that fail to perform as anticipated.

**Investment Style Risk:** Returns from dividend-paying stocks may underperform the returns from the overall stock market. Since the Fund invests primarily in dividend-paying stocks, the Fund's performance will be better or worse than the performance of mutual funds which focus on other types of strategies.

**Large-Capitalization Company Risk:** Large-capitalization companies are generally more mature and may be unable to respond as quickly as smaller companies to new competitive challenges, such as changes in technology and consumer tastes. They may also not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

**Small- and Mid-Capitalization Company Risk:** Investments in small-capitalization and mid-capitalization companies often involve higher risks than large-capitalization companies because these companies may lack the management experience, financial resources, product diversification, and competitive strengths of larger companies. Therefore, the securities of small- and mid-capitalization companies may be more susceptible to market downturns and other events, and their prices may be subject to greater price fluctuation.

**Foreign Securities Risk:** Foreign securities may not be subject to uniform audit, financial reporting, or disclosure standards, practices, or requirements comparable to those found in the United States. Foreign securities are also subject to the risk of adverse changes in investment or exchange control regulations or currency exchange rates, expropriation or confiscatory taxation, limitations on the removal of funds or other assets, political or social instability, and nationalization of companies or industries. In addition, the dividend and interest payable on certain of the Fund's foreign securities may be subject to foreign withholding taxes.

**Currency Risk:** Changes in foreign currency exchange rates will affect the value of the Fund's foreign securities. Generally, when the value of the U.S. dollar raises relative to a foreign currency, securities valued in that foreign currency lose value in terms of U.S. dollars since that foreign currency is worth fewer U.S. dollars.

**Forward Currency Exchange Contract Risk:** Forward Currency Exchange Contracts ("Forex Contracts") are individually negotiated and privately traded agreements to buy or sell a specific currency at a future date and at a price set at the time of the transaction. Although Forex Contracts may reduce the risk of loss from a change in value of a currency, they also limit any potential gains, are subject to the creditworthiness of the counterparty, and are subject to additional risk of loss or depreciation.

**Exchange-Traded Fund ("ETF") Risk:** Investments in ETFs are subject to the risk that the market price of an ETF's shares may differ from its net asset value ("NAV"). This difference in



price may be due to the fact that the supply and demand in the market for ETF shares at any point in time is not always identical to the supply and demand in the market for the underlying basket of securities held by the ETF.

### **Private Investment Funds**

A more detailed description of the risks associated with the private investment funds recommended to clients as well as other risks associated with an investment in each fund is included in the offering memorandum for the relevant fund.

### **Due Diligence Considerations**

With the assistance of third-party research providers, Edge conducts diligence on external investment managers. However, due diligence is not always precise and may not uncover problems associated with a particular fund or an external investment manager. Edge relies upon representations made by external investment managers, accountants, attorneys, and/or other investment professionals. If any such representations are misleading, incomplete or false, this can result in the selection of an external investment manager that might have otherwise been eliminated from consideration had fully accurate and complete information been made available to Edge.

### **Risks Associated with Selection and Monitoring of Managers and Funds**

There is a risk that Edge, in our selection process, will not identify existing weaknesses in an external investment manager's compliance or operational controls, or existing material regulatory, financial, or other operational issues. Further, there is a risk that an external investment manager or portfolio fund does not meet Edge's expectations over time, develops significant weaknesses in its compliance or operational controls that could materially adversely affect a client's investment, or could develop material regulatory, financial, or other operational issues. The overall success of Edge's strategies depends on, among other things, (i) the ability to develop a successful asset allocation strategy, (ii) the ability to select external investment managers and portfolio funds and to allocate the assets amongst them, and (iii) the ability of the external investment managers to be successful in their strategies. The past performance of such strategies is not necessarily indicative of their future success and there is the possibility of lower returns or loss. No assurance can be given that the strategy or strategies utilized will be successful under all or any future market conditions.

