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**December 6, 2021**

**FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of Rose Capital Advisors, LLC d/b/a Rose Capital Advisors. If you have any questions about the contents of this brochure, contact us at 305-534-7673. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Rose Capital Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may look up Rose Capital Advisors using the unique identifying number, CRD # 173054.

Rose Capital Advisors is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

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

Since the last Annual Amendment ADV filing, dated March 31, 2021, we have made the following material changes to our ADV 2A Disclosure Brochure:

- We have added non-discretionary investment management services that are offered through this Brochure. Several sections of the Brochure have been amended to address the specific strategy that is offered to qualified clients, including Items 4, 5, 6, 8, 12, 13 & 16.
- We have also amended the *Client Referrals and Other Compensation* section to disclose our solicitor arrangements.

### Full Brochure Available

Rose Capital's Form ADV may be requested at any time, without charge by contacting Michael J. Rose, Managing Partner and Chief Compliance Officer at 305-543-7673. Additional information about Rose Capital is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4 Advisory Business

### Description of Firm

Rose Capital Advisors, LLC d/b/a Rose Capital Advisors is a boutique investment advisory firm located in Miami Beach, Florida. We are organized as a limited liability company ("LLC") under the laws of the State of Florida. Rose Capital has been an independent registered investment adviser since 2014 and is wholly owned by Michael Rose, CFP®.

The Firm offers a broad scope of investment advisory services, which include asset management, financial planning and investment consulting. Through these services, Rose Capital Advisors strives to identify realistic solutions that satisfy the core investment and life planning needs of families and small businesses who seek objectivity, candor and an adherence to fiduciary standards and responsibilities. Since our investment recommendations are based on each client's specific financial situation, investment advice regarding the same security or investment strategy may differ from client to client.

This Part 2A disclosure document is tailored to advisory services that are not part of our firm's Wrap Fee Portfolio Management Program. If you are a prospective client of our Wrap Fee Portfolio Management Program, we will deliver our Form ADV Part 2A Appendix 1 disclosure document to you.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," "us," "the Firm" and "Rose Capital" refer to Rose Capital Advisors and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

While this brochure generally describes the business of Rose Capital, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Rose Capital's behalf and is subject to the Firm's supervision or control.

### Financial Planning and Consulting Services

We offer a range of financial planning and consulting services, which may include any or all of the following functions:

- Cash Flow Analysis
- Retirement Planning
- Education Funding
- Trust and Estate Planning
- Life Management Analysis
- Retirement Plan Analysis

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (as described in the Wrap Program Brochure). These services can range from broad-based financial planning to consultative or single subject planning. If you retain our firm for financial planning or consulting services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted

objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

In performing these services, we are not required to verify any information received from you or your other professionals (e.g., attorneys, accountants, etc.) and we are expressly authorized to rely on such information. Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

We may recommend the services of Rose Capital, its Supervised Persons in their individual capacities as registered representatives of a broker-dealer and/or other professionals to implement its recommendations. You are advised that a conflict of interest exists if you engage us to provide additional fee-based services. You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

### **Investment Management Services**

Our non-discretionary investment management services are offered to a small population of qualified and sophisticated clients. These non-discretionary management services focus on separately managed accounts that invest solely in special purpose acquisition companies ("SPACs"). Specifically, we conduct preliminary research on available SPACs in the pre-deSPAC universe. Based on the clients' needs and investment objectives, we provide a filtered list of available SPACs on a weekly or bi-monthly basis.

We must obtain the client's approval prior to executing transactions on behalf of the client's account. Clients participating in this service have an unrestricted right to decline to implement our recommendations or advice provided by our firm on a non-discretionary basis. All agreed upon transactions are executed through Goldman Sachs. SPACs are not suitable for all investors and are considered extremely risky. Please refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* section for additional information on SPACs.

### **Sponsor and Manager of Wrap Program**

Rose Capital is a portfolio manager and a sponsor of a Wrap Fee Investment Management Program, which is a type of portfolio management program where clients pay a single fee that includes management fees and certain other brokerage costs. The overall cost you will incur if you participate in our Wrap Fee Program may be higher or lower than you might incur by separately purchasing the types of securities available in the program. Rose Capital manages wrap fee accounts on a discretionary basis. Wrap fee accounts are typically more appropriate for active accounts and are managed accordingly.

Transactions for your account must be executed by Pershing LLC ("Pershing"), Interactive Brokers, LLC or Folio Investments, Inc., securities broker-dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by or other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program see *Appendix 1* to this Brochure.

