



BETA CAPITAL  
WEALTH MANAGEMENT

**Crédit Andorrà Financial Group**

777 Brickell Avenue  
Suite 1201  
Miami, Florida 33131  
U.S.A  
Telephone: (305) 358-8844  
Facsimile: (305) 358-8864  
[contact@betacap.com](mailto:contact@betacap.com)

This Brochure provides information about the qualifications and business practices of Beta Capital Management, LLC (“Beta” or the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at: (305) 358-8844 or at [contact@betacap.com](mailto:contact@betacap.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Registration of an investment adviser does not imply any level of skill or training. The oral and written communications received from an adviser provide you with information about which to utilize in determining to hire or retain an investment adviser.

Additional information about Beta is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and/or FINRA’s website at [www.finra.org](http://www.finra.org).

May 2020

## Item 2 - Material Changes

---

### Annual Update

Beta is required to file an annual updating amendment to its Form ADV within 90 days of the end of the adviser's fiscal year.

---

### Material Changes since the Last Update

Beta is required to inform its clients of material changes to its business that have occurred on a periodic basis no less than annually.

- Since the last submission of the Adviser's Brochure in March 2019, the following material changes have taken place:
  - **Chief Compliance Officer:** The Adviser named Jesus Sanchez (CRD No. 4902989) as Chief Compliance Officer, effective March 2020.

You continue to receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year, which is December 31st of each year. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

---

### Brochure Available

Whenever you would like to receive a copy of our Brochure, please contact us by telephone at (305) 358-8844 or by email at [contact@betacap.com](mailto:contact@betacap.com).

### **Item 3 - Table of Contents**

<b>Item 2 - Material Changes.....</b>	<b>i</b>
<b>Item 3 - Table of Contents.....</b>	<b>1</b>
<b>Item 4 - Advisory Business .....</b>	<b>1</b>
<b>Item 5 - Fees and Compensation.....</b>	<b>7</b>
<b>Item 6 - Performance Based Fees and Side-by-Side Management.....</b>	<b>9</b>
<b>Item 7 - Types of Clients.....</b>	<b>9</b>
<b>Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>9</b>
<b>Item 9 - Disciplinary Information .....</b>	<b>11</b>
<b>Item 10 - Other Financial Industry Activities and Affiliations.....</b>	<b>12</b>
<b>Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>13</b>
<b>Item 12 - Brokerage Practices.....</b>	<b>18</b>
<b>Item 13 - Review of Accounts.....</b>	<b>18</b>
<b>Item 14 - Client Referrals and Other Compensation .....</b>	<b>19</b>
<b>Item 15 - Custody .....</b>	<b>19</b>
<b>Item 16 - Investment Discretion.....</b>	<b>20</b>
<b>Item 17 - Voting Client Securities.....</b>	<b>20</b>
<b>Item 18 - Financial Information .....</b>	<b>20</b>

## Item 4 - Advisory Business

---

### Firm Description

Beta Capital Management, LLC (“Beta” or the “Adviser”), was founded in 2011 and offers investment advisory services to individuals, institutions, trusts, estates, corporations and other business entities. Beta’s investment advisory services provide clients with investment advice and recommendations that are recommended to be used to implement their financial plans.

Investment advice is an integral part of financial planning and Beta Capital Management, LLC advises clients regarding securities transactions, cash flow, college planning, and retirement planning.

Investment advice is provided on either a discretionary or non-discretionary basis, with each client making the final decision on investment selection when being advised on a non-discretionary basis. When the Adviser is advising clients on a discretionary basis, Beta can make the final investment decisions and place trades for clients under a limited power of attorney. Beta does not act as a custodian of client assets, therefore, the client always maintains asset control.

---

### Principal Owners

100% of Beta is principally owned by Credit Andorra U.S.G.P. For more information related to the ownership or principal structure of the Adviser, please contact Beta or visit [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

---

### Types of Advisory Services

Beta Capital Management, LLC provides investment supervisory services. More specifically, Beta provides Asset Management Services, Advisory Services, and furnishes investment advice through consultations on both a fixed fee and/or hourly basis.

On more than an occasional basis, Beta Capital Management, LLC furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that may include estate planning.