### **Cybersecurity**

The computer systems, networks and devices used by Edge and service provided to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational

damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

## **Risks to Operations**

Edge's investment advisory activities and operations could be adversely affected by events outside of our control, such as acts of God, war, terrorism, natural disasters or health epidemics. Health concerns arising from the outbreak of a health epidemic or pandemic may have an adverse effect on our business. Furthermore, a significant outbreak of a contagious disease in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect our operating results. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations, and performance of any fund or strategy managed by Edge.

## **Item 9      Disciplinary Information**

There are no legal or disciplinary events that are material to a client or a prospective client's evaluation of Edge's advisory business or the integrity of our management.

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

Edge is registered with the CFTC as a Commodity Pool Operator and operates one hedge fund of funds pursuant to CFTC Rule 4.7 exemption and one hedge fund of funds pursuant to CFTC Rule 4.13(a)(3) exemption. Two of Edge's partners serve as Associated Persons of the Commodity Pool Operator.

### **Focus Client Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Client Solutions ("FCS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. These third-party financial institutions are banks and non-banks (the "Network Institutions") which offer credit and cash management solutions to our clients. Certain other unaffiliated third parties provide administrative and settlement services to facilitate FCS's cash management solutions. FCS acts as an intermediary to facilitate our clients' access to these credit and cash management solutions.

FCS receives quarterly fees (the "Network Fees") from the Network Institutions and certain administrative services providers (the "Administrative Services Providers" and, together with the Network Institutions, the "Network Providers") in exchange for allowing them to participate in the FCS credit and cash management programs and thereby to offer their services to our clients. The Network Fees are substantial and are expected to change over time. Such fees are revenue for FCS and ultimately for our common parent company, Focus Financial Partners, LLC, but we do not share in such revenue. Additionally, we have paid FCS an amount equal to our pro rata share of the Network

Fees obtained by FCS, and FCS has in turn rebated that amount to the Network Institutions on a pro rata basis. The effect of this payment/rebate mechanism has been to eliminate the receipt of any incremental revenue by our affiliates as a result of our clients' use of FCS's services. Accordingly, we have addressed this potential conflict of interest by: (1) disclosing the above arrangements to our clients; (2) offering FCS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services; (3) not sharing in any portion of FCS's revenue in exchange for successfully offering these credit and cash management products to our clients; and (4) eliminating our affiliates' receipt of revenue attributable to our clients' use of FCS's services. Additionally, we note that clients who use FCS's services will receive robust product-specific disclosures from the Network Providers that provide such services to our clients.

Even if we and FCS do not retain a portion of the Network Fees attributable to our clients' use of FCS's services (which mitigates the conflict that would otherwise have arisen from our receipt of incremental revenue), FCS indirectly benefits from our clients' use of the services insofar as such use incentivizes the Network Providers to maintain their relationship with FCS and to continue paying Network Fees to FCS. It also may support increases in the overall amount of the Network Fee rates in the future. In addition, our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidating some or all of the assets we manage, and that creates a conflict of interest when we recommend FCS to provide credit solutions to our clients.

#### FCS Credit Solutions

For FCS credit solutions, the interest rate of the loan is ultimately dictated by the lender, although in some circumstances FCS may have the ability to influence the lender to lower the interest rate of the loan within certain parameters. The final rate may be higher or lower than the prevailing market rate. We can offer no assurances that the rates offered to you by the lender are the lowest possible rates available in the marketplace.

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While the FCS program facilitates secured loans through Network Institutions, clients are free instead to work directly with institutions outside the FCS program. Because of the limited number of participating Network Institutions and FCS's financial arrangements with those institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A Network Institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The Network Institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the Network Institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully



review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

#### FCS Cash Management Solutions

For FCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program, which are deducted from clients' cash balances in the program. Engaging FCS, the Network Institutions, and these other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the Network Institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FCS cash management program if the client prefers to hold cash at the Network Institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus LLC and Focus Inc., and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Inc. Because Edge is an indirect, wholly owned subsidiary of Focus LLC and Focus Inc., the Stone Point and KKR investment vehicles are indirect owners of Edge. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of Edge's business. Other than as disclosed above, Edge does not believe the Focus Partnership presents a conflict of interest with our clients. Edge has no business relationship with other Focus Partners that is material to our advisory business or to our clients.