### **Types of Investments**

We offer advice on mutual fund shares, exchange traded funds ("ETFs"), equity securities, corporate debt securities, equity options, special purpose acquisition companies ("SPACs") and private investment vehicles.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment recommendations are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### **Assets Under Management**

As of December 31, 2020, Rose Capital had \$274,942,669 in assets under management; all of which were managed on a discretionary basis.

## **Item 5 Fees and Compensation**

We offer our services on a fee basis, which includes hourly and/or fixed fees, as well as, fees based upon assets under management or performance-based fees. Additionally, certain of Rose Capital's Supervised Persons, in their individual capacities, offer securities brokerage services under a separate commission arrangement.

### **Financial Planning and Consulting Fees**

We generally charge either a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning or consulting services. These fees are negotiable and are largely determined by the scope and complexity of the agreed upon services and range up to \$500 on an hourly basis and up to \$20,000 per quarter on a fixed fee basis.

The specific terms and fee structure are negotiated in advance and set forth in the Agreement with Rose Capital. If you engage us for additional investment management services, we may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

We do not require you to pay fees six or more months in advance. Should the engagement last longer than six months between acceptance of the Agreement and completion of the advisory services, any prepaid unearned fees will be promptly returned to you less a pro rata charge for bona fide financial planning and consulting services rendered to date.

You may terminate the Agreement upon written notice to our firm. If you have pre-paid financial planning or consulting fees that we have not yet earned, you will receive a prorated refund of those fees. If financial planning or consulting fees are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the Agreement.

### **Investment Management Fees**

We do not charge a management fee for the SPAC-only separately managed account services. However, we charge a performance-based fee as described in the *Performance-Based Fees and Side-by-Side Management* section below. Our fees are negotiable and the agreed upon terms will be indicated in the non-discretionary Agreement. You may terminate the non-discretionary Agreement upon written notice to our firm. Upon notice of termination of the Agreement, since performance-based fees are payable in arrears, the calculation of outstanding performance-based fees due, if any, will be calculated and payable as indicated in the Agreement.

### **Buying Securities on Margin and Margin Interest**

If suitable for you, we may trade your account(s) on margin for the purpose of borrowing funds for securities purchases. If a margin account is opened, you will be charged interest on any credit balance extended to or maintained on your behalf at the broker-dealer. If you purchase securities on margin you should understand: 1) the use of borrowed money will result in greater gains or losses than otherwise would be the case without the use of margin, and 2) there will be no benefit from using margin if the performance of your account does not exceed the interest expense being charged on the margin balance plus the additional performance-based fees assessed on the securities purchased using margin.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to us, you may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

### **Commissions or Sale of Securities or Other Investment Products**

Clients can engage certain persons associated with Rose Capital (but not Rose Capital) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and can choose brokers or agents not affiliated with Rose Capital.



Persons providing investment advice on behalf of our firm are registered representatives with Saxony Securities, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons receive compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees (i.e. trails), for the sale or holding, of mutual funds. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

Persons providing investment advice on behalf of our firm can also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with Saxony Securities. Rose Capital does not receive any portion of the commissions or transactional fees charged by Saxony Securities.

A conflict of interest exists to the extent that Rose Capital recommends the purchase of securities where Rose Capital's Supervised Persons receive commissions or other additional compensation as a result of Rose Capital's recommendations. Rose Capital has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of clients.

Certain Supervised Persons of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

We charge performance-based fees to "qualified clients" having a net worth greater than \$2,200,000 or for whom we manage at least \$1,100,000 immediately after entering an agreement for our services. Performance-based fees are fees based on a share of capital gains or capital appreciation of a client's account. The performance fee is generally equal to a maximum of 10% of profits after expenses as defined in the Agreement. Fees will be adjusted for deposits and withdrawals made during the 12-month period. In the event the client makes a complete withdrawal from the account on a date other than year-end, fees will be due at the time of withdrawal. Refer to the *Fees and Compensation* section above for additional information on this topic.

We manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management create conflicts of interest, which we have identified and described in the following paragraphs.



Performance-based fees create an incentive for our firm to recommend investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

Performance-based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities, such as initial public offerings, to clients who are charged performance-based fees over clients who are charged asset based fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

## **Item 7 Types of Clients**

Rose Capital provides its services to individuals, including high net worth individuals, trusts, estates, charitable organizations, corporations and other business entities.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

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

### **Our Methods of Analysis and Investment Strategies**

Rose Capital employs a largely bottom-up, fundamental approach to analyzing investments, while incorporating a series of technical indicators when assessing buy or sell opportunities.

