

Item 1 - Cover Page

D'Arcy Capital Management LLC
12625 High Bluff Drive, Suite 314
San Diego, California 92130
(858) 461-4391
www.darcycapital.com

February 2021

This brochure provides information about the qualifications and business practices of D'Arcy Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at (858) 461-4391. 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 D'Arcy Capital Management LLC is also available on the Internet at www.adviserinfo.sec.gov. You can view information on this website by searching for D'Arcy Capital Management LLC's name or by using its CRD number: 156264.

*Registration as an investment advisor does not imply a certain level of skill or training.

Item 2 – Material Changes

Since our last annual update was filed in January 2020, the following changes have been made to this brochure:

- The firm has updated our assets under management, please refer to ***Item 4 – Advisory Business*** for more information.
- In January 2021, the firm reached the level of assets under management that allows us to move our primary regulatory authority to the United States Securities and Exchange Commission.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Item 3 – Table of Contents

Item 1 - Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Ownership	4
General Description of Primary Advisory Services	4
Financial Planning Services	4
Asset Management Services	4
Specialization	4
Limits Advice to Certain Types of Investments	5
Tailor Advisor Services to Individual Needs of Clients	5
Wrap-Fee Program versus Portfolio Management Program	5
Client Assets Managed by Advisor	5
Item 5 – Fees and Compensation	6
Financial Planning Services	6
Consultations	7
Seminars	7
Publications	7
Asset Management Services	8
Additional Compensation	9
Comparable Services	10
Item 6 – Performance-Based Fees and Side-By-Side Management	10
Item 7 – Types of Clients	10
Minimum Investment Amounts Required	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	10
Methods of Analysis	10
Investment Strategies	11
Risk of Loss	11
Primary Method of Analysis or Strategy	12
Item 9 – Disciplinary Information	12
Item 10 – Other Financial Industry Activities and Affiliations	12
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading	12
Item 12 – Brokerage Practices	14
Block Trades	15
Item 13 – Review of Accounts	15
Account Reviews	15
Account Reports	16
Item 14 – Client Referrals and Other Compensation	16
Client Referrals	16
Other Compensation	16
Item 15 – Custody	16
Item 16 – Investment Discretion	17
Item 17 – Voting Client Securities	17
Item 18 – Financial Information	17
Class Action Lawsuits	17
Customer Privacy Policy	18

Item 4 – Advisory Business

Ownership

D’Arcy Capital Management LLC (“Advisor” or “we”) that is applying to register as an investment advisor with the U.S. Securities and Exchange Commission. We are a limited liability company formed under the laws of the State of California.

- Christopher Brett D’Arcy is the Chief Compliance Officer (CCO) and Owner of D’Arcy Capital Management. Christopher Brett D’Arcy owns 85.00% of D’Arcy Capital Management. Full details of the education and business background of Christopher Brett D’Arcy are provided at *Item 19* of this Disclosure Brochure.
- Krysta Noelle Cordill is an additional Owner of D’Arcy Capital Management. Krysta Noelle Cordill owns 15.00% of D’Arcy Capital Management. Full details of the education and business background of Krysta Noelle Cordill are provided at *Item 19* of this Disclosure Brochure.

General Description of Primary Advisory Services

We offer personalized investment advisory services including comprehensive financial plans and asset management. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“client” or “you”) can review the services and description of fees more thoroughly.

Financial Planning Services

Financial planning can be described as helping individuals determine and set their long-term financial goals through investments, tax planning, asset allocation, risk management, retirement planning and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

We provide advisory services in the form of full and modular (segmented) financial plans. These services do not involve actively managing client accounts. Instead, comprehensive planning focuses on a client’s overall financial situation. Modular planning services focus on specific areas of client concern.

Asset Management Services

We offer investment management services providing clients with continuous and on-going supervision over their accounts. This means that we continuously monitor a client’s account and make trades in that account when necessary.