As noted previously, Edge recommends certain clients invest in the Blue Current Global Dividend Fund, a registered investment company under the Investment Company Act of 1940. BCGDX invests in substantially the same securities as the corresponding Blue Current global and domestic separately managed account strategies. Offering a mutual fund gives our clients with fewer assets the opportunity to invest in this proprietary strategy. Edge mitigates the conflict of interest associated with recommending investment in our own product by charging advisory clients a single fee for the investment.

Edge also recommends certain clients invest in one or more of the private investment funds for which Edge serves as the investment manager. We do not feel this recommendation presents a significant conflict as our clients pay Edge a single fee for assets invested in a private fund Edge advises.

Please see Item 5 Fees and Compensation for additional discussion regarding fees.



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

As required under Rule 204A-1 of the Investment Advisers Act of 1940 and Rule 17j-1 of the Investment Company Act of 1940, Edge has adopted a Code of Ethics (“the Code”) requiring Edge and our employees to operate with the highest level of ethical standards, in keeping with their fiduciary duties and compliance with applicable laws, and to address certain potential conflicts of interest. Personal securities transactions of supervised persons present potential conflicts of interest with regard to Firm trading and investment opportunities available to clients. The Code addresses these potential conflicts by prohibiting securities trades that would breach a fiduciary duty to a client and requiring, with certain exceptions, supervised persons to report their personal securities holdings and transactions to Edge for review by the Firm’s Chief Compliance Officer. The Code also requires supervised persons to obtain pre-approval of certain personal securities transactions. A full copy of Edge’s Code of Ethics is available upon request by any client or prospective client of Edge.

As discussed above, Edge is the investment adviser for private investment funds in which certain clients are solicited to invest. Edge is paid a fee for serving as the investment adviser for these funds. Our clients pay Edge a single fee whether their assets are invested in a private fund Edge advises or in another private investment fund. Please see Item 5 Fees and Compensation and Item 6 Performance-Based Fees and Side-by-Side Management for more information.

Edge serves as the investment adviser for the Blue Current Global Dividend Fund as well as corresponding global and domestic separately managed account strategies. Edge manages the conflicts which arise through recommending investments in which we have a material financial interest. First, Edge only recommends investment into the Fund or separately managed account strategies to investors for whom Edge believes such investment is appropriate. In addition, Edge clients who invest in the Fund or one of our separately managed account strategies will pay only one fee to Edge on the assets invested. Edge does not charge clients an advisory fee on those assets in addition to the advisory fee paid to Edge by the Fund or strategy. Please see Item 5 Fees and Compensation for additional details.

From time to time, Edge partners and employees invest in the same securities that we recommend to clients. We manage this conflict of interest through our Code of Ethics personal trading pre-clearance requirements and all securities trade requests, with the exception of those for ETFs and mutual funds, are reviewed by the Firm’s Chief Compliance Officer. In addition, when investing in an Edge proprietary product, Edge partner and employee accounts are traded alongside client accounts and receive the same average price and allocation proportionate to their investment, unless there are extenuating circumstances (e.g., lack of available cash or client restrictions).

On occasion, Edge recommends certain clients consider investing in private investment funds controlled by other Edge clients. This is a conflict of interest in that Edge could be incentivized to recommend clients invest in a fund based on Edge’s interest in maintaining a client relationship. Edge seeks to mitigate this risk by disclosing this relationship to each client investing in such fund(s). Furthermore, Edge would not recommend a fund to a client unless we believed the investment was appropriate and offered a good opportunity for that particular client.

