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## Brochure

September 9, 2020

*This Brochure provides information about the qualifications and business practices of UCAP Asset Management, LLC. If you have any questions about the contents of this Brochure, please contact Mr. David Wasitowski, Chief Compliance Officer, by phone (646) 809-3600 or e-mail [dwasitowski@ucapasset.com](mailto:dwasitowski@ucapasset.com). The information in this brochure has not been approved or verified by the U. S. Securities and Exchange Commission or by any state securities authority. UCAP Asset Management, LLC, is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.*

*Additional information about UCAP Asset Management, LLC, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **Item 2 – Material Changes**

This Section addresses only the material changes that have been made to this Brochure since it was last updated on March 30, 2019.

In this amended Brochure, we have revised information about assets under management at our advisory business (Item 4), financial industry affiliations (Item 10), and brokerage practices (Item 12). We have also revised language in other items.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. To request a Brochure, please contact the firm's Chief Compliance Officer at the address, phone number or email listed on the cover page.

Additional information about the firm 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 UCAP Asset Management, LLC, who are registered, or are required to be registered, as investment adviser representatives of the firm.

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#### **Item 4 – Advisory Business**

UCAP Asset Management, LLC (“UCAP” or the Firm) is an investment advisory firm that is registered with the U.S. Securities and Exchange Commission. It has been in business since 2015. UCAP is a wholly owned subsidiary of Union Capital Group USA, LLC, which is wholly owned by Lawrence D. Howell.

UCAP provides portfolio management (implemented by UCAP, a sub-adviser, or an independent, third-party money manager), investment consulting, and financial planning. We generally market under the *Union Capital Group* brand.

#### **INVESTMENT ADVICE**

Clients may engage UCAP to manage all or a portion of their assets on a discretionary or non-discretionary basis or to provide investment advice on consulting non-binding basis. UCAP and its representatives provide advice that is tailored to the individual needs of the client based on the financial information and the investment objective(s) communicated by the client. Clients may impose restrictions on investing in certain securities or groups of securities by notifying the firm or representative in writing (including in the Account Application).

UCAP may recommend that clients authorize the active discretionary management of all or a portion of their assets by and/or among certain sub-advisors, based on the stated investment objectives of the client or upon the client's request. The terms and conditions under which the client engages the sub-advisor are set forth in a separate written agreement between UCAP or the client and the designated sub-advisor. UCAP provides the service of selecting or recommending the sub-advisor. UCAP also periodically monitors and reviews the account performance and the client's investment objectives. UCAP receives an advisory fee which is based on a percentage of the market value of the assets being managed, including assets being managed by a sub-advisor. UCAP pays a portion of its advisory fee to the sub-advisors; the client does not pay an additional fee for management by a sub-advisor. Fees charged by the broker-dealer/custodian of the client's assets are exclusive of, and in addition to, UCAP's investment advisory fee, and the client may incur additional fees beyond those charged by UCAP/the sub-advisor and the broker-dealer/custodian. In addition to UCAP's Brochure, the client also receives the Brochure or other disclosure documents, if applicable, of the sub-advisor. Clients should be aware that non-U.S. sub-advisors who serve only non-U.S. clients may not be registered in the United States, with the U.S. Securities and Exchange Commission or any State; depending on the laws of their home jurisdictions, they may be registered in their home jurisdictions. Certain sub-advisors may impose more restrictive account requirements or may have billing practices that differ from UCAP's; UCAP may, in its discretion, alter its account requirements and/or billing practices to accommodate those of the sub-advisors who manage or participate in managing the client's assets. UCAP will notify clients about changes in account requirements and/or billing practices prior those changes become effective.

## FINANCIAL PLANNING SERVICES

UCAP may provide financial planning to clients. The scope of the plan will be discussed with the client before entering into the engagement and will be memorialized in the advisory agreement. Financial plans may encompass all or some of the following areas of financial concern to the client:

- Insurance Planning/Risk Management
- Investments
- Asset Allocation Review and Recommendations

The representative obtains appropriate information from the client through personal interviews (including a discussion of current financial status, future goals and attitude towards risk) and reviews the documents and data supplied by the client. A written financial plan may be prepared and provided. The implementation of financial plan recommendations is entirely at the discretion of the client. Financial plans are not limited in any way to products or services provided by any particular company.

## ASSETS UNDER MANAGEMENT

As of December 31, 2019, UCAP had \$45,912,889 in assets under management on a discretionary basis and \$90,900,914.69 on non-discretionary basis.