Specialization

We specialize in a “core and satellite” approach to asset allocation that uses a combination of “active” and “passive” investments for fully diversified portfolios. Additionally, we have extensive experience in bond management, large cap value equity management and dividend paying equity securities. This expertise is generally included within the overall service provided to our clients. Our managing member, Christopher D’Arcy, has over ten years of experience managing bond portfolios, large cap value

portfolios, and equity income portfolios. This expertise is used in developing non-diversified portfolios as described within this Disclosure Brochure. It is also an important element in the income strategies that are developed for our clients.

Limits Advice to Certain Types of Investments.

We focus our investment advice on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Exchange traded funds
- Certificates of deposit
- United States government securities
- Mutual funds
- Corporate bonds
- Municipal bonds
- U.S. Agency bonds
- Selective alternative investments

Although our advice is generally limited to the investment products previously listed, we reserve the right to offer advice on any product that may be suitable for each client's specific circumstances, needs, goals and objectives.

Tailor Advisor Services to Individual Needs of Clients

Our services are always provided based on your specific needs. You are given the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Wrap-Fee Program versus Portfolio Management Program

In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for one fee. We do not act as a portfolio manager of or sponsor wrap fee programs.

Client Assets Managed by Advisor

The amount of client's assets managed by us totaled \$126,741,596 as of December 31, 2020, all managed on a discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provide in **Item 4, Advisory Business**, this section provides details regarding Advisor's services along with descriptions of each service's fees and compensation arrangements.

Financial Planning Services

We offer financial planning services in the form of written or oral financial plans that can be either full or segmented (modular).

To begin the financial planning process, our investment advisor representatives ("representatives") meet with you to gather information and documentation needed to perform an analysis and review of your situation as well your objectives and goals. One or more meetings may be required in order to gather all needed information and determine the services best suited to help meet your needs. We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate. We are not responsible for verifying the information you supply. You are also urged to work closely with your attorney, accountant or other professionals regarding your financial and personal situation. Our services do not include legal or tax advice.

After completing a review and analysis of the information and documents received, the representatives develop their analyses and recommendations and present either the requested full or modular (segmented) written financial plan to you. A full plan focuses on your overall financial situation and covers several areas, as needed by your specific situation. A modular (segmented) plan focuses only on one or more specific area(s), and you should be aware that other important issues may not be taken into consideration when our representatives develop their analyses and recommendations

Fees for financial plans can be charged on either a fixed or hourly basis as we jointly determine with you. Hourly fees are billed at the non-negotiable rate of \$250 per hour, and our representatives provide you with an estimate of the hours needed to complete the requested plan. If more time is needed to complete the plan than the original estimate, we request your permission to continue with any additional work. You are charged for the actual time expended on the plan. For fixed fees, there is a minimum charge of \$1,000 but the maximum will generally not exceed \$5,000. Fees are negotiable based on the actual services requested and the complexity of your situation. Both hourly and fixed fees are due upon presentation of the plan and we provide you with a detailed billing statement.

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any financial planning recommendations made by our representatives. If you do decide to implement the recommendations, you are responsible for taking any actions or implementing any transactions required and you are free to select any broker/dealer and/or insurance agent to implement our recommendations.

Either party can terminate services at any time by providing written notice to the other party. Termination is effective upon receiving that notice. If services are terminated within five business days of executing the client agreement, services are terminated without penalty. If terminated after five business days but before presentation of the plan, you are responsible for the percentage of work completed by our representatives prior to receiving the termination notice. As a general rule, final presentation of the plan comprises 25% of the total fee. As an example, if you terminate services just prior to a plan being

presented, the fee would generally be 75% of the originally quoted fee. We provide an invoice to you detailing the services provided and fees earned and fees due from you.

Consultations

We also offer consultations on any topic or topics of interest to you. Consultations can include, but are not limited to, providing opinions on your current or prospective investments or providing research on specific projects. Consultations can be provided as a one-time meeting or as a multiple event, on-going event. You have the final determine as to when consultations are completed.

