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## **Disclosure Brochure**

**March 3, 2020**

This brochure provides information about the qualifications and business practices of Saos Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 843.388.9925 or [wayne@saoscapital.com](mailto:wayne@saoscapital.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.

Any references to Saos Capital, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training. Additional information about Saos Capital, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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## Material Changes

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Saos Capital, LLC (“Saos Capital, we, us, our, ours”) is an SEC-registered investment adviser.

There are no material changes in this brochure from the last annual updating amendment of Saos Capital, LLC on 03/08/2019. Material changes relate to Saos Capital, LLC’s policies, practices or conflicts of interests only.

Currently, our brochure may be requested by contacting Wayne Gamble, Chief Compliance Officer, at 843.388.9925 or [wayne@saoscapital.com](mailto:wayne@saoscapital.com). We will provide you with a new brochure at any time without charge.

Additional information about our company is also available via the SEC’s website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with us who are registered as investment adviser representatives (“your advisory representative”) of Saos Capital. Information on our investment adviser representatives who work with your account can be found in our Brochure Supplements.

*Saos Capital, LLC*

*SEC Number 801-72927*

*CRD Number 159515*

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## Advisory Business

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Saos Capital is a limited liability company organized under South Carolina state law. William Randolph “O’Malley” Avant is the founder, principal owner, and Managing Member of the Mount Pleasant-based investment advisory firm. Saos Capital applied for registration with the Securities and Exchange Commission in November of 2011.

### Asset Management

Our advisory representatives directly manage your portfolios on a discretionary basis. Assets are allocated within a mix of securities that may include but are not limited to:

- equities,
- bonds,
- options,
- structured notes,
- alternative investments,
- cash and cash equivalents,
- mutual funds,
- exchange traded funds,
- currencies/foreign exchange (“forex”), and
- futures.

We work with you to identify your investment goals, objectives, restrictions, and risk tolerance to determine suitable recommendations for you. From there, we customize your portfolio to create an initial allocation designed to complement your financial situation and personal circumstances.

### Financial Planning

We offer financial, estate, tax, and retirement planning services as part of our asset management process. We gather required information through personal interviews and application forms. This information includes your current financial status, future goals and attitudes towards risk. Related documents that you supply are carefully reviewed and a written report is prepared. We will schedule a meeting with you and present the analysis of your situation and recommendations for steps to be taken to assist you in working toward your financial goals.

In preparing your financial plan, certain assumptions may be made with respect to interest and inflation rates in conjunction with past trends in financial markets and the economy. However, past performance is not indicative of future returns. We cannot ensure that your financial goals and objectives will be met.

Should you choose to implement the recommendations presented in the plan, we suggest that you work closely with your attorney and accountant. Some implementation services are available through us and our affiliates.

### **Wrap Fee Programs**

We act as sponsor and portfolio manager for a wrap fee program, which is an investment program where the client pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. We manage the investments in the wrap fee program, but do not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. Fees paid under the wrap fee program will be given to us as a management fee. Please also see Item 5 and Item 12 of this brochure.

### **Assets Under Management**

As of December 31, 2019, Saos Capital managed \$ 90,778,332.00 in assets on a discretionary basis and \$12,208,311.00 in assets on a non-discretionary basis.

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## **Fees and Compensation**

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Broker-dealers and other financial institutions that hold client accounts are referred to as custodians ("custodian"). Your custodian determines the values of the assets in your portfolio.

We offer our services on a fee-only basis. You must authorize us in writing to have the custodian pay us directly by charging your account. If the Account does not contain sufficient funds to pay advisory fees, we have the limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to us, except for those deducted from ERISA and IRA accounts.

Fees for the initial month are prorated based upon the number of calendar days in the calendar month that our agreement is in effect. Thereafter, our fee is calculated and collected in advance based upon the market value of the assets in your account at the end of each calendar month. No fee adjustments are made for partial deposits or withdrawals.

One-twelfth of the annual fee is charged each calendar month. Your custodian provides you with statements that show the amount paid directly to us. You should review and verify the calculation of our fees. Your custodian does not verify the accuracy of fee calculations.

In addition to our fee, you may be required to pay other charges such as:

- custodial fees;
- brokerage commissions;
- transaction fees;
- maintenance and termination fees for IRAs, certain retirement and qualified accounts;
- internal fees and expenses charged by mutual funds or exchange traded funds (“ETFs”); and
- other fees and taxes on brokerage accounts and securities transactions.