### Tailored Relationships

The goals and objectives for each client are documented by the Adviser and will vary by client. Investment policy statements can be created to reflect the stated goals and objectives of each client. Beta’s Investment Adviser Representatives (“IARs”) work with their clients to identify their investment goals and objectives, as well as risk tolerance, in order to create an initial portfolio allocation designed to complement the client’s financial situation and personal circumstances.

The initial meeting to review clients' investment portfolios may be conducted by telephone or in person and is free of charge. The initial meeting is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to each potential and current client.

The IAR can periodically rebalance the client's account to maintain the initially agreed upon strategic and tactical asset allocation. However, no changes are made to the agreed-upon asset allocation in non-discretionary accounts without prior client review and consent.

Clients have ready access to their respective IAR. IAR's are not required to be available for unscheduled or unannounced visits by clients. However, IARs are expected to periodically meet with clients and should generally be available to take client telephone calls on advisory-related matters. Each client has the opportunity to place reasonable restrictions on the type of investments to be held in the portfolio.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be recommended to clients or engaged directly by the client on an as-needed basis. Conflicts of interest related to recommendations of other professionals will be disclosed to the client in the event they should occur.

Beta's Agreements are not assigned without client consent.

---

## **Types of Agreements**

Beta offers a variety of customized advisory services, which are outlined and defined in each client's investment advisory agreement.

### **Advisory Service Agreement**

Most clients choose to have Beta manage their assets in order to obtain ongoing in-depth advice and investment planning. All aspects of the client's financial affairs are reviewed, which may include those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; investment management (including performance reporting); education planning; retirement planning; estate planning; as well as the implementation of recommendations within each area.

The annual Advisory Service Agreement fee is based on a percentage of the investable assets according to the following schedules:

## **Fee Schedule 1**

### **SECURITIES OFFERED THROUGH BETA CAPITAL SECURITIES LLC**

#### **INVESTMENT MANAGEMENT FEES OF BETA CAPITAL MANAGEMENT LLC**

<b><u>Assets Under Mgmt</u></b>	<b><u>Advisory Fee</u></b> (does not include execution fees)
\$1-\$3 Million	1.55%
\$3-\$10 Million	1.25%
\$10-\$25 Million	0.95%
\$25 Million or greater	0.65%

Orders executed through Beta Capital Securities LLC, affiliated broker-dealer will be charged a \$50.00 execution charge per transaction.

FUNDS TO BE INVESTED: US\$ \_\_\_\_\_

INVESTMENT MANAGEMENT FEE TO BE CHARGED: \_\_\_\_\_

## Fee Schedule 2

### **SECURITIES OFFERED THROUGH BETA CAPITAL SECURITIES LLC** **INVESTMENT MANAGEMENT FEES OF BETA CAPITAL MANAGEMENT LLC**

#### **Advisory Fee**

**0.375% Plus Commissions & Fees Charged by  
Beta Capital Securities LLC**

<b><u>BETA CAPITAL SECURITIES LLC COMMISSIONS</u></b>		<b><u>FEE</u></b>	<b><u>MINIMUM</u></b>
Equities		1%	\$100
Fixed Income (see below) <u>Agency Only</u>			\$150
<u>Investment Grade</u>	<u>High Yield</u>		
0-3 years	30 bps	0-3 years	65 bps
3-5 years	40 bps	3-5 years	75 bps
5-10 years	50 bps	5-10 years	85 bps
10 years +	60 bps	10 years +	100 bps
<i>*Illiquid bonds will be analysed case by case</i>			
Options		1%	\$100 + \$1.00/contract
Mutual Funds - Fixed Income		1%	\$100
Mutual Funds - Equity		1.5%	\$100
Alternative Management Funds		2%	\$150
Structured Products		2%	\$150
Commodity Futures (round-turn)			\$90 + exchange fees

#### **Foreign Exchange Conversions**

*Standard settlement is T+2 (the transaction date plus 2 business days) on most currencies.*

*The costs for this service are built into the foreign exchange rate. Please note that currency conversions must be for amounts of \$5000 or more.*

### Fee Schedule 3

#### **SECURITIES OFFERED THROUGH AFFILIATED CUSTODIAN**

#### **INVESTMENT MANAGEMENT FEES OF BETA CAPITAL MANAGEMENT LLC**

<b><u>Assets Under Mgmt</u></b>	<b><u>Advisory Fee</u></b>  (does not include execution fees)	<b><u>Affiliated Administrative &amp; Custody Fee</u></b>
\$1-\$3 Million	1.25%	0.30%
\$3-\$10 Million	1.00%	0.25%
\$10-\$25 Million	0.75%	0.25%
\$25 Million or greater	0.50%	0.15%

Orders executed through Beta Capital Securities LLC, affiliated broker-dealer will be charged a \$50.00 execution charge per transaction.