Fees for consultation services are billed on either an hourly or fixed fee basis. Hourly fees are billed at a non-negotiable rate of \$250 per hour. Fixed fees will generally not exceed \$5,000 and are negotiable based on the actual services provided. One-time consultations are billed at the conclusion of the consultations. Multiple meeting or on-going consultations are billed in arrears either monthly or quarterly, at your discretion.

Consultation services terminate upon completion of the requested consultations. However, either party can terminate services at any time by providing written notice to the other party. Termination is effective upon receiving that notice. If services are terminated within five business days of executing the client agreement, services are terminated without penalty. After that, you are responsible for the time expended prior to termination. For hourly fees, you are charged the actual time spent on the services provided. For fixed fees, you are charged on based on the days services were provided since the previous billing statement is sent. For example, if your fee is \$300 per quarter and you terminate after two months, you are billed \$200 for the services provided to the date of termination. We provide an invoice to you detailing the services provided and fees earned and fees due from you.

Seminars

We do not provide any seminar or workshops. However, approximately twice a year we host appreciation dinners for current and prospective clients where industry experts will make presentations. These appreciation dinners are informational in nature and no individualized investment advice is provided to attendees.

Publications

We send clients and prospective clients a free quarterly financial market review and recap. We also send investment “alerts” approximately ten times per year relating to specific investment topics. These reviews and alerts are general and informational in nature and no individualized investment advice is provided to recipients.

In addition, our managing member, Christopher D’Arcy, may occasionally write articles for financial publications or general consumption publications. He may also make guest appearances on financial broadcast television shows.

Asset Management Services

We offer asset management services that include giving continuous investment advice and/or making investments for you based on your individual needs, goals and objectives. We offer a customized and individualized investment program providing you with advice regarding various asset classes, ongoing assistance with evaluating and selecting investments, adjusting and rebalancing portfolios.

We have two management programs. The first is an asset allocation program created specific to your objectives. The securities used in these allocations may include mutual funds, exchange traded funds, separate account managers, individual bonds, individual stocks, certificates of deposit and municipal bonds. Depending upon your individual needs, portfolios can range from 100% fixed income investments to 100% equity investments.

The second program uses a non-diversified approach utilizing individual stocks and/or bonds to achieve your specific goal. Strategies include large cap value stocks, individual bonds and a balanced strategy that includes both large cap value stocks and bonds. Bonds can be both taxable and non-taxable (municipal bonds). Strategies can also use exchange traded funds and mutual funds.

We recommend that your assets be maintained in a brokerage account with Fidelity Brokerage Services LLC (Fidelity), an SEC registered broker/dealer and member NYSE/SIPC. See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of Fidelity. However, you are free to select any account custodian you wish. We assist you in establishing a managed account Fidelity or another qualified custodian that you select. The qualified account custodian maintains custody of your funds and securities. We do not act as custodian and so not have direct access to your funds and securities except to have advisory fees deducted from your account with your prior written authorization.

You authorize us to have trading authorization on your accounts and we provide management services on a discretionary basis only. On a discretionary basis, we make all decisions to buy, sell or hold securities, cash or other investments in your managed account in our sole discretion without consulting with you before making any transactions. You must provide us with written authorization to exercise this discretionary authority, and you can place reasonable restrictions and limitations on the discretionary authority. See **Item 16, Investment Discretion**, for additional discussion on discretionary authority.

We charge for asset management services based on a percentage of assets under management. Fees are billed quarterly in advance and calculated based on the fair market value of the account as of the end of the previous quarter as follows:

<u>Account Value</u>	<u>Annual Fee</u>
Up to \$1,000,000	1.50%
\$1,000,001 to \$10,000,000	1.00%
\$10,000,001 to \$25,000,000	0.80%
Over \$25,000,001	Negotiable

Fees are negotiable based on the complexity of your situation, the composition of your account and the potential for additional account deposits. We always disclose the fee to you before we provide any services. If an agreement for services is executed mid-period, the initial fee is prorated based on the number of days services were provided during the first billing period.