## Item 12 Brokerage Practices

With certain exceptions, Edge clients are free to choose the broker-dealer/custodian who will custody their assets. In the absence of a client's preference or a previously established relationship, Edge generally recommends that our clients utilize the custody and brokerage services of unaffiliated broker-dealers with which Edge has an institutional relationship, typically BNY Mellon | Pershing ("Pershing") or Schwab Advisor Services, a division of Charles Schwab & Co., Inc. ("Schwab"). Edge periodically reviews our arrangements with the broker-dealers listed above and one or more other broker-dealers against other possible arrangements in the marketplace as we strive to achieve best execution on behalf of our clients. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact, accommodate unusual market conditions, maintain anonymity, account for its trade errors and correct them in a satisfactory manner;
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research (including third-party research through soft dollar arrangements) and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody; and
- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements.

As an adviser to clients managing an institutional amount of assets, Edge receives benefits from Pershing and Schwab. These products and services assist us in managing and administering client accounts. They include access to those firms' systems and our clients' account data, facilitation of trading, pricing and other market data, assistance with back office functions, recordkeeping and client reporting, and access to research.

Pershing and Schwab also offer other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;

- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Pershing and Schwab provide some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to Edge. Pershing and Schwab also discount or waive their fees for some of these services or pay all or a part of a third-party's fees.

Edge, through our Blue Current division, receives proprietary and third-party research and other products or services from certain broker-dealers in connection with client securities transactions ("soft dollar benefits"). As a result, Edge receives a benefit because we do not have to produce or pay for the research, products or services we receive under these arrangements. These soft dollar benefits create a conflict of interest because they may cause Edge to select or recommend a broker-dealer based on our interest in receiving research, products and other services rather than on clients' interest in receiving the most favorable execution.

Soft dollar arrangements may cause some clients to pay commissions higher than those charged by other broker-dealers in return for these benefits. Research and other services obtained using soft dollar credits from client transactions will be used to service most but not all of Edge's clients, whether those client accounts generated the soft dollars credits or not.

During Edge's last fiscal year, Edge acquired research services with client brokerage commissions including: market, economic or financial data; data regarding a particular aspect of economics or on the economy in general; statistical information; data on pricing and availability of securities; financial publications; electronic market quotations; analyses concerning specific securities, companies, industries or sectors; and market, economic and financial studies and forecasts. To the extent Edge receives any products or services that do not assist us in investment decision-making or trade execution, the value of those benefits will be borne by Edge and not by clients.

Edge endeavors to allocate trades equitably among those broker-dealers who provide soft dollar benefits. In addition, Edge has made a good faith determination that the commission paid is reasonable in relation to the value of the research and brokerage services provided. The Firm has a Best Execution Committee (comprised of Compliance, Trading, Operations and PMs/Research) to monitor soft dollar arrangements in order to help mitigate potential conflict of interests.

Clients are permitted to instruct Edge to custody their accounts at a specific broker-dealer and/or direct some or all of their brokerage transactions to a specific broker-dealer. When clients direct brokerage, Edge may be unable to achieve the most favorable execution of client transactions. This may cost clients more money. For example, clients may pay more because Edge might not be able to aggregate orders to reduce transaction costs and/or clients may receive less favorable prices.

Edge has the ability to aggregate the purchase or sale of securities for various client accounts. However, Edge's use of multiple portfolio managers makes aggregation impractical in many cases. When practical, Edge will aggregate the purchase or sale of securities for various client accounts in an effort to reduce transaction costs or in an attempt to receive more favorable execution prices for clients. Edge allocates trade orders that are aggregated to client accounts on a pro rata basis based on a pre-determined allocation or by using another methodology Edge believes is fair and equitable. When Edge does not aggregate client orders, clients each pay an individual transaction cost and the execution price of each order will be more or less than if the transactions were aggregated with other client accounts.



## **Item 13      Review of Accounts**

Client accounts are monitored on a periodic basis, generally no less than quarterly. Accounts are reviewed by one or more Edge senior investment adviser(s), and/or portfolio manager(s) responsible for monitoring the performance and overall allocation. Events which might trigger a change in the client's portfolio include Edge becoming aware of a change in the client's investment objective, a material change in market conditions, a change in the client's employment status, or an imbalance in the client's portfolio. Financial plans are reviewed according to the schedule agreed upon between the senior investment adviser and client. Clients should contact their investment adviser any time a material change in their circumstances occurs with might affect the manner in which their assets should be invested. Edge provides written reports to clients at least quarterly. These reports generally contain information related to client account values, holdings and related benchmarks, asset allocation, and performance.