FUNDS TO BE INVESTED: US\$ \_\_\_\_\_

INVESTMENT MANAGEMENT FEE TO BE CHARGED: \_\_\_\_\_



## **Fee Schedule 4**

### **SECURITIES OFFERED THROUGH A NON-AFFILIATED CUSTODIAN**

#### **INVESTMENT MANAGEMENT FEES OF BETA CAPITAL MANAGEMENT LLC**

<b><u>Assets Under Mgmt</u></b>	<b><u>Advisory Fee</u></b> (does not include execution fees)*
\$1-\$3 Million	1.55%
\$3-\$10 Million	1.25%
\$10-\$25 Million	0.95%
\$25 Million or greater	0.65%

**\* Fees Charged by Custodian are not shared with Beta Capital Management LLC.  
Custodian can choose to execute through Beta Capital Securities LLC.**

Client relationships can be established and exist where the fees are higher or lower than the fee schedules provided above.

---

#### **Hourly Planning Engagements**

Beta provides hourly advisory and/or planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements varies, yet will not exceed \$500 per hour.

---

#### **Asset Management**

Client's portfolio may consist of a variety of financial products, including, but not limited to exchange-traded funds ("ETFs"), mutual funds, equities, options, bonds, and potentially other products. The investment strategies utilized and portfolios constructed and managed depend on the individual client's investment objectives and goals as provided to the IAR. Initial public offerings ("IPO's") are not available through Beta.

Please note that investment products are typically purchased or sold through a brokerage account when appropriate. The brokerage firm typically charges a fee for investment

products and Beta almost exclusively recommends clients to its affiliated FINRA broker-dealer, Beta Capital Securities, LLC (“BCS” or the “Firm”); as a broker/dealer, the Firm provides a variety of financial products and/or services and may render advice as to the value and/or advisability of purchasing or selling securities, without receiving special compensation and solely incidental to the conduct of its business as a broker/dealer. General securities accounts for brokerage customers of the Firm are maintained and custodied on a fully disclosed basis by Raymond James & Associates.

The annual Asset Management Service Agreement fee is based on a percentage of the investable assets according to the following schedules listed above Schedule 1-4.

Client relationships can be established and exist where the fees are higher or lower than the fee schedules provided above.

Please be advised that clients can choose to utilize a different broker-dealer, aside from BCS and similar products and services can be purchased for a lower cost than offered by the Firm.

As of December 31, 2019, Beta managed approximately 48 accounts with \$60,300,236 in assets on a discretionary basis and approximately 50 accounts with \$173,109,457 in assets on a non-discretionary basis.

---

### **Termination of Agreement**

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client’s discretion. The client or the investment manager can terminate an Agreement by written notice to the other party with a (30) thirty – day advance notice or as agreed upon otherwise between the client and the Adviser.

If an agreement is terminated during a period in which the client has already paid Beta its advisory fees in advance, then the Adviser will reimburse, on a pro-rated basis, the remaining advisory fees collected for any service not rendered; these fees will be sent to the client’s address of record, unless otherwise directed by the client, within (30) days of termination of the agreement.

---

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

### **Description**

Beta bases its fees on a percentage of assets under management, hourly charges, or fixed fees. Some fixed fees are priced based on the complexity of work, especially when asset management is not the most significant part of the relationship. All fees are negotiable between the Adviser and each client.

---

## **Fee Billing**

All fees are billed either monthly or quarterly in arrears, meaning that we invoice after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Beta also debits relevant fees directly from accounts at its custodian, Raymond James & Associates or any other custodian the client chooses. The client must consent in advance to direct debiting of their investment account.