At your option, fees can either be billed directly to you or automatically deducted from an account designated by you and paid directly to us by the account custodian. If fees are billed directly, they are due immediately upon receipt of our billing statement. If fees are deducted from an account, you must provide the account custodian with written authorization to have the fees deducted from the account and paid directly to us. We send you a fee notification statement showing the amount to be deducted, the manner in which the fee was calculated, any adjustments to the fee and an explanation of any such adjustments. At least quarterly, you receive an account statement from your account custodian detailing transactions in your account, including advisory fees charged. You should review the account statements received from the account custodian and verify that appropriate advisory fees are being deducted. The custodian will not verify the accuracy of the advisory fees deducted.

Fidelity generally does not charge separately for maintaining custody of your accounts but other qualified custodians selected by you may charge a separate custody fee. However, account custodians may charge brokerage commissions and/or transaction fees directly to you. We do not receive any portion of the commission or fees from either the custodian or from you. In addition, you will incur certain charges imposed by third parties other than us in connection with investments made through your account, including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges and IAR and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each security prospectus.

Either of us can terminate asset management services at any time by providing written notice to the other party. Termination is effective upon receipt of the notice. If services are terminated within five business days of signing the agreement for services, services are terminated without penalty. If services are terminated after the initial five business day period, we charge a prorated fee based on the number of days that services were provided prior to receipt of the termination notice. We send you a billing statement detailing the prorated fees due.

You should be aware that management services billed as a percentage of assets managed could still lead to conflicts of interest between us. For example, conflicts could arise relating to financial decisions in life such as incurring or paying down debt; gifting to charities or individuals; purchasing a home, car or other non-investment assets; purchasing a lifetime immediate annuity; travel or other expenditures; investments in private equity programs (private real estate ventures, closely held businesses, etc.); and placing funds in non-managed cash reserve accounts. Our goal is that our recommendations are always made with your best interests in mind, disregarding any impact the decision has on us.

Additional Compensation

From time to time, we can receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors will underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. We endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that

receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that can impact the judgment of our representatives when making advisory recommendations.

Comparable Services

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

Item 7 – Types of Clients

We generally provide investment advice to the following types of clients.

- Individuals (including high net worth individuals)
- Trusts, estates, or charitable organizations
- Institutions, profit sharing plans, and qualified retirement plans
- Corporations or business entities other than those listed above

Minimum Investment Amounts Required

We charge a minimum fee of \$1,000 for a financial plan billed as a fixed fee.

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

Methods of Analysis

We use fundamental analysis when considering investment strategies and recommendations. Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, an analyst tries to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security

(underpriced = buy, overpriced = sell or short). Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Investment Strategies

We utilize a long term (securities held at least one year) strategy when providing and implementing advice to our clients. However, should a client's situation change or the basis for making an investment change significantly, there may be occasions where we utilize a short-term strategy and securities are held less than one year.

Risk of Loss

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk.** There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- **Fixed Income Risk.** Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **ETF and Mutual Fund Risk.** ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.

- **Management Risk.** Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

Primary Method of Analysis or Strategy

There are risks involved in using fundamental analysis. It takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over years (e.g., quarterly financial statements). Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its "correct" value over the long run--perhaps several years. The less frequent trading practices of fundamental analysis could also have a positive or negative impact on a client's portfolio value, but likely has reduced brokerage and transaction costs.