## **Item 5 – Fees and Compensation**

### FEES FOR INVESTMENT ADVICE

UCAP provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by UCAP.

These fees are negotiable at the sole discretion of the Firm or representative, but annual fees shall not exceed 2% of the assets under the Firm's management. The fee to be charged to each client will be stipulated within each client's advisory agreement with UCAP and applies to all of the assets within the portfolio or household (as defined in the agreement).

Fees are billed either quarterly in advance or in arrears and will be calculated utilizing one of the following methods which will be memorialized in and agreed upon in each client investment advisory agreement.

Method 1: Fees are prorated and charged quarterly, in advance, based upon the market value of the assets being managed by UCAP on the last day of the previous quarter. The applicable annual percentage fee is divided by four. Fees will be billed or deducted on a quarterly basis.

Method 2: Fees are prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by UCAP on the last day of the previous quarter. The applicable annual percentage fee is divided by four. Fees will be billed or deducted on a quarterly basis.

Method 3: Fees will be calculated on a monthly basis, based upon the market value of the assets being managed by UCAP on the last day of each month. For the purpose of the calculation, months will be considered number of calendar days in each month and each year will be considered 365 days. Fees will be deducted or billed on a quarterly basis.

For all these methods, assets included in clients' margin balances are included when calculating UCAP's fees; clients should note that they may already be paying margin interest on these same assets. The method for calculating the value of assets under management for purposes of the fee calculation may be different than the methodology used to calculate Regulatory Assets Under Management (RAUM).

In addition, UCAP may adjust the quarterly fee if there were inflows or outflows of capital during the prior quarter. This adjustment threshold will be memorialized in the investment advisory agreement when applicable.

Clients generally authorize UCAP and/or sub-advisors to debit the client's account for the amount of their advisory fees and to remit that fee directly to UCAP and/or the sub-advisors. Clients may elect to be billed separately. All custodians recommended by UCAP have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the management fees paid directly to UCAP or any sub-advisor.

### FEES FOR FINANCIAL PLANNING SERVICES

Fees are negotiated between the representative and the client on a case-by-case basis. They are charged on a fixed fee basis. Once determined, the fee arrangement is set forth in the Client Agreement with UCAP.

Fees are typically determined by estimating the number of hours to be spent preparing the plan and then quoting a fixed price. If additional work is requested (that goes beyond the original scope of the project), it may be billed on an hourly basis or a fixed price basis as negotiated. Fixed fees will be invoiced monthly or quarterly depending upon the negotiated agreement with the client and the anticipated delivery of the plan. Other limited planning services are billed monthly. In addition, some or all of the financial planning fees may be included in the investment management fees agreed upon by clients and their representative. Financial planning is not always billed separately. Total costs for financial plans, whether per hour or on a fixed basis, may range from as little as \$500 to as much as \$5,000 or more. There is no "typical" plan, as services are customized to the particular needs of the client; thus there is a wide range of fees that may be imposed. If a contract is terminated prior to the service being completed, UCAP will bill for work completed. In the case of prepayment of fees, the prorated refund will be based upon an hourly rate assigned to the individuals who provided services.

## GENERAL INFORMATION ON ADVISORY SERVICES AND FEES

**Fee Differentials.** As indicated above, UCAP may price its services based upon assets under management or other subjective factors, and fees are typically set or negotiated by each representative, up to our maximum fee set forth above. As a result, any UCAP client could pay fees that are higher or lower than the fees charged to other UCAP clients, based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by UCAP to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Fees For Management During Partial Month or Quarters Of Service.** For the initial period of investment management services, the fees are calculated on a pro rata basis.

All advisory agreements may be terminated upon written notification by either party at any time, or in accordance with any written advisory agreement. UCAP's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to those assets will not be adjusted or prorated based on the number of days remaining in the quarter.

Any transactional or custodial charges levied by the custodian after the termination of UCAP's advisory agreement will be the client's responsibility and not the responsibility of UCAP. UCAP has no obligation to refund these fees to its clients.