Hourly and fixed fees are billed in advance, with the balance due upon delivery of the specific advice or services provided or as otherwise agreed upon between the client and the Advisor.

---

## **Other Fees**

Custodians typically charge transaction fees on purchases or sales of certain investment products, including, but not limited to mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is considered more important than the nominal fee that the custodian charges to buy or sell the security.

Beta in its sole discretion, can waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

In addition to investment advisory fees, IARs who are dually registered as registered representatives of its affiliate broker-dealer, Beta Capital Securities, LLC can receive compensation in the form of 12b-1 fees from the sale of certain investment products and/or facilitating the sale of other products and services for clients who do not necessarily have an advisory agreement with Beta. This compensation is in consideration for various services that Beta and their associated persons provide to clients such as presenting information regarding new products and services as well as providing ongoing portfolio management of client accounts.

---

## **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Beta.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

---

## **Past Due Accounts and Termination of Agreement**

Beta reserves the right to stop work on any account that is more than (10) ten days overdue and reserves the right to terminate any engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Beta Capital Management LLC's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within (30) thirty days as previously described in the Brochure.

---

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

### **Description**

Adviser does not engage in any type of performance fee based sharing arrangement at this time.

---

## **Item 7 - Types of Clients**

### **Description**

Beta provides portfolio management services to high net worth individuals, corporations and banking/thrift institutions. Client Relationships vary in scope and length of service.

---

### **Account Minimums**

The minimum account size is typically \$100,000 of assets under management, yet depending upon circumstances, Beta has the discretion to waive the account minimum. For instance, accounts of less than \$100,000 can be set up when the client and the Adviser anticipate that the client will add additional funds to the accounts bringing the total to \$100,000 within a reasonable period of time. Other exceptions will apply to employees of Beta and their relatives, or relatives of existing clients.

Clients with assets below the minimum account size can be subject to pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

---

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

### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services,

timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

---

## **Investment Strategies**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Beta's investment strategies may vary greatly per client and include both passive and/or active asset management.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

---

## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **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, causing their market values to decline.
- **Market Risk**: The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk**: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk**: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk**: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk**: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk**: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

The above risks are not meant to represent all risks associated with investing, and investments typically carry the potential for a loss of your total investment. Please discuss the risks associated with investing with your IAR to ensure you are comfortable with the level of risks in your portfolio.

## **Item 9 - Disciplinary Information**

---

### **Legal and Disciplinary**

The Adviser and its employees have not been involved in legal or disciplinary events related to past or present investment clients since the last Form ADV filing.

## Item 10 - Other Financial Industry Activities and Affiliations

### **Broker-Dealer Registration**

As previously disclosed in this brochure, Beta maintains an affiliated FINRA registered broker-dealer, Beta Capital Securities LLC (CRD No. 38964) (“BCS”). Beta’s management or associated persons are registered and associated with BCS as registered representatives. Beta’s arrangement and relationship with BCS, a registered broker-dealer that is under common control with the Adviser is material. Beta utilizes BCS as an introducing broker-dealer for certain securities transactions of advisory clients. In such case, BCS and/or associated persons will receive compensation for brokerage transactions affected in these advisory accounts, and for the purchase of investment products recommended, which poses a conflict of interest. For example, Beta utilizes BCS as an introducing broker-dealer for certain equity and fixed income trades; this is due to, among other factors, market-competitive commission rates, a trading interface with tools suitable for clients’ equity and fixed income trading activities, and quality of execution. BCS has established policies and procedures to mitigate conflicts and address applicable regulatory requirements. However, lower fees for comparable services could be available from other sources. Clients are encouraged to request additional information regarding potential conflicts of interest.