Saos Capital Fee Schedule	
<b><u>Advisory Service</u></b>	<b><u>Maximum Annual Fee<sup>1</sup></u></b>
Asset Management	0.75-1.50%

<sup>1</sup>We may change the above fee schedule upon 30-days prior written notice to you. Fees are negotiable at our sole discretion. Termination of services requires a 30 day notification.

Financial planning is included at no cost as part of the asset management process.

Mutual fund companies, ETFs, and variable annuity issuers charge internal fees and expenses for their products. These fees and expenses are in addition to any advisory fees charged by us. Complete details of these internal fees and expenses are explained in the prospectuses for each investment. You are strongly encouraged to read these explanations before investing any money. You may ask us any questions you have about fees and expenses.

If you purchase mutual funds through the custodian, you may pay a transaction fee that would not be charged if the transactions were made directly through the mutual fund company. Also, mutual funds held in accounts at brokerage firms may pay internal fees that are different from funds held at the mutual fund company.

While you may purchase shares of mutual funds directly from the mutual fund company without a transaction fee, those investments would not be part of our advisory relationship with you. This means that they would not be included in our investment strategies,

investment performance monitoring, or portfolio reallocations.

Please be sure to read the section entitled “Brokerage Practices,” which follows later in this brochure.

Should you terminate the advisory agreement we have entered into within five business days from the date the agreement is executed you will receive a full refund of any fees paid. However, you shall be responsible for any transactions executed prior to receipt of the written notice of cancellation.

After five days termination of the account can be terminated at any time upon prior 30 day written notification. Client will be entitled to a pro rata refund of any pre-paid monthly fee based upon the number of days remaining in the month after termination. Such fees will be refunded to the Account where such fees were debited.

For clients in its wrap program, we will wrap third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). We will charge clients one fee, and pay all transaction fees using the fee collected from the client.

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## **Performance-Based Fees**

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Performance-based fees are designed to give a portion of the returns of an investment to the investment adviser as a reward for positive performance. The fee is generally a percentage of the profits made on the investments. We do not charge performance-based fees on any of our client accounts.

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## **Types of Clients**

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We provide advisory services to charities, individuals and high net worth individuals, including their trusts, estates and retirement accounts. We also provide services to corporations or business entities including their pension and profit-sharing plans.

The minimum account size for starting and maintaining an advisory relationship is \$50,000. We, at our sole discretion, may accept clients with smaller portfolios or lower minimums based upon certain factors including:

- anticipated future earning capacity;
- anticipated future additional assets;

- account composition;
- related accounts; and
- pre-existing client relationships.

We may consider the portfolios of your family members to determine if your portfolio meets the minimum size requirement.

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

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Saos Capital conducts fundamental and technical analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.

A relative strength methodology is used for the dual aim of reducing portfolio volatility while seeking to enhance total return. This includes a top-down process of market analysis, sector analysis, manager or product analysis and risk management. We believe this can help with more consistent returns and thereby create a better environment for systematic withdrawal needs.

We buy structured notes in your portfolio, if they are suitable for your given situation. Any guarantee that your principal will be protected—whether in whole or in part—is only as good as the financial strength of the company that makes that promise. In other words, the principal guarantee is subject to the creditworthiness of the guarantor, which is generally the securities firm that structures and issues the note. In the event the issuer goes bankrupt, investors who hold these notes are considered unsecured creditors and might recover little, if anything, of their original investment.

Potential lack of liquidity is one of the disadvantages of structured notes with principal protection. These products tend to be longer-term investments, tying up your money for several years.

Some issuers might allow investors to redeem their notes before maturity under certain circumstances, such as expiration of a "lock-up period" (a period of time during which you cannot access your funds), payment of a redemption fee or both. Other issuers might (but are not obligated to) provide a secondary market for certain notes. However, depending on demand, the notes might trade at significant discounts to their purchase price and might not return the full guaranteed amount. In addition, the value of the note before maturity might be



difficult to calculate and can vary depending a wide array of factors (including prevailing interest rates and the volatility of the underlying asset, index or benchmark). You might also have to pay a penalty for early redemption, further reducing any return of your principal.

Our investment strategies may include long-term and short-term purchases. Frequent trading can affect investment performance through increased taxes and transaction costs. Our options, futures and currency/forex strategies are designed to be defensive in nature; however, there is still risk involved. For instance, the writer of a covered call forgoes the opportunity to benefit from an increase in the value of the underlying interest above the option price, but continues to bear the risk of a decline in the value of the underlying interest.

You may place reasonable restrictions on the strategies to be employed in your portfolio and the types of investments to be held in your portfolio.

