



# ARCUS

CAPITAL PARTNERS

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## ***Part 2A of Form ADV: Firm Brochure***

***March 12, 2021***

This brochure provides information about the qualifications and business practices of Arcus Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 404.949.2111. 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. Arcus Capital Partners, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about Arcus Capital Partners, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Material Changes

The last annual update of Arcus Capital Partners, LLC's ("Arcus, we, us, our, ours") Disclosure Brochure was dated March 30, 2020. Since that time, we have made the following material changes to our firm brochure:

- We updated our Regulatory Assets under Management on page 2.

Arcus is required to send a summary of any material changes to our brochures to our clients ("you, your, yours") by April 30th of each year. We may also provide updated disclosure information about material changes on a more frequent basis. Any summaries of changes include the date of our last annual update of our brochure.

The most current version of our brochure may be requested by contacting Adrienne Mandt, CFA, Chief Compliance Officer at 404.949.2116 or [adrienne.mandt@arcuscp.com](mailto:adrienne.mandt@arcuscp.com). We will provide you with our brochure at any time without charge.

Additional information about our company is available via the United States Securities and Exchange Commission's ("SEC") website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The SEC's website also provides information about any persons affiliated with Arcus who are registered as our investment adviser representatives ("your advisory representative"). Information on our investment adviser representatives who work with your account can also be found in our brochure supplements.

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## ***Advisory Business***

Arcus Capital Partners, LLC (Arcus) is an Atlanta-based investment advisory firm that has been in business since September 2008. It is a Limited Liability Company organized under the laws of Georgia. Arcus is primarily owned (82%) by the following three principals via entities they control:

- Stephen S. Sloan
- Steven C. Edwards
- W. Ross Singletary

As of December 31, 2020, we managed approximately \$ 1,411,042,487 in client assets on a discretionary basis. An additional \$4,426,981 is managed on a non-discretionary basis (where our clients made the investment decisions based upon our recommendations).

We provide investment advisory services utilizing a variety of resources, such as mutual funds, exchange traded funds (“ETFs”), stocks, bonds, hedge funds, limited partnerships and separate account management. Our recommended allocation among investment alternatives is based on your investment objectives, risk tolerance, and other factors.

The relationship begins with a data gathering and interview process designed to help us understand your goals, objectives, time horizon and risk tolerance. Depending on the specific nature of the service needed, we generally develop an investment plan that is consistent with your desired rate of return, time horizon and risk tolerance. We consider such factors as:

- the size and source of the account,
- your identity and background,
- your income and growth objectives,
- income tax bracket, and
- your relative risk aversion.

Your active participation in the delivery of information and development of stated goals and objectives is expected. We can then design a portfolio or modify an existing one. You should notify us promptly if there are any changes in your financial situation or investment objectives or if you wish to impose any reasonable restrictions upon the management of your account.

Arcus also provides investment advisory services to a pooled investment vehicle, Arcus Alternative Income Fund LP (“AAIF LP, the Fund”), that is exempt from

registration under the Investment Company Act of 1940, as amended (the “1940 Act”), or state securities law. As the General Partner of the Fund, we are responsible for making all investment decisions for the Fund. The Fund is managed in accordance with the investment objectives and strategies described in the private placement memoranda or other Fund documents.

In conjunction with the management of your account, we have also entered into agreements with unaffiliated investment managers (sub-advisers) for the provision of certain investment advisory services to you. We provide individualized investment advice to you through the selection of these advisers for a portion of your investment portfolio. These advisers will charge separately for their services. Factors considered in the selection of these investment managers include:

- our assessment of the potential value a particular portfolio manager or investment program might provide;
- your risk tolerance, goals and objectives, as well as investment experience; and
- the amount of your assets available for investment.

### ***Fees and Compensation***

Broker-dealers that hold client accounts are referred to as custodians. The broker-dealer that acts as the custodian for your account determines the values of most of the assets in your portfolio.

To the extent that we include private investment funds owned by you on any supplemental account reports or billing statements prepared by us, the value(s) for all such private investment funds shall reflect either the initial purchase price and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price, thereby affecting your account value and advisory fee accordingly. We make every effort to obtain accurate and current pricing of your investments for reporting and billing purposes.

We offer our services on a fee-only basis. Fees for the initial quarter are based on the value of the actual inflows and outflows of your cash and securities as they are received by the custodian and are prorated in arrears based upon the number of calendar days in the calendar quarter that our agreement is in effect.

At the same time, you are billed for the initial quarter, you will pay for the following quarter in advance. This fee is calculated based upon the market value of the assets in your account on the last day of that first quarter. Following the end of each quarter

thereafter, you will be billed in advance, less any pro rata adjustments for actual cash or securities inflow or outflows from the previous quarter.

Margin accounts are billed on the gross total asset value in the account at the end of each quarter. Margin loan balances do not reduce the billable account value. The total net value of your account is the gross value of your assets (including any accrued income) less your margin loan balance. The total gross value of your assets, and therefore the billable account value, will exceed the total net value of your account if you have a margin loan balance. By calculating our fee based on gross total asset value, we have a conflict of interest if we recommend purchases on margin because such purchases can increase our compensation. As discussed below, we seek to address conflicts such as this through disclosure and additional procedures.

Our annual fee schedule is described below:

<b><u>Assets Under Management</u></b>	<b><u>Advisory Fee</u></b>
First \$5,000,000	1.50%
Next \$5,000,000	1.00%
Next \$10,000,000	0.85%
Next \$30,000,000	0.70%
Next \$50,000,000	0.60%
Next \$100,000,000	0.50%

All fees are negotiable at our sole discretion. Such negotiations may be based upon account size, scope and complexity of services, prior relationships and related account holdings.