**Additional Costs.** The Firm does not provide brokerage services. Similarly, the Firm does not sponsor or manage a wrap fee program (in which fees or charges for securities brokerage are included in the total fee charged to the client for advisory services.) All fees paid to UCAP for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or other funds to their shareholders. These fees and expenses are described in each fund's prospectus/ offering documents. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Clients should review such additional fees and the fees UCAP charges to understand the total amount of fees paid, as investments in mutual funds may be made by clients, independent of and without the services provided by UCAP. Although UCAP's representatives generally recommend and purchase only no-load or load-waived mutual funds for client advisory accounts, some funds may impose an initial or deferred sales charge. Clients may also own some of these funds when they transfer their account(s) to UCAP. Although UCAP does not receive any portion of these additional fees or expenses, UCAP may participate indirectly in the sales charges imposed by mutual funds through its affiliated broker/dealer, UCAP Securities, LLC. UCAP Securities, LLC, could receive 12b-1 fees in connection with certain mutual funds, including certain money market funds, purchased for clients' accounts, which were recommended by UCAP IARs. Those recommended mutual funds could include funds for which similar funds with no 12b-1 carry exist. These fees will not always be used to offset advisory fees paid by clients to UCAP,

although in some cases clients' advisory fees may be lower (due to the receipt of the 12b-1 fees) than they otherwise would have been without the 12b-1 fees. These situations might be considered as a conflict of interests. UCAP will monitor client portfolios and IAR recommendations on an ongoing basis to manage this potential conflict. UCAP may also receive shareholder-servicing fees (also referred to as "rebates" or "revenue sharing" payments) from various mutual fund companies with respect to its clients whose assets are invested in those mutual funds, which typically range from 5 basis points to 50 basis points depending on the mutual fund purchased. Virtually all investments purchased by prospectus or private placement memorandum have internal fees that are borne by the client in addition to any trading, execution, or UCAP advisory fees. UCAP is not compensated based on a share of capital gains upon or capital appreciation of the assets or any portion of the assets of any client. UCAP's advisory fees are charged only as described within this Brochure and as specifically set forth in the advisory agreement with the client. *See* Item 12, below, for more information on brokerage practices and costs.

**Additional compensation.** Some of UCAP's representatives may also receive compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Please *see* Item 10, below, for further information. This practice presents a conflict of interest and can give the Firm and its representatives an incentive to recommend investment products based on the compensation received, rather than on the client's needs. No client is under any obligation to purchase any securities or insurance commission products from UCAP and/or its representatives. Clients are reminded that they may purchase securities recommended by UCAP through other, non-affiliated broker-dealers.

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

The Firm does not charge performance-based fees or enter into performance-based arrangements of any kind.

## **Item 7 – Types of Clients**

UCAP offers its advisory services to individuals, high net worth individuals, family offices, pension and profit-sharing plans, trusts, corporations and other business entities. UCAP generally seeks a minimum portfolio size of \$1,000,000 for institutional clients and \$100,000 for individuals. UCAP may, in its sole discretion, accept clients with smaller portfolios. UCAP may aggregate the portfolios of related clients to meet the minimum portfolio size. In addition, UCAP may raise, waive or modify its account requirements to accommodate those of sub-advisors.

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

**Investing in securities involves risk of loss that clients should be prepared to bear.**

The Firm's representatives strive to learn the client's goals, risk tolerance and time horizon through a verbal interview process. Based on the information obtained, UCAP or the representative will recommend investment management strategies to help a client pursue its financial goals.



Specific investment strategies vary in accordance with the specific needs of each client. For most clients, UCAP attempts to design a strategy based on the concept of asset allocation, or spreading investments among a number of asset classes (domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. government securities). Asset allocation seeks efficient diversification of assets in an attempt to lessen the risk of concentrated exposure to a particular security or asset class.

UCAP may use trading strategies that involve frequent trading of securities. Frequent trading strategies may affect negatively investment performance, particularly through increased brokerage and other transaction costs and taxes.

UCAP's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

**Charting analysis** involves the use of patterns in performance charts. The firm uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Cyclical analysis** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

UCAP uses long term trading, short term trading, and options writing strategies (including covered options, uncovered options, or spreading strategies) that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short sales and options writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

Other investment strategies may be chosen by the representative or sub-advisor if they meet a client's particular financial needs, risk profile, and overall investment strategy. Cash management and some treasury services may also be offered. Representatives may recommend that advisory clients engage in margin transactions. Purchasing securities on margin can amplify potential returns and losses. As such, purchasing securities on margin may result in losses greater than an advisory client's original principal. Clients should carefully review disclosures regarding risks, fees, and other considerations appearing in margin account agreements prior to opening margin accounts.

**Sub-advisors.** UCAP may recommend the use of sub-advisors for certain clients, or may place client assets for management by certain sub-advisors at client request. UCAP will perform periodic due diligence of the sub-advisors, and will periodically monitor and review account

performance, but clients should be aware that UCAP does not have the ability to supervise the sub-advisors on a daily basis.