### **Other – Financial Affiliates**

Beta maintains common ownership with a number of affiliated entities that provide financial services, insurance services, and/or other industry related activities. These entities include:

No.	Company	Country	Services
1	BANCO ALCALA SA	Spain	Banking
2	BANCO CREDIT ANDORRA (PANAMA)	Panama	Banking
3	BANQUE DE PATRIMOINES PRIVES	Luxembourg	Banking
4	BETA CAPITAL SECURITIES LLC	USA	Broker-dealer
5	CA LIFE INSURANCE EXPERTS CIA. DE SEGUROS Y REASEGUROS, SAU	Spain	Insurance
6	CA MEXICO ASESORES PATRIMONIALES EN INVERSIONES INDEPENDIENTES, SACV	Mexico	Banking, Broker-dealer, Advisory, Insurance, Pension Consultant
7	CA MEXICO GESTORIA SAPI	Mexico	Advisory Services
8	CA PERU SOCIEDAD SOCIEDAD DE BOLSA, SAC	Perú	Asset Management
9	CREDI-INVEST SA	Andorra	Banking, Broker-dealer, Advisory, Insurance, Pension Consultant
10	CREDIT ANDORA URUGUAY SA	Uruguay	Representation of financial entities incorporated abroad
11	CREDIT ANDORRA ASSET MANAGEMENT LUXEMBOURG SOCIETE ANONYME	Luxembourg	Advisory services
12	CREDIT ANDORRA PANAMA PATRIMONIAL	Panama	Banking
13	CREDIT ANDORRA S.A.	Andorra	Banking, Broker-dealer, Insurance, Pension Consultant
14	CREDIT ASSEGURANCES, SAU	Andorra	Insurance

15	GESACALA SGIIC, SAU	Spain	Broker-dealer
16	INVESTCREDIT SICAV/CREDITINVEST SICAV	Luxembourg	Fund Manager
17	PRIVATE INVESTMENT MANAGEMENT SA	Switzerland	Advisory
18	PRIVATE INVESTMENT MANAGEMENT (PIM) ADVISORS PANAMA SA	Panama	Advisory
19	SOCIETE GENEVOISE D'INVESTISSEMENTS, SA	Switzerland	Broker-dealer

### **Affiliations**

As previously disclosed in this brochure, Beta has arrangements that are material to its advisory of its clients with a related person or entity who is a broker-dealer. As a result of such relationships, the potential for conflict exists in that Beta typically refers all clients to its affiliated broker-dealer or other affiliates. Beta maintains robust procedures to mitigate and adequately handle any conflicts that arise between its affiliated entities. The fees and commissions charged by the Firm and the broker-dealer in which Beta refers its clients can potentially be found at a lesser cost.

### **Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration**

The Adviser and its management persons are not registered or associated with the Commodity Futures Trading Commission (“CFTC”) as a futures commission merchant (“FCM”), a commodity pool operator (“CPO”) or a commodity trading advisor (“CTA”) or an associated person of the foregoing entities.

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

The Advisors Act imposes a fiduciary duty on Investment Advisors. As a fiduciary, Beta has a duty of utmost good faith to act solely in the best interest of each of our clients. Our clients entrust us with their funds and/or investments, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels all employees to act with the utmost integrity in all of their dealings. This fiduciary duty is the core principle underlying our “Code of Ethics” and represents the expected basis of all of our dealings with our clients. The Code includes policies and procedures developed to protect client’s interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics and to avoid any actual or potential conflict of interest or any abuse of an employee’s position of trust and responsibility;
- The principle that investment advisor personnel should not take inappropriate advantage of their positions;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and



- The principle that independence in the investment decision-making process is paramount.

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

---

### **Prevention of Insider Trading**

Adviser has adopted policies designed to prevent insider trading that is more fully described in the Code. Adviser's policy on insider trading applies to securities trading and information handling by all Supervised Persons of Adviser (including spouses, minor children and adult members of their households and any other relative of a Supervised Person on whose behalf the Supervised Person is acting) for their own account or the account of any client of Adviser.

Adviser takes its obligation to detect and prevent insider trading with the utmost seriousness. Adviser can impose penalties for breaches of the policies and procedures contained in this manual, even in the absence of any indication of insider trading. Depending on the nature of the breach, penalties can include a letter of censure, profit "give ups," fines, referrals to regulatory and self-regulatory bodies and dismissal.

### **Personal Securities Transactions**

---

#### **Periodic Reports**

As more fully described in the Code, "access persons" are required to submit reports detailing their personal securities holdings to the Chief Compliance Officer on an initial basis, a quarterly basis, and an annual basis.

As an alternative to submitting quarterly transaction reports, Adviser requires persons who are "access persons" to submit brokerage statements or trade confirmations as long as such documents contain the information required under Rule 204A-1(b)(2)(i)(A)-(E) under the Advisers Act.