All investments involve risks that can result in loss:

- loss of principal,
- a reduction in earnings (including interest, dividends and other distributions), and
- the loss of future earnings.

Additionally, these risks may include:

- market risk,
- interest rate risk,
- issuer risk, and
- general economic risk.

Although we manage your portfolio in a manner consistent with your risk tolerances, we cannot guarantee that our efforts will be successful. You should be prepared to bear the risk of loss.

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## **Disciplinary Information**

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We have not been the subject of any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management.

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

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Your advisory representative may be licensed as an insurance agent with various insurance carriers. From time to time, they may offer clients advice or products from those activities.

Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Saos Capital always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any Saos Capital representative in such individual's outside capacities.

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## **Code of Ethics; Participation or Interest in Client Transactions and Personal Trading**

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We have adopted a *Code of Ethics* ("Code") to address the standard of business conduct required of our IARs and employees. The Code includes our policies and procedures developed to protect your interests in relation to the following:

- the duty at all times to place your interests ahead of ours;
  - that all personal securities transactions of our IARs and employees be conducted in a manner consistent with the Code and avoid any actual or potential conflict of interest, or any abuse of an IAR's or employee's position of trust and responsibility;
- that IARs may not take inappropriate advantage of their positions;
- that information concerning the identity of your security holdings and financial circumstances are confidential; and
- that independence in the investment decision-making process is paramount.
- Set forth standards of conduct expected of advisory personnel (including compliance with federal securities laws);
- Safeguard material non-public information about client transactions; and
- Require "access persons" to report their personal securities transactions. In addition, the activities of an investment adviser and its personnel must comply with the broad antifraud provisions of Section 206 of the Advisers Act.

We will provide a copy of the Code to you or any prospective client upon request.

We do not buy or sell securities for our own account that we also recommend to you. Our IARs and employees are permitted to buy or sell the same securities for their personal and family accounts that are bought or sold for your account.

The personal securities transactions by our IARs and employees may raise potential conflicts of interest when they trade in a security that:

- is owned by you, or

- is being considered for purchase or sale for your account.

We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our IARs and employees to act in your best interest,
- prohibit favoring one client over another, and
- provide for the review of transactions to discover and correct any same-day trades that result in an IAR or employee receiving a better price than a client.

Our IARs and employees must follow our procedures when purchasing or selling the same securities purchased or sold for your account.

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## Brokerage Practices

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We recommend that your custodian be Fidelity Brokerage Services, LLC (“Fidelity”). Fidelity will assist us in servicing your account. We are independently owned and operated and not affiliated with Fidelity. Our use of Fidelity is, however, a beneficial business arrangement for both us and Fidelity. Information regarding the benefits of this relationship is described below.

In recommending Fidelity as custodian and as the securities brokerage firm responsible for executing transactions for your portfolios, we consider at a minimum its:

- existing relationship with us,
- financial strength,
- reputation,
- reporting capabilities,
- execution capabilities,
- pricing, and
- types and quality of research.

The determining factor in the selection of a custodian to execute transactions for your accounts is not the lowest possible transaction cost, but whether they can provide what is in our view the best qualitative execution for your account.

Fidelity provides us with access to its institutional trading and custody services, which includes:

- brokerage,
- custody,
- research, and

- access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

We are not required to place a minimum volume of transactions or maintain a minimum dollar amount of client assets to receive these services. We have not entered into a soft dollar arrangement through which commissions generated pay for any services. Fidelity does not charge separately for holding our clients' accounts, but may be compensated by you through other transaction-related fees associated with the securities transactions it executes for your accounts.

Fidelity also makes available to us other products and services that benefit us but may not benefit you directly. Some of these products and services assist us in managing and administering our client accounts, such as software and other technology that:

- provide access to account data such as:
  - duplicate trade confirmations,
  - bundled duplicate account statements, and
  - access to an electronic communication network for client order entry and account information;
- facilitate trade execution, including:
  - access to a trading desk serving advisory participants exclusively and
  - access to block trading which provides the ability to combine securities transactions and then allocate the appropriate number of shares to each individual account;
- provide research, pricing information and other market data;
- facilitate payment of our fees from client accounts;
- assist with back-office functions, record keeping and client reporting; and,
- receipt of compliance publications.

Fidelity also makes available to us other services intended to help us manage and further develop our business. These services may include:

- consulting,
- publications and conferences on practice management,
- information technology,
- business succession,
- regulatory compliance, and
- marketing.