**Unaffiliated Private Investment Funds.** UCAP may also provide investment advice regarding unaffiliated private investment funds. UCAP, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. UCAP's role relative to the private investment funds is limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the assets invested in the fund(s) shall generally be included as part of "assets under management" for purposes of UCAP calculating its investment advisory fee (unless the client purchases the fund on a commission basis from UCAP's affiliated broker-dealer). UCAP's clients are under no obligation to consider or make an investment in a private investment fund(s).

Private investment funds generally involve unique risks, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and shall acknowledge and accept all risk factors that are associated with such an investment.

If UCAP references private investment funds owned by the client on any supplemental account reports prepared by UCAP, the value(s) for all the private investment funds will reflect either the initial purchase and/or the most recent valuation provided by fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

**Client Obligations.** In performing its services, UCAP is not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely on that information. Moreover, it is the client's responsibility to notify UCAP promptly upon any change in the client's financial situation or investment objectives. If the client does not provide this notice or information, UCAP and its representatives will not be in a position to perform an accurate review, evaluation or revision of their previous recommendations and/or services.

**Non-Discretionary Service Limitations.** UCAP's representatives generally provide investment advice on a discretionary basis - meaning that the representative is authorized to make transactions on the client's behalf in the client's account at the discretion of the advisor. If a client engages UCAP on a non-discretionary investment advisory basis, the client must be willing to accept that UCAP cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, if the client is unavailable during a market event, UCAP will be unable to effect any account transactions (as it would for its discretionary clients) because it must first obtain the client's verbal consent.

**No Future Performance Guarantee.** No one should assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by UCAP) will be profitable or equal any specific performance level(s).

**Securities Risk.** Clients should take careful note that:

- Securities are not FDIC insured
- Securities are not a Deposit
- Securities may lose value
- Securities are not bank guaranteed
- Securities, unless issued by a governmental entity, are not insured by any governmental entity

**Advisory Risk.** Clients' portfolios success depends on the securities selection process, to correctly interpret market data, predict future market movements and otherwise implement its investment strategy. The accounts may underperform the broader markets. Any factor that would make it more difficult to execute more timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the portfolio managers will be successful under all or any market conditions.

A potential client should note that the prices of securities and derivatives instruments in which the portfolio managers invest may be volatile. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

**Certain Conflicts of Interests.** The principals, officers, IARs, portfolio managers, and employees of UCAP may be involved in various other service and product offerings, such as brokerage and insurance, which are being offered currently or can be offered from time to time by UCAP Asset Management LLC affiliates to UCAP clients or external parties. They, also, can serve in various capacities at UCAP affiliated and non-affiliated entities, including but not limited to serving as directors or principals of those entities. Thus, such principals, officers, IARs, portfolio managers, and employees may have a conflict between their duties at UCAP and their duties to, and financial or other interest in, the UCAP affiliated and non-affiliated companies which may compensate such persons for their activities on behalf of such companies. If a conflict of interest arises, UCAP will endeavor to ensure that the conflict is resolved fairly and that UCAP's clients are not disadvantaged in any manner in this regard.

Portfolio managers can direct execution of trades to UCAP Securities LLC, an affiliated broker dealer, which could result in a conflict of interest because it creates an incentive to conduct trading through the affiliated entity in order to generate trade commissions. UCAP established a Best Execution policy to mitigate such conflicts.

**Derivatives.** Derivatives are financial contracts whose value depends on, or is derived from, an underlying product, such as the value of a securities index. Among the types of derivatives that may be traded by the portfolio managers on behalf of and/or to be recommended by Investment Adviser Representatives to UCAP clients are futures, options and swaps. The risks generally associated with derivatives include the risks that: (1) the value of the derivative will change in a manner detrimental to the clients' portfolios; (2) before purchasing the derivative, portfolio managers will not have the opportunity to observe its performance under all market conditions; (3) another party to the derivative may fail to comply with the terms of the derivative contract; (4) the derivative may be difficult to purchase or sell; and (5) the derivative may involve indebtedness or economic leverage, such that adverse changes in the value of the underlying asset could result in a loss substantially greater than the amount invested in the derivative itself or in heightened price sensitivity to market fluctuations.