#### **Initial Public Offerings and Limited Public Offerings**

Access Persons must obtain prior written approval from the Chief Compliance Officer before investing in initial public offerings ("IPOs") or limited offerings (i.e., private placements). In the event the Chief Compliance Officer wishes to purchase IPOs or the securities of a private placement for his/her own employee account, the Chief Compliance Officer must obtain prior written approval from the Adviser's Board Committee.

#### **Review of Personal Securities Reports**

The Chief Compliance Officer (or its designee) is responsible for reviewing the Access Person's Quarterly Transaction Reports as well as the Initial Holdings Report and the Annual Holdings Report as part of Adviser's duty to maintain and enforce its Code.

In instances when the Chief Compliance Officer has engaged in personal securities transaction, the Adviser's Board Committee shall review the Chief Compliance Officer's brokerage statements and trade confirmations.

### **Outside Business Activities and Private Investments of Employees**

Unless otherwise consented by the Chief Compliance Officer, all employees are required to devote their full time and efforts to Adviser's business. As such, no person can make use of either his or her position as an employee or information acquired during employment, or make personal investments in a manner that creates a conflict, or the appearance of a conflict, between the employee's personal interests and Adviser's interests. Accordingly, every employee is required to complete a disclosure form and have the form approved by Adviser's Chief Compliance Officer prior to serving in any of the capacities or making any of the investments more fully described in the Code.

### **Reporting Violations**

All Supervised Persons (any officer, director, partner and employee of Adviser) are required to report actual or known violations or suspected violations of Adviser's Code promptly to the Chief Compliance Officer or his designee.

Any report of a violation or suspected violation of the Code will be treated as confidential to the extent permitted by law.

As part of Adviser's obligations to conduct an annual review of all of its policies and procedures pursuant to Rule 206(4)-7 of the Advisers Act, the Chief Compliance Officer shall review on an annual basis the adequacy of the Code and the effectiveness of its implementation.

### **Acknowledgement of the Code**

Each employee will execute a written statement certifying that the employee has (i) received a copy of Adviser's Code; (ii) read and understands the importance of strict adherence to such policies and procedures; and (iii) agreed to comply with the Code.

### **Training and Education**

All Supervised Persons, i.e., all employees, are to receive training on complying with the Code on an annual basis as part of Adviser's annual employee compliance review meeting to ensure that all employees fully understand their duties and obligations and how to comply with the Policy's procedures.

### **Participation or Interest in Client Transactions and Associated Conflicts of Interest**

Beta can recommend or invest in securities, including funds, issued or managed by its affiliates (or where the affiliate acts as general partner) in which its affiliates have a material financial interest. The Adviser has policies that require personnel who develop advice and recommendations for clients to render only disinterested and impartial advice to clients and to comply with other

fiduciary obligations, including having an adequate basis in fact for all recommendations and an obligation to recommend only investments that are suitable for the particular client.

The potential conflicts of interest involved in any such transactions are generally governed by Adviser's Code. Pursuant to the stipulations of the Code, Adviser or a related person can buy or sell for itself securities that it also recommends to clients. The potential conflicts of interest involved in such transactions are governed by the Code, which establishes sanctions if its requirements are violated and requires that Adviser and employees place the interests of Adviser's clients above their own.

When Beta Capital Securities, LLC ("BCS") is acting as a broker with respect to a fixed income transaction executed for a client of Adviser, it will generally act on a riskless principal basis rather than on an agency basis. A riskless principal transaction refers to a transaction where BCS, after receiving an order to buy (or sell) a security for a client, purchases (or sells) the security for its own account to offset a contemporaneous sale to (or purchase from) the client. In such instances, the Adviser is required to disclose to its advisory clients in writing before the completion of such transaction the capacity in which it was acting and to obtain written consent of advisory clients for such transactions. BCS charges a mark-up or mark-down in certain riskless principal transactions. Equity transactions are generally executed on an agency basis, but can be executed on a riskless principal basis using the same procedures and equivalent pricing as for fixed income securities.