While Rose Capital seeks to remain agnostic to industry, there are three important parameters in the buy/sell determination:

- The present to historical evaluation of book value;
- The strength of present to historical market niche of key products; and
- The price of a security to present cash flow generation.

The Firm tends to avoid highly leveraged balance sheets, boards that pay executives excessively while firing employees and cutting back on services to customers, and other characteristics that appear to illustrate instability and mismanagement.

Fundamental Analysis - involves an evaluation of an issuer's fundamental financial condition, competitive position and overall intrinsic value. Rose Capital generally analyzes an issuer's financial facilities, cash management strategy, growth prospects, capabilities and style of management, earnings capacity, new products and services, as well as the company's position amongst its industry competitors in order to determine the recommendations made to clients.

Risk: A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security. Contrarily, information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value.

Technical Analysis - involves the examination of past market data rather than specific company information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company.

Risk: A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Rose Capital will be able to accurately predict such a re-occurrence.

Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Risk: If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risk: Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

## **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

Market Risk: The profitability of a significant portion of Rose Capital's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Rose Capital will be able to predict those price movements accurately.

Liquidity Risk: The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

Credit Risk: Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

Inflation and Interest Rate Risk: Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

Horizon and Longevity Risk: The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

## **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

Special Purpose Acquisition Companies ("SPACs"): Investments in SPACs are speculative and entail significant risk. SPACs are a type of blank check company and a vehicle for transitioning a company from a private company to a publicly traded company. These types of transactions, most commonly where a SPAC acquires or merges with a private company, occur after, often many months or more than a year after, the SPAC has completed its own initial public offering ("IPO"). Unlike an operating company that becomes public through a traditional IPO, however, a SPAC is a shell company when it becomes public. This means that it does not have an underlying operating business and does not have assets other than cash and limited investments, including the proceeds from the IPO.

If you invest in a IPO stage or De-SPAC stage, you are relying on the managing sponsors that formed the SPAC as the SPAC looks to acquire or combine with an operating company. A SPAC may identify in its IPO prospectus a specific industry or business that it will target as it seeks to combine with an operating company, but it is not obligated to pursue a target in the identified industry. If the SPAC fails to acquire or combine with an operating company (usually within 24 months of the initial SPAC offering), the SPAC will be liquidated; shareholders at the time of the liquidation will be entitled to their pro rata share of the aggregate amount then on deposit in the trust account.

Unlike a traditional IPO, the SPAC IPO price is not based on a valuation of an existing business. When the units, which generally consist of common stock and warrants, begin trading, their market prices may fluctuate, and these fluctuations may bear little relationship to the ultimate economic success of the SPAC.

There is a diverse set of risk factors to be considered when investing in SPACs. Any one of these could have a material and adverse effect on the price of the shares in a SPAC and, therefore, on an investment in a SPAC. Some of these factors include:

- SPACs have no business track record;
- SPACs may never find a target company;
- SPACs can depreciate following shareholder approval; and
- SPACs are volatile, which can lead to loss of principal.

**You should carefully read the SPAC's IPO prospectus as well as its periodic and current reports filed with the Securities and Exchange Commission ("SEC") pursuant to its ongoing reporting obligations. It is important to understand the terms of your investment.**

***With an increasing number of SPACs seeking to acquire operating businesses, it is important to consider whether attractive initial business combinations will become scarcer.***

Mutual Funds and Exchange Traded Funds: An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intra-day changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Stocks: There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Bonds: Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Private Investment Vehicles: Rose Capital recommends that certain clients invest in private investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and other offering documents explaining such risks prior to investing.

## **Item 9 Disciplinary Information**

Rose Capital has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

### **Registered Representatives of Broker Dealer**

Certain of the Firm's Supervised Persons are registered representatives of Saxony Securities and provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in the *Fees and Compensation* section.

### **Insurance Agents**

Certain persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

### **Real Estate Agents**

Certain persons providing investment advice on behalf of our firm are licensed as real estate agents. These persons will earn commission-based compensation for selling real estate, including real estate they sell to you. Real estate commissions earned by these persons are separate from our advisory fees.



**Recommendation of Other Advisers**

We may recommend that you use a third party manager ("TPM") based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the TPM for recommending that you use their services. Moreover, we do not have any other business relationships with the recommended TPM(s). Refer to our Appendix 1 Wrap Fee Program Brochure for additional disclosures on this topic.