**Leveraged and Inverse Exchange-Traded Funds (ETFs).** Portfolio managers may invest clients' assets to leveraged and inverse ETFs for hedging or investment purposes. Inverse ETFs (also being called "short" funds) are typically registered investment companies whose shares represent an interest in a portfolio of securities that track an underlined benchmark or index and seek to deliver the opposite of the performance of the index or benchmark they track. Leverage inverse ETFs (also being called "ultra-short" funds) seeks to achieve a return that is a multiple of the inverse performance of the underlined index or benchmark. To accomplish their objectives leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments. Most of leveraged and inverse ETFs are being "reset" daily because they are designed to achieve their stated objectives on a daily basis. Their performances for longer periods of time can differ significantly from inverse of the performance of their underlined index or benchmark during the same period of time. This effect can be magnified in volatile markets. Clients could suffer significant losses if the long-term performance of the correspondent index or benchmark showed a gain. Inverse ETFs often are being marketed as a way for investors to profit from, or at least hedge their exposure to, downward moving markets. Leveraged and inverse ETFs may be costly and less tax-efficient than traditional ETFs partly because daily resets can cause the ETF to realize significant short-term capital gains that may not be offset by a loss. Portfolio Managers and/or Investment Advisor Representatives shall explain clients risks associated with investment to these securities to allow clients determine whether these securities are suitable for the clients' portfolios.

**Short Sales.** The Portfolio Managers may sell securities short. Short selling involves the sale of a security that the client does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed.

**Accuracy of Public Information.** Portfolio managers and IARs select and/or recommend securities for clients' portfolios based, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to portfolio managers and IARs by the issuers or through sources other than the issuers. Although portfolio managers and IARs evaluate such information and data and ordinarily seeks independent corroboration when they consider it is appropriate and reasonably available, portfolio managers and IARs might not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

**Trades at Margin.** When deemed appropriate and agreed in writing by a client, and subject to applicable regulations, portfolio managers may conduct trades on margin, including the use of borrowed funds and investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent portfolio managers might purchase securities with borrowed funds, clients' net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the performance of clients' portfolios.

**Valuation of Securities.** UCAP relies on valuation of securities conducted by Qualified Custodians. UCAP calculates management fees it charges its clients based on those valuations. While UCAP reasonably believes that the valuation provided is reliable, UCAP cannot guarantee that this valuation is always accurate. That, in turn, would affect the management fees calculation accuracy. UCAP periodically makes spot check reviews of the calculation done by Qualified Custodians. If an error identified, UCAP takes necessary steps to obtain corrected valuation from the Qualified Custodian and revise the management fees calculation to restore its accuracy.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of UCAP or the integrity of UCAP's management. UCAP has no information applicable to this Item.

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

UCAP is owned 100% by Union Capital Group USA, LLC. Union Capital Group USA, LLC, is owned 100% by Lawrence D. Howell.

Union Capital Group USA, LLC, also owns 100% of UCAP Securities, LLC, a broker-dealer.

Mr. Howell also a minority shareholder of Capital Union Bank, which is a Bank licensed under the Banks and Trust Companies Regulation of the Commonwealth of the Bahamas.

Many of UCAP's representatives are also registered representatives of UCAP Securities, LLC. These representatives, in their separate capacities as registered representatives of the broker-dealer, may receive a commission or other form of compensation in connection with securities transactions executed through UCAP Securities, LLC. Clients are not obligated to use UCAP Securities, LLC, as their broker-dealer.

One or more of UCAP's representatives also might be registered insurance brokers. In that capacity those representatives offer various insurance products, and may receive a commission or other form of compensation in connection with sale of those products. Clients are not obligated to purchase insurance products through those representatives.

UCAP does not permit its representatives to receive commissions or any other form of transaction-based compensation for transactions executed in accounts under its advisory portfolio management. To the extent UCAP is providing financial planning services, however, clients should be aware that a recommendation by UCAP representatives that a client purchase a securities from the firm's affiliated broker-dealer presents a conflict of interest, as the receipt of commissions or other compensation may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities from UCAP Securities, LLC, and/or its representatives. Clients are reminded that they may purchase securities recommended by UCAP through other, non-affiliated broker-dealers. UCAP's Chief Compliance Officer, David Wasitowski, is available to address any questions that a client or prospective client may have regarding this conflict of interest. David Wasitowski serves as UCAP's Chief Operating Officer and Chief Compliance Officer of UCAP Asset Management LLC. Also, UCAP Asset Management LLC's Chief Executive Officer Luis Marino serves as Chief Executive Officer at UCAP Securities LLC.