From time to time, BCS can engage in agency cross transactions for Adviser's clients. An agency cross transaction occurs when BCS acts as broker for both Adviser's advisory clients and for other customers of BCS on the other side of the transaction. Agency cross transactions will be executed only after obtaining prospective written consent from the advisory client, which consent can be terminated at any time with written notice to Adviser. Adviser does not advise both the seller and purchaser with regard to an agency-cross transaction. BCS can also engage from time to time in so-called "cross transactions" in which it affects trades between Adviser's advisory client accounts. BCS will only effect such transactions to the extent that it is able to achieve "best execution" for each client. The price will be set generally at the mid-point between the bid and ask price (or last sale price in the case of exchange listed securities) and BCS will not charge commissions or other compensation in connection with the transaction.

### **Investments in Securities by Adviser and its Personnel**

Adviser's personnel or a related person can invest in the same or similar securities and investments as those recommended to or entered into on behalf of Adviser's clients. The results of the investment activities of Adviser's personnel or related persons for their accounts may differ from the results achieved by or for client accounts managed by Adviser. The conflicts raised by these circumstances are discussed below.

Adviser can recommend or effect the purchase or sale of securities in which its related persons or an affiliate, directly or indirectly, has a position or interest, or of which related or affiliated person buys or sells for itself. Such transactions may also include trading in securities in a manner inconsistent with the advice given to Adviser's clients.

Activities and transactions for client accounts may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case had Adviser or related persons not

pursued a particular course of action with respect to the issuer of the securities. In addition, in certain instances Adviser's personnel may obtain information about the issuer that could limit the ability of such personnel to buy or sell securities of the issuer on behalf of client accounts.

Transactions undertaken by Adviser's clients may also adversely impact one or more client accounts. Other clients of the Adviser may have, as a result of receiving client reports or otherwise, access to information regarding Adviser's transactions or views that may affect their transactions outside of accounts controlled by Adviser, and such transactions may negatively impact other clients' accounts. A client's account may also be adversely affected by cash flows and market movements arising from purchase and sale transactions by, as well as increases of capital in and withdrawals of capital from, other clients' accounts. These effects can be more pronounced in less liquid markets.

The results of the investment activities of a client's account may differ significantly from the results achieved by Advisers related persons and from the results achieved by Adviser for other client accounts. As more fully described above, Adviser has adopted a Code of Ethics. Such Code of Ethics together with Advisers policies and procedures restrict the ability of certain officers and employees of Adviser from engaging in securities transactions in any securities that its clients have purchased, sold or considered for purchase or sale, for an appropriate "black out" period. Other restrictions and reporting requirements are included in Advisers procedures and Code of Ethics to minimize or eliminate conflicts of interest.

### **Trading Alongside by Adviser and its Personnel**

Client accounts managed by Adviser can trade in the same or similar securities at or about the same time as accounts managed or advised by affiliates of the Adviser. Investments by Adviser's affiliates and their clients may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of a client's account, particularly in small capitalization, emerging market or less liquid strategies.

This may occur when portfolio decisions regarding a client's account are based on research or other information that is also used to support portfolio decisions for Adviser's affiliates. If a portfolio decision or strategy for Adviser's affiliates' accounts or the accounts of clients of affiliates is implemented ahead of, or contemporaneously with, similar portfolio decisions or strategies for Adviser's client's account, market impact, liquidity constraints, or other factors could result in the account receiving less favorable trading results and the costs of implementing such portfolio decisions or strategies could be increased.

Advisory personnel who are registered representatives of Beta Capital Securities, LLC ("BCS") can receive commission and fees for recommending transactions to brokerage customers of BCS that are higher than the fees earned for recommending or directing such transactions for clients of Adviser. In addition to the disclosure in this brochure, personnel who are responsible for determining the recommendations and investments for Adviser's client accounts disclose their status as registered representatives of BCS as well as their receipt of commissions and other fees for the sale of securities. Adviser also has policies that address these potential conflicts. Adviser's policies require personnel who develop advice and recommendations for clients to render only disinterested and impartial advice to clients and to comply with other fiduciary obligations.

## **Item 12 - Brokerage Practices**

---

### **Selecting Brokerage Firms**

As previously disclosed in this brochure, Beta has arrangements that are material to its advisory of its clients with a related person or entity who is a broker-dealer. As a result of this relationship, the potential for conflict exists in that Beta typically refers all clients to its affiliated broker-dealer. The fees and commissions charged by the Firm and a broker-dealer in which Beta refers its clients can potentially be found at a lesser cost.