**Dynasty Financial Partners Program**

We maintain a business relationship with Dynasty Financial Partners, LLC ("Dynasty"). Dynasty offers operational and back office core service support including access to a network of service providers. Through the Dynasty network of service providers, we often receive preferred pricing on trading technology, transition support, reporting, custody, brokerage, compliance, and other related consulting services.

While we believe this open architecture structure for operational services best serves the interests of its clients, this relationship presents certain conflicts of interest due to the fact that Dynasty is paid by Rose Capital or its clients for the services referenced above. In light of the foregoing, we seek at all times to ensure that any material conflicts are addressed on a fully-disclosed basis and handled in a manner that is aligned with its clients' best interests. We do not receive any portion of the fees paid directly to Dynasty, its affiliates or the service providers made available through Dynasty's platform. In addition, we review such relationships, including the service providers engaged through Dynasty, on a periodic basis in an effort to ensure clients are receiving competitive rates in relation to the quality and scope of the services provided.

**Financial Industry Activities - Futures and Commodities**

Neither Rose Capital nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

**Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.



**Participation or Interest in Client Transactions**

Persons associated with our firm have acquired, directly or indirectly, investment interests in private fund(s) or have other financial interests in private fund(s) in which you may be solicited to invest. While our firm and persons associated with our firm endeavor at all times to put the interest of our clients ahead of our own as part of our fiduciary duty, you should be aware that this situation creates a conflict of interest since the Supervised Person has an interest to recommend investing given ownership interest in the private fund(s). If you are an investor in a private fund, refer to the private fund's offering documents for detailed disclosures regarding the private fund.

**Item 12 Brokerage Practices**

We recommend the brokerage and custodial services of Pershing LLC ("Pershing"), Interactive Brokers LLC, Folio Investments, Inc. (whether one or more "Custodian"). We recommend the prime brokerage services of Goldman Sachs & Co. LLC ("GS&Co."). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Our selection of custodian is based on many factors, including the level of services provided, the custodian's financial stability, and the cost of services provided by the custodian to our clients, which includes the yield on cash sweep choices, commissions, custody fees and other fees or expenses.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

**Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

**Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **Recommendation of Prime Broker**

We will suggest that the client use a particular broker-dealer, GS&Co, to act as custodian for the funds and securities we manage. In those cases, we generally only recommend broker-dealers capable of acting as a "prime broker." Under "prime broker" arrangements, the firm may, on a transaction-by-transaction basis, either use the "prime broker"/custodian or select other broker-dealers, who will execute transactions for settlement into the client's "prime brokerage" account. In making suggestions as to "prime broker"/custodians, we will consider, among other things, the clearance and settlement capabilities of the broker-dealer where other broker-dealers execute transactions, the broker-dealer's ability to provide effective and efficient reporting to the client and our firm, the broker-dealer's reliability and financial stability, and the likelihood that the broker-dealer will often be chosen as executing broker-dealer on the basis of the considerations described above, including the prospects that the broker-dealer will provide valuable research services and products.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

We routinely require that you direct our firm to use the clearing services of and execute transactions through Pershing for discretionary wrap fee accounts and the primer brokerage services of GS&Co. for non-wrap non-discretionary investment management accounts. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services.

However, you may direct Rose Capital in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the you will negotiate terms and arrangements for the account with that Financial Institution and Rose Capital will not seek better execution services or prices from other Financial Institutions or be able to "batch" (i.e. aggregated trade) client transactions for execution through other Financial Institutions with orders for other accounts managed by Rose Capital (as described below). As a result, you may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Rose Capital may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Persons providing investment advice on behalf of our firm who are registered representatives of Saxony Securities, Inc. would normally be required to recommend Saxony Securities, Inc. to you for brokerage services. These individuals are subject to applicable industry rules that restrict them from conducting securities transactions away from Saxony Securities, Inc. unless Saxony Securities, Inc. provides the representatives with written authorization to do so, which Saxony Securities, Inc. has done in this case. Therefore, although these individuals would generally be limited to conducting securities transactions through Saxony Securities, Inc., in this instance, as noted above, they will generally recommend Fidelity or Pershing. It may be the case that Fidelity or Pershing charges higher transaction costs and/or custodial fees than another broker charges for the same types of services. However, if transactions were executed through Saxony Securities, Inc. these individuals (in their separate capacities as registered representatives of Saxony Securities, Inc.) could earn commission-based compensation as a result of placing the recommended securities transactions through Saxony Securities, Inc. This practice would present a conflict of interest because these registered representatives would have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend. However,

if you do not use the recommended broker we may not be able to accept your account. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Aggregated Trades**

We do not provide discretionary management services under the ADV Part 2A. Please refer to Rose Capital Advisors' Wrap Brochure, which appears as Part 2A Appendix 1 of the Adviser's Form ADV, for additional information on our discretionary advisory services and aggregated trading practices.