*Non-Investment Consulting/Implementation Services.* UCAP or its representatives may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Although certain of its representatives may be separately licensed in other capacities, UCAP is not a law firm or accounting firm, none of its representatives is authorized to act as an attorney or accountant on behalf of the firm, and no portion of UCAP's services should be construed as legal or accounting services. UCAP or its representatives may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including, as disclosed below, UCAP representatives in their separate capacities as attorneys, CPAs, tax preparers, mortgage brokers, or registered representatives of UCAP's affiliated broker-dealer, or as licensed agents of insurance agencies. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from UCAP.

If the client engages any recommended professional, and a dispute relating to that engagement arises later, the client agrees to seek recourse exclusively from and against the engaged

professional. It is always the client's responsibility to notify UCAP promptly upon any change in the client's financial situation or investment objectives. If the client does not provide this notice or information, UCAP and its representatives will not be in a position to evaluate or reconsider their previous recommendations for products, services or service providers.

## **Item 11 – Code of Ethics**

UCAP has adopted a Code of Ethics pursuant to the SEC's rules. Our Code of Ethics is an integral part of the company's Compliance Manual. It describes the high standard of business conduct we expect from our representatives and other members of our staff, and the fiduciary duty we each owe our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumormongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other topics. All supervised persons at UCAP must acknowledge the terms of the Code of Ethics annually, or as amended.

The Firm or its related persons may recommend to clients, or buy or sell for client accounts, securities in which the Firm or its related persons have a material financial interest. Under certain circumstances, this may present a conflict of interest. UCAP's Code of Ethics addresses this conflict; employees and associated persons are required to follow the Firm's policy and applicable laws. Subject to these requirements, officers, directors and employees of UCAP and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for UCAP's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of UCAP will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of UCAP's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. The Firm regularly monitors employee trading to ensure that clients' interests are protected in the event of any conflict of interest between UCAP/a representative and a client.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with UCAP's obligation of best execution. In these circumstances, the affiliated accounts and client accounts will share commission costs equally and receive securities at a total average price. UCAP will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

UCAP's clients or prospective clients may request a copy of the firm's Compliance Manual and Code of Ethics by contacting David Wasitowski, Chief Compliance Officer.

It is UCAP's policy that the firm will not initiate or conduct any principal or agency cross securities transactions for client accounts. UCAP will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

### The Custodian and Brokers We Use

UCAP does not maintain custody of clients' assets, although UCAP may be deemed to have custody of a client's assets if the client gives UCAP authority to withdraw assets from the client's account. Clients' assets must be maintained in an account at a Qualified Custodian ("QC"), generally a broker/dealer or bank. UCAP uses for their clients UCAP's affiliate, UCAP Securities LLC, a registered broker-dealer, member SIPC. UCAP Securities LLC, maintains custody and clearing of its brokerage accounts via a fully disclosed clearing agreement with StoneX Group Inc. ("StoneX", former INTL FCStone Financial Inc), a registered broker-dealer, and a member of FINRA and SIPC. UCAP is independently owned and operated and are not affiliated with StoneX.

The QC will hold clients' assets in a brokerage account and buy and sell securities when UCAP instructs them to. While UCAP recommends that clients use one of the aforementioned as custodian/broker, a client will decide whether to do so and will open his/her account with a qualified custodian by entering into an account agreement directly with them. UCAP does not open the account for clients, although UCAP may assist clients in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though clients' accounts are maintained at one of the aforementioned QCs, UCAP can still use other brokers to execute trades for the client's account as described below.

Clients could contract UCAP to manage their assets already placed with a QC different from QCs recommended by UCAP. Currently, this group of QCs includes Morgan Stanley Smith Barney, LLC ("MS"), Interactive Brokers ("IB"), Charles Schwab & Co., Inc. ("Schwab"), and Capital Union Bank (CUB). MS, IB and Schwab are registered broker-dealers and members of FINRA and SIPC. CUB is an independent private banking institution, incorporated in the Commonwealth of The Bahamas. CUB is regulated by the Central Bank and the Securities Commission of the Bahamas.

### How UCAP Selects Brokers/Custodians



UCAP seeks to recommend a custodian/broker who will hold client's assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. UCAP considers a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for a client's account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETF), etc.)
- Availability of investment research and tools that assist UCAP in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to UCAP and its other clients
- Availability of other products and services that benefit UCAP, as discussed below.

#### Brokerage and Custody Costs Attributable to Clients

For our clients' accounts that a QC maintains, the QC generally does not charge clients separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into a client's QC account.