### **Best Execution**

Beta reviews the execution of trades at its custodian on a periodic basis, no less than quarterly. The review is documented by the Adviser and its affiliated broker-dealer.

---

### **Soft Dollars**

Beta does not currently maintain any soft dollar arrangements.

---

### **Order Aggregation**

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

## **Item 13 - Review of Accounts**

---

### **Periodic Reviews**

Account reviews are performed periodically, no less than quarterly by each IAR and by their Supervisors. Account reviews are performed more frequently when market conditions dictate and as requested by Beta's clients.

---

### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

---

### **Regular Reports**

Account reviewers are members of the Firm's Compliance Department, with the assistance of IARs of the Adviser. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client. Clients receive periodic communications on at least an annual basis and where applicable,

will receive an account statement or performance report no less than quarterly, and often monthly as activity dictates.

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

---

### **Incoming Referrals**

Beta from time to time, receives client referrals, including referrals from its affiliated broker-dealer. The referrals often come from current clients, attorneys, accountants, employees, personal friends of employees and other similar sources. While the Adviser is appreciative, it does not currently compensate referring parties for these referrals.

---

### **Referrals Out**

Beta does not currently accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

---

### **Other Compensation**

Officers and certain associated persons of the Adviser are also registered representatives of a broker-dealer. In this capacity, they may facilitate the purchase and/or sale of securities, and other investment products for their clients, who may or may not have an advisory fee agreement with Beta. The Advisor's representatives may receive compensation for these non-advisory services that they may provide. Such compensation would be in addition to the advisory and other fees that the Advisor may receive.

Transaction charges or other charges for services to clients by Beta Capital Securities, LLC may be more or less than other broker/dealers not recommended by the Advisor charge for comparable services. Clients are not required to use a specific broker/dealer to retain the services of the Advisor.

Investment products purchased or sold in broker/dealer accounts may generate transaction fees that would not exist if the purchase or sale were made directly through the issuer of the security, such as a mutual fund company. Mutual funds held in broker/dealer accounts also charge management fees. These Mutual fund management fees may be more or less than the mutual fund management fees charged if the client held the mutual fund directly with the mutual fund company. These management fees are in addition to the management fee charged by the Adviser.

## **Item 15 - Custody**

---

### **Account Statements**

All assets are held at qualified custodians, which mean the custodians provide account statements directly to clients at their address of record at least quarterly. The qualified custodian for its client accounts is primarily held with Raymond James & Associates, Inc. or an affiliate of Credit Andorra Financial Group, though clients may also hold accounts at other custodians. Adviser also sends

out periodic performance reports. Adviser urges clients to compare the account statements they receive from their qualified custodian with the statements they receive from Adviser.

---

## **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to any performance reports provided by Beta, or even discussions or other communications between the client and the Adviser.

## **Item 16 - Investment Discretion**

---

### **Discretionary Authority for Trading**

Beta can accept discretionary authority to manage securities accounts on behalf of clients. Beta has the authority to determine, with proper limited power of attorney (i.e. trading authorization) form signed by client, the securities to be bought or sold, the amount of the securities to be bought or sold according to client's risk profile, and the broker or dealer to be used for a purchase or sale of securities for a client's account.

Discretionary trading authority facilitates placing trades in your accounts on your behalf to promptly implement the investment strategy determined according to the suitability profile completed and discussed with your Investment Advisor.

---

### **Limited Power of Attorney**

A limited power of attorney provides discretionary trading authority to Beta. The client signs a limited power of attorney so that Beta may practice trading discretion on the client's account, without obtaining client consent for each particular transaction.

## **Item 17 - Voting Client Securities**

---

### **Proxy Votes**

Beta does not vote proxies on securities, thus, clients are expected to vote their own proxies.

## **Item 18 - Financial Information**

---

### **Financial Condition**

Registered investment advisers are required in this Item 18 to provide you with certain financial information or disclosures about their financial condition. Beta does not require prepayment of fees six months or more in advance, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Accordingly, no financial statements are required to be provided by Beta to its clients and prospective clients.