Item 9 – Disciplinary Information

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

Item 10 – Other Financial Industry Activities and Affiliations

Advisor does not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- An investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- Accountant or accounting firm
- Insurance agency or company
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

State and federal regulations require all investment advisers to establish, maintain and enforce a Code of Ethics. Advisor has established a Code of Ethics that applies to all of its associated persons. An investment adviser is considered a fiduciary, and as a fiduciary it is an adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of clients at all times. Advisor has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for its Code of Ethics, which also covers its insider trading and personal securities transactions policies and

procedures. Advisor requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Once employed by or affiliated with Advisor, and at least annually thereafter, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with Advisor's Code of Ethics. Advisor has the responsibility to make sure that the interests of all clients are placed ahead of its or its supervised persons' own investment interests. Full disclosure of all material facts and conflicts of interest is provided to clients prior to any services being conducted. Advisor and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect its duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of Advisor's Code of Ethics. However, if a client or a potential client wishes to review Advisor's Code of Ethics in its entirety, a copy is provided promptly upon request.

In addition to our Code of Ethics, some of our representatives have also earned designation as a Certified Financial Analyst (CFA). As a member of the CFA Institute, CFA charter holders must:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity of and uphold the rules governing capital markets.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

We may buy or sell securities or have an interest or position in a security for our personal accounts that is also recommend to clients. We are and will continue to be in compliance with federal and state rules and regulations. As these situations may represent a conflict of interest, we have developed written supervisory procedures that include personal investment and trading policies for representatives, employees and their immediate family members (collectively, associated persons). These procedures were distributed to all associated persons, and the associated persons acknowledged they have read, understand and agree to abide by our policies and procedures. The policies include:

- Associated persons cannot prefer their own interests to that of the client
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry
- We maintain a list of all securities holdings for the firm and all associated persons; this list is reviewed on a regular basis by our Chief Compliance Officer

If securities are purchased for a client's account that are not currently held in an associated person's account, all client trades are placed first. The associated person is prohibited from making the same

trade until the second business day after the last trade made in the client account. Associated persons may choose not to make the same trade in their own account. For security sales that are made in client accounts, associated persons are prohibited from making the same sale until the second business day after the last trade made in the client account. Again, associated persons may choose not to make the same trade in their own account.

Associated persons are immediately informed of trade decisions and are prohibited from trading the same security until all client accounts are executed first. Any trades in the same security also held by clients are reviewed to ensure improper trading does not occur.

Any associated persons not observing our policies or violating any applicable state and federal advisory practice regulations, is subject to sanctions up to and including termination.

Item 12 – Brokerage Practices

If you wish to implement our advice, you are free to select any broker/dealer or investment advisor you wish and are so informed. If we assist you in implementing any recommendations, we have a duty to ensure that you receive the best execution possible. Best execution does not necessarily mean the lowest price but includes the overall services received from a broker/dealer.

Not all investment advisors require the use of a particular broker/dealer. While we attempt to seek best execution for client accounts, we may be unable to achieve the most favorable execution of your transactions if you direct the use of a specific custodian. There may be other platforms that are less expensive and may provide faster execution capabilities.

We recommend you establish a brokerage account at Fidelity. Fidelity provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Fidelity also makes available to us other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all, or a substantial number, of our accounts, including accounts not maintained at Fidelity. Fidelity also makes available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management
- Information technology

- Business succession
- Regulatory compliance
- Marketing

In addition, Fidelity may make available, arrange and/or pay for these types of services rendered to us by independent third party providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our recommendation that you maintain your assets in accounts at Fidelity may be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This creates a conflict of interest.

You are under no obligation to act on our recommendations. You may select a broker/dealer or account custodian other than Fidelity. When you direct us to use a particular broker/dealer or other custodian, we may not be able to obtain the best price and execution for the transaction. If you direct the use of a particular broker/dealer or custodian, you may receive less favorable prices than would otherwise be the case if you had not designated a particular broker/dealer or custodian. Further, we may place directed trades after effecting non-directed trades.