In addition to commissions, a QC charges clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a client's QC account. These fees are in addition to the commissions or other compensation a client pays the executing broker-dealer. Because of this, in order to minimize clients' trading costs, UCAP execute most trades for a client's account at the QC, however, in some cases, UCAP may obtain better pricing on a security or be able to obtain a security that may not be available at the QC at a different broker-dealer.

UCAP has determined that having a QC execute most trades is consistent with UCAP's duty to seek "best execution" of clients' trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

#### Products and Services Available to UCAP From QC's

QCs provide UCAP and its clients with access to institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to retail customers. QCs also make available various support services. Some of those services help UCAP manage or administer its clients' accounts, while others help UCAP manage and grow its business. QC's

support services generally are available on an unsolicited basis (UCAP doesn't have to request them) and at no charge to UCAP. Following is a more detailed description of QC's support services:

*Services That Benefit Clients.* Institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available include some to which UCAP might not otherwise have access or that would require a significantly higher minimum initial investment by its clients. The services described in this paragraph generally benefit clients and their accounts.

*Services That May Not Directly Benefit Clients.* Other products and services are available to UCAP that benefit UCAP but may not directly benefit clients or their accounts. These products and services assist UCAP in managing and administering its clients' accounts. They include investment research, both a QC's own and that of third parties. UCAP may use this research to service all or a substantial number of its clients' accounts, including accounts not maintained at the QC. In addition to investment research, the QC also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of fees charged by UCAP from its clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

*Services That Generally Benefit Only UCAP.* QCs also offer other services intended to help UCAP manage and further develop its business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

A QC may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to UCAP. A QC may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. A QC may also provide UCAP with other benefits, such as occasional business entertainment of UCAP personnel.

*UCAP Interest in a QC's Services.* The availability of these services benefits UCAP because the Firm does not have to produce or purchase them. UCAP don't have to pay for services so long as its clients collectively keep a minimum dollar amount of their assets in accounts at the QC. That minimum dollar amount may vary with each QC. Beyond that, these services are not contingent upon UCAP committing any specific amount of business to a QC in trading commissions or assets in custody. The applicable minimum may give UCAP an incentive to recommend that a client maintains his/her account with a particular QC, based on UCAP's interest in receiving services that benefit its business rather than based on a client's interest in receiving the best value in custody

services and the most favorable execution of the client's transactions. This is a potential conflict of interest. UCAP believes, however, that its selection of an aforementioned QC as custodian and broker is in the best interests of its clients. Selection done by UCAP is primarily supported by the scope, quality, and price of services and not by the services that benefit only UCAP.

Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

*Brokerage Discretion – Prime Brokerage.* For some discretionary client accounts, UCAP may be granted the discretionary authority to select a broker (other than a client's current Custodian) to execute a fixed income trade. Each trade placed at a broker other than a client's selected Custodian might be subject to additional fee, which, if happen, is charged by the Custodian to settle the trade. This is in addition to any mark-up or mark-down that may be paid to the broker/dealer UCAP selects to buy or sell the security. Clients must qualify for prime brokerage to participate in these transactions. To qualify for prime brokerage transactions, clients must maintain a minimum portfolio value of \$1,000,000 or more for institutional clients and \$250,000 for individual clients, and sign the appropriate prime brokerage paperwork with the custodian. UCAP may use this discretionary authority to trade away from the custodian when purchasing or selling fixed income securities only. It is not used in all cases. Reasonable restrictions on this authority may be imposed, as described above.

*No Brokerage Discretion.* If a client account does not qualify for prime brokerage, UCAP will not have the ability to trade at any other broker other than the client's selected Custodian (without the client's specific consent). All transactions for a client's account will be directed to its chosen Custodian unless permission is granted by a client to UCAP for prime brokerage trades.

*Trade Errors.* If a trade error occurs in a client account and it is UCAP's error, UCAP will correct the error so the client account does not suffer a loss. However, it is possible that the client may not profit from the error, even if the correction results in a profit. For example, certain custodians keep all trade profits on an error regardless of how the error was caused.

*Block Trading (Mini Blocks) and Trade Allocations.* UCAP may "aggregate" or "block" purchases or sales of the same security for multiple accounts. Each account participating in the block will receive the average price if multiple executions are required to complete the order. UCAP may block multiple client accounts together that qualify for prime brokerage trading activity. Participating clients will receive the average execution price and their pro rata share of transaction costs. However, because of UCAP's practice of managing portfolios on an individual basis, UCAP does not frequently block transactions except for certain accounts managed in accordance with a model. Thus, UCAP's ability to take advantage of volume discounts or other potential cost and execution advantages of block trades may be limited.