Fidelity may also make available or arrange for these types of services to be provided to us by independent third parties. They may discount or waive the fees it would otherwise charge for some of the services it makes available to us. It may also pay all or a part of the

fees of a third party providing these services to us. Thus, we receive economic benefits as a result of our relationship with Fidelity, because we do not have to produce or purchase the products and services listed above.

Because the amount of our compensation or the products or services we receive may vary depending on the custodian we recommend to be used by our clients, we may have a conflict of interest in making that recommendation. Our recommendation of specific custodians may be based in part on the economic benefit to us and not solely on the nature, cost or quality of custody and brokerage services provided to you and our other clients. We nonetheless strive to act in your best interests at all times.

Commissions and other fees for transactions executed through the custodians we have recommended may be higher than commissions and other fees available if you use another custodian firm to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to our clients by Fidelity outweighs the benefit of possibly lower transactions cost which may be available under other brokerage arrangements.

Many of the services described above may be used to benefit all or a substantial number of our accounts, including accounts not maintained through Fidelity. We do not attempt to allocate these benefits to specific clients.

### ***Directed Brokerage***

We do not allow clients to direct brokerage. Not all firms require their clients to use a specific custodian or broker dealer.

### ***Bunched or Block Trading***

We may engage in bunched trading, which is the purchase or sale of a security for the accounts of multiple clients in a single transaction. If a bunched trade is executed, each participating client receives a price that represents the average of the prices at which all of the transactions in a given bunch were executed. Executing a bunched trade allows transaction costs to be shared equally and on a pro rata basis among all of the participating clients. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner.

Bunched trades are placed only when we reasonably believe that the combination of the transactions provides better prices for clients than had individual transactions been placed for clients.

Transactions for the accounts of our employees and advisory representatives may be included in bunched trades. They receive the same average price and pay the same commissions and other transaction costs, as clients. Transactions for the accounts of our advisory representatives or employees will not be favored over transactions for client accounts.

We are not obligated to include any client account in a bunched trade. Bunched trades will not be effected for any client's account if doing so is prohibited or otherwise inconsistent with that client's investment advisory agreement. No client will be favored over any other client.

Trade errors are corrected in a manner that does not disadvantage the client.

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## **Review of Accounts**

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All account reviews are performed by advisory representatives of Saos Capital. We regularly monitor your account quarterly at a minimum, as well as general conditions in the financial markets, and make changes or recommend opportunities when we believe it is appropriate to do so. We strongly encourage you to notify us of any material changes in your overall financial condition or your investment objectives or risk tolerance as these could have a material impact on the recommendations we make to you.

Your advisory representative will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections. You will be invited to participate in at least an annual review as agreed by you and your advisory representative. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. We will provide you with a written consolidated report of your managed account.

You will receive statements on at least a quarterly basis from the custodian holding your account. These statements will identify your current investment holdings, the cost of each of those investments, and their current market values.

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## **Client Referrals and Other Compensation**

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We do not directly or indirectly compensate any person who is not one of our advisory representatives or employees for client referrals.

We receive certain economic benefits as a result of our participation in Fidelity's institutional

program. Those benefits are described in detail in the preceding section entitled “Brokerage Practices.”

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## **Custody**

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Although we are deemed to have custody of clients’ funds because we deduct our advisory fees from client accounts, we do not act as a custodian for your account. You will receive statements from your custodian on at least a quarterly basis. Additionally, you will receive confirmations of all transactions direct from your custodian. You should compare our reports with statements received from your custodian. You should verify that the transactions in your account are consistent with your investment goals and the objectives for your account. Should there be any discrepancy in our reports and those of the custodian, your custodian’s report will prevail. We also encourage you to contact us should you have any questions or concerns regarding your account.

Custody is also disclosed in Form ADV because SAOS Capital has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, SAOS Capital will follow the safeguards specified by the SEC rather than undergo an annual audit.

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## **Investment Discretion**

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We offer our Asset Management on a discretionary basis. This means that we do not need advance approval from you to determine the type and amount of securities to be bought and sold for your accounts.

This discretion is used in a manner consistent with the stated investment objectives for your account, if you have given us written authorization to do so. We only exercise discretion in accounts where we have been authorized by you. This authorization is typically included in the investment advisory agreement you enter into with us.

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## **Voting Client Securities**

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SAOS Capital does not take any action or give any advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which your accounts may be invested. In addition, we do not take any action or give any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits.

You will receive information related to proxies directly from your account custodian. We will forward to you any information received by us regarding proxies and class action legal matters involving any securities held in your accounts.

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## **Financial Information**

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We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you. We have not been the subject of any bankruptcy proceedings. We do not charge \$1200 and six months in advance for any management or financial planning fees.