Block Trades

We generally implement transactions for client accounts independently, unless we decide to purchase or sell the same securities or bonds for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and we use it when we believe such action may prove advantageous to clients. When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions are averaged as to price and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. When we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* We do not receive any additional compensation or remuneration as a result of aggregating or blocking trades.

Item 13 – Review of Accounts

Account Reviews

Financial planning accounts terminate upon presentation of the plan to you and no account reviews are conducted. However, we recommend that you have your financial situation reviewed and updated at least annually. If you elect to undertake this review and update, a new client agreement will be required and additional fees will be charged.

Managed accounts are reviewed at least quarterly. Christopher D'Arcy reviews all accounts. When reviewing accounts, he checks the accuracy of the account holdings, continued suitability of investment

products held as well as allocation of investment types and also checks that the account continues to work towards the client's goals and objectives.

While the calendar is the main triggering factor, account reviews are also conducted due to client request, due to a change in client circumstances, account holdings or investment objectives or due to unusual market activity or economic conditions.

Account Reports

Financial planning accounts do not receive any reports other than the financial plan included as a part of the services originally contracted for.

Managed accounts receive account statements at least quarterly from the account custodian. We also provide you with a quarterly performance report.

Item 14 – Client Referrals and Other Compensation

Client Referrals

We do not directly or indirectly compensation anyone for referring clients to us.

Other Compensation

For additional discussion on other compensation received by Advisor, its owners or its representatives, please refer to **Additional Compensation** under **Item 5, Fees and Compensation**, and **Item 10, Other Financial Industry Activities and Affiliations**. Please see **Item 12, Brokerage Practices**, for discussion about the services and products we may receive from Fidelity.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does not include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. In addition, for certain client accounts we have the ability to transfer funds from their managed accounts to designated third parties based upon a standing letter of authorization. The SEC has also deemed this activity to be custody of client assets. However, our procedures are designed to meet the requirements established by the SEC.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address, and the manner in which

the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statement against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

Asset management services are provided on a discretionary basis only. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you client before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority. You can impose reasonable restrictions on management of you accounts.

When discretionary authority is granted, it is limited. We do not have access to you funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian.

Item 17 – Voting Client Securities

We do not perform proxy-voting services on your behalf and all proxies are sent directly to you. You are instructed to read through the information provided with the proxy-voting documents and make a determination based on the information provided. If you request, we may provide limited clarifications of the issues presented in the proxy voting materials based on our understanding of issues presented in the proxy-voting materials. However, you have the ultimate responsibility for making all proxy-voting decisions.

Item 18 – Financial Information

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for its most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

Class Action Lawsuits

You retain the right under applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. We do not initiate such a legal proceeding on your client and do not provide legal advice to you regarding potential causes of action against such a security issuer and whether you should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in

such a class-action lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.

Customer Privacy Policy

Regulation S-P requires investment advisor firms to protect the privacy of customer information. In situations where a financial institution does disclose customer information to non-affiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. We do not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

We are committed to safeguarding the confidential information of our clients. We hold all personal information provided by you in the strictest confidence and it is our objective to protect the privacy of all clients. Except as permitted or required by law, we do not share confidential information about clients with non-affiliated parties. If there is a change in this policy, Advisor provides you with written notice and you are provided an opportunity to direct us whether such disclosure is permissible.

To conduct regular business, we may collect personal information from sources such as:

- Information reported by you on applications or other forms you provide to us
- Information about your transactions implemented by us or others
- Information developed as part of analyses or investment advisory services

To administer, manage, service and provide related services for client accounts, it is necessary for us to provide access to customer information within the firm and to non-affiliated companies with whom we have entered into agreements. To provide the utmost service, we may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on our behalf.

- Information we receive from you on applications (name, social security number, address, assets, etc.)
- Information about your transactions with us or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about your financial products and services transaction with us

Since we share non-public information solely to service your accounts, we do not disclose any non-public personal information about our customers or former customers to anyone except as permitted by law. However, we may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.