You must authorize us in writing to have the custodian pay us directly by charging your account. Your custodian provides you with statements that show the amount paid directly to us. You should verify the calculation of our fees. Your custodian does not verify the accuracy of fee calculations.

As compensation for investment advisory services rendered to AAIF LP, we receive a management fee payable monthly in advance from assets of the Fund. Management fees paid by the Fund are indirectly borne by the investors in the Fund. The precise amount, and the manner and calculation, of the management fee is set forth in the Fund's Advisory Agreement, limited partnership agreement (or analogous organizational document) and/or other documentation received by each investor

prior to investment. Fees may differ from one fund to another, as well as among investors in the same fund.

Should either one of us terminate the advisory agreement we have entered into before the end of a billing period, any unearned fees that were deducted from your account will be returned to you by us. The amount refunded to you is calculated by dividing the most recent advisory fee you paid by the total number of days in the billing period. This daily fee amount is then multiplied by the number of calendar days in the billing period that our agreement was in effect. This amount, which equals the amount we earned for the partial billing period, is subtracted from the total fee you paid in advance to determine your refund.

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

- custodial fees,
- brokerage commissions,
- transaction fees,
- SEC fees,
- fees and expenses of third-party sub-advisers,
- internal fees and expenses charged by mutual funds or exchange traded funds (“ETFs”),
- other fees and taxes on brokerage accounts and securities transactions, and
- fees and expenses as described in private fund offering memoranda.

You may refer to the section entitled “Brokerage Practices” for additional information about securities trading in your account.

We may recommend the services of unaffiliated investment advisers to our clients, and we may receive a referral fee from the selected investment adviser. The fee received by us is typically a percentage of the fee charged by that investment adviser to the referred client. Specifically, the firm refers clients to the Harvest Volatility Separately Managed Account and Belmont Capital Group Theta Overlay Program. In exchange for the referral, the firm receives 30% of the advisory fee our clients pay Harvest and 50% of the advisory fee our clients pay Belmont. These unaffiliated investment advisers charge their advisory fee based on the notional value of the options contracts they manage. The portion of the advisory fee paid to us does not increase the total advisory fee paid to the selected investment adviser by the client. We do not charge the client any fees for these referrals.

Clients should be aware that the receipt of additional compensation by Arcus and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Arcus endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn additional compensation from making certain recommendations to or exercising certain discretion on behalf of our advisory clients;
- we disclose to clients that they are not obligated to purchase investment products recommended by us or our employees or offered by affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients;
- we have an internal process to determine whether to initiate or terminate use of a third-party manager; all such decisions must follow this process regardless of compensation structure or conflicts.

We may also recommend third-party advisers that do not share their fees with us in any way; in this situation, we will include the assets managed by these advisers in calculating the client's assets under management when calculating our advisory fee.

A copy of all relevant disclosure documents of the unaffiliated investment adviser (sub-adviser) will be provided to anyone interested in these programs or managers.

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

Performance-based fees are designed to give a portion of the returns of an investment to the investment adviser as a reward for positive performance. The fee is generally a percentage of the profits made on the investments.

We may share in performance-based fees from sub advisors or other investment strategies that we may recommend to some clients. This creates an incentive for us to invest or refer clients to these sub advisors or investment strategies. We nevertheless believe we only recommend these investments when they are in our client's best interest.

As discussed above, Arcus is the General Partner of AAIF (the Fund). A portion of the Fund's net investment profit is allocated to the capital account of its General Partner as "carried interest." The opportunity to earn carried interest may create an incentive for us to disproportionately allocate time, services or functions to the Fund, or allocate investment opportunities to such funds. We address this conflict through disclosure and by following an allocation procedure that is designed to fairly distribute investment opportunities.

## ***Types of Clients***

We provide advisory services primarily to high-net-worth individuals, charitable organizations, corporations and other business, as well as, pension and profit sharing plans. As a condition for starting and maintaining an advisory relationship, we generally require a minimum portfolio size of \$1,000,000.

We, at our sole discretion, may accept clients with smaller portfolios based upon certain factors including:

- anticipated future earning capacity,
- anticipated future additional assets,
- account composition,
- related accounts, and
- pre-existing client relationships.

We will consider the portfolios of your family members who are also clients to determine if your portfolio meets our criteria.



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

We employ a specific process in constructing a portfolio based on your individual investment objectives and risk tolerances. We begin the portfolio construction process by screening the universe of funds and managers using qualitative inputs such as:

- strategies,
- assets under management,
- internal expenses,
- identifying managers who commit significant personal funds to their own strategy, and
- manager tenure.

We also evaluate quantitative inputs based on:

- historical returns,
- volatility of returns,
- variance of returns,
- value added by managers, and
- the strategy's sensitivity to broad market movements.

Actual fund or manager selection and portfolio weighting of each asset is determined by how each strategy is expected to contribute to portfolio returns, in addition to our outlook for asset classes and investment strategies.

Funds and managers are continuously monitored and can be removed from accounts for a number of reasons. Factors that may lead to elimination of a fund or manager from a portfolio may include:

- underperformance of the fund/manager vs. peers or expectations,
- costs relative to peers or expectations,
- an increase in volatility of a manager's returns,
- an unwanted change or drift in strategy, or
- a change in management.

Depending upon suitability and your investment parameters, investment strategies may include long-term and short-term purchases, trading (securities sold within 30 days), and the use of options, margin, and short sales.

Arcus utilizes financial planning software for existing clients when requested. Arcus does not receive any additional compensation for this service. This is an

additional tool that may or may not be used in the building of a comprehensive personalized investment recommendation.

AAIF LP seeks to provide investors with an attractive level of total return, with an emphasis on current income. Strategies and risks related to