*Directed Brokerage.* In directing UCAP to use a specific custodian and/or broker/dealer (other than those recommended by UCAP) clients should understand that UCAP will not have the

authority to negotiate commissions among various Custodians or obtain volume discounts. This may also affect our ability to achieve best execution.

*For StoneX accounts:* By recommending certain programs, UCAP is also recommending itself and its affiliated broker/dealer, UCAP Securities, LLC. UCAP may have an incentive to recommend programs that generate revenue for UCAP and its affiliated broker/dealer over other programs to the extent that such arrangements generate higher total income for UCAP and its affiliates. In addition, clients should understand that this brokerage arrangement may cause the client to forego any potential savings on execution costs that UCAP otherwise might be able to negotiate with different broker/dealers, such as reduced execution costs that may result from utilizing alternative trading services. Clients or prospective clients may contact David Wasitowski, Chief Compliance Officer, with questions.

### **Item 13 – Review of Accounts**

Clients' portfolios are subject to regular reviews on at least a quarterly basis. Additionally, each client is offered at least an annual account review by a representative. Interim reviews may be triggered by client request, or by material market, economic or political events, or by changes in clients' financial situations (such as retirement, termination of employment, physical move, or inheritance).

Reviews are based on objectives or parameters established by clients, which are generally memorialized through their individual advisory agreements and/or investment policy statements.

While representatives will typically evaluate the continued suitability of specific sub-advisors (as applicable), managed account platforms, etc., during account reviews, the administrators of such platforms and programs (which may be UCAP, a sub-advisor, a Custodian, or another third-party) may also perform their own reviews of managers appearing on the platforms and programs. Any reviews will be disclosed in the separate Disclosure Documents maintained by the administrators to applicable platforms and programs.

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

UCAP receives an economic benefit from QCs in the form of the support products and services made available to UCAP and other independent investment advisors whose clients maintain their accounts with the aforementioned QCs. These products and services, how they benefit UCAP, and the related conflicts of interest are described above in Item 12. The availability to UCAP of products and services is not based on provision of particular investment advice, such as buying particular securities for its clients.

UCAP does not compensate for client referrals.

### **Item 15 – Custody**

Under government regulations, UCAP is deemed to have custody of a client's assets if, for example, the client authorizes UCAP to instruct a QC to deduct UCAP's advisory fees directly from the client's account or if the client grants UCAP authority to move the client's money to another person's account. Currently, UCAP only has limited custody over its clients' assets due to authorization to deduct advisory fees from the clients' accounts. Thus, UCAP is exempt from a requirement to be a subject for an annual surprise audit by a licensed independent auditor. The QC is the party which maintains actual custody of clients' assets. Clients will receive account statements directly from the QC at least quarterly. They will be sent to the email or postal mailing address provided to QCs by UCAP clients. Clients should carefully review those statements promptly when received them.

Some of UCAP representatives may provide their clients with periodic statements reflecting information about their accounts. Clients should compare these statements with the statements they receive from the qualified custodian who holds their account assets. Clients should immediately notify David Wasitowski, Chief Compliance Officer, of any identified discrepancy.

### **Item 16 – Investment Discretion**

UCAP usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. The discretionary authority is set forth in the advisory agreement or in a separate limited power of attorney/ trading authorization executed by the client. This discretionary authority also allows UCAP to determine any sub-advisors to be used for client account(s). In all cases, however, discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, UCAP observes the investment policies, limitations and restrictions of the clients it advises.

Clients may impose reasonable restrictions on this authority, (i.e., no defense stocks, no tobacco, etc.). Investment guidelines and restrictions, and any subsequent modifications thereto, must be provided to UCAP in writing. UCAP reserves the right to refuse to open an account or to terminate an account if UCAP believes, in its sole opinion, that the restrictions placed are excessive or would limit its abilities to manage the account effectively and prudently. Clients should also understand that the imposition of portfolio restrictions may affect performance of the affected portfolio(s), either positively or negatively.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, UCAP does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. UCAP may provide advice to clients regarding the clients' voting of proxies, if authorized to do so by the client in writing. UCAP maintains a proxy voting policy (as a part of the company's adopted Compliance Manual) to address potential risks and conflicts associated with this process.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about UCAP's financial condition. UCAP 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.