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

Unaffiliated advisers, fund companies, and vendors may invite Edge personnel on trips and to meetings to discuss economic and investment topics or general market outlook as well product offerings that might address Edge client needs. Certain expenses associated with such trips or meetings are paid by the unaffiliated adviser, fund manager or vendor, and occasionally meals and/or entertainment are provided at such events. Edge has adopted compliance policies and procedures concerning gifts and entertainment which are intended to mitigate potential conflicts of interest associated with the receipt of benefits from these third parties.

Edge's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include Focus partner firms such as Edge. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including Edge. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Edge. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause Edge to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including Edge. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus in the last year:

Charles Schwab & Co., Inc.  
eMoney Advisors, LLC  
Envestnet Financial Technologies, Inc.  
Fidelity Brokerage Services, LLC  
Fidelity Institutional Asset Management LLC  
Orion Advisor Services, LLC



Edge has arrangements in place with certain third parties whereby we compensate them for client referrals by paying a percentage of the investment advisory fees we receive from the solicited clients. Solicitation arrangements give rise to potential conflicts of interest because the solicitor is receiving an economic benefit for the recommendation of advisory services. To help mitigate these conflicts, we require third-party solicitors who introduce potential clients to us to provide the potential client with a copy of this disclosure brochure. In addition, the solicitor is required to provide the potential client with a copy of their disclosure statement which explains that the solicitor will be compensated for the referral and contains the terms and conditions of the solicitation arrangement, including the compensation the solicitor is to receive.

As previously disclosed, Edge occasionally recommends that clients invest in certain private investment funds controlled by other Edge clients, where we believe the investment is appropriate for that client's circumstances. In these situations, Edge receives management fees from the applicable clients. As previously stated, Edge would not recommend a fund to a client unless we believed the investment was appropriate and offered a good opportunity for that particular client.

## **Item 15     Custody**

Clients will receive statements, no less than quarterly, from the broker-dealer, bank or other qualified custodian which has custody of the client's funds or securities. Clients are strongly encouraged to carefully review these account statements. In addition, clients are urged to compare Edge's reports with those provided by their qualified custodian or product provider and to notify Edge of any discrepancies.

## **Item 16     Investment Discretion**

In most cases, Edge accepts discretionary authority to manage securities on behalf of clients. Before assuming discretion, Edge and the client will enter a written investment advisory agreement assigning this authority to Edge. However, Edge will not have the ability to withdraw funds or securities from client accounts. Clients may impose reasonable restrictions on investing in certain securities or types of securities if Edge determines, in our sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for Edge's management efforts.

## **Item 17     Voting Client Securities**

Edge does not typically have the authority to vote proxies for our discretionary and non-discretionary clients. Clients will receive proxies and other solicitations directly from their custodian or transfer agent. However, clients can contact Edge with questions about a particular solicitation.

Edge does vote the proxies of the Blue Current Global Dividend Fund and for certain accounts where the firm acts as a subadvisor for assets placed with Edge. For these accounts, Edge has adopted and implemented written policies and procedures that we believe are reasonably designed to ensure we vote proxies in a manner consistent with the best interests of such clients. Clients cannot direct Edge how to vote in a particular solicitation. To address potential conflicts of interest between Edge and our clients with respect to voting their securities, we rely on our written proxy voting policies and procedures. In addition, Edge utilizes an independent third-party proxy voting service to provide analysis on proxies, to facilitate the electronic voting of proxies, and to maintain records of proxy votes cast.

Clients for whom Edge votes proxies may receive information about how we voted their securities by contacting [compliance@edgecappartners.com](mailto:compliance@edgecappartners.com). Clients may also obtain a copy of our proxy voting policies and procedures upon request. Clients who seek additional information on the voting results or practices for separate account managers recommended by Edge should refer to each manager's Form ADV Part 2A Brochure disclosures for further instructions.

## **Item 18      Financial Information**

Edge does not have any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.