We do not aggregate trades for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

### Investment Management

Michael J. Rose, Managing Member and Chief Compliance Officer, or one of Rose Capital's investment adviser representatives, will monitor your accounts on an ongoing basis and will conduct account reviews at least annually to ensure the advisory services provided to you are consistent with your investment needs and objectives.

We will provide you with a written report in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### Financial Planning and Consulting

For those clients to whom we provide financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by Michael J. Rose or one of Rose Capital's investment adviser representatives. These reviews are provided as part of the contracted services. We do not assess additional fees for financial plan reviews.

Generally, for ongoing services, we will contact you periodically to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss and/or disability, among others. We recommend meeting with you at least annually to review and update your plan if needed. Written updates to the financial plan may be provided in conjunction with the review. Updates to your financial plan may be subject to our then current hourly rate, which you must approve in writing and in advance of the update. If you implement financial planning advice, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

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

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents and are registered representatives with Saxony Securities, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

### **Other Compensation**

We receive compensation from Procyon Partners, LLC for referring clients to them. This arrangement will not cause you to pay more in advisory fees than you would otherwise pay had there been no solicitor's compensation. All referral fees paid to our firm represent a portion of the fees actually charged to you by for investment advisory services. There is no differential between the amount or level of investment advisory fees that will charge for managing the client account(s) in excess of that which they would customarily charge for managing any other new client's account with similar assets and which was not referred to by our firm.

We do not compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we receive resulting from our relationship with your account custodian.

## **Item 15 Custody**

### **Custody - Fee Debiting**

Rose Capital's Agreement and/or the separate agreement with any Financial Institution may authorize Rose Capital through such Financial Institution to debit the client's account for the amount of Rose Capital's fee and to directly remit that management fee to Rose Capital in accordance with applicable custody rules.

The Financial Institutions recommended by Rose Capital have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Rose Capital. In addition, as discussed in the *Review of Accounts* section, Rose Capital also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Rose Capital.

### **Custody - First Party Money Transfers**

Clients may provide Rose Capital with written ongoing authorization to wire money between the client's accounts held with the qualified custodian directly to an outside financial institution (i.e. a client's bank account). A copy of this authorization is provided to the qualified custodian. The authorization includes the client's name and account number(s) at the outside financial institution(s) as required.

### **Custody - Third Party Money Transfers**

Clients may provide Rose Capital with a standing letter of authorization (or similar asset transfer authorization) which allows Rose Capital to disburse funds on behalf of clients to third parties. Rose Capital ensures the following conditions are in place when deemed to have custody via third party money movement:

1. The client provides a Written Authorization to the custodian that includes all appropriate information as to how the transfer should be directed;
2. The Written Authorization includes instruction to direct transfers to the third party either on a specified schedule or from time to time;
3. Appropriate verification is performed by the custodian, along with a transfer of funds notice to the client promptly after each transfer;
4. The client may terminate or change the instruction to the custodian;
5. Rose Capital has no authority or ability to designate or change any information about the third party contained in the instruction;
6. Rose Capital maintains records showing that the third party is not a related party of the Firm or located at the same address as Rose Capital; and
7. The custodian sends the client a written initial notice confirming the instruction and an annual

written confirmation thereafter.

## **Item 16 Investment Discretion**

We do not provide discretionary management services under the ADV Part 2A. Please refer to Rose Capital Advisors' Wrap Brochure, which appears as Part 2A Appendix 1 of the Adviser's Form ADV, for additional information on our discretionary advisory services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Item 18 Financial Information**

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. On April 14, 2020, the firm received a Paycheck Protection Program ("PPP") loan in the amount of \$32,500 through the U.S. Small Business Administration, which was part of the economic relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Due to the economic uncertainties surrounding the current COVID-19 pandemic, we believed it was necessary and prudent for us to apply for, and accept, the Payroll Protection Program loan offered by the Small Business Administration in order to support our ongoing operations. The firm used the PPP funds to continue payroll for the firm's employees, including employees primarily responsible for performing advisory functions for our clients, and make other permissible payments. The loan is forgivable provided the firm satisfies the terms of the loan program.

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We have not filed a bankruptcy petition at any time in the past ten years.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

## **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

## **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there



can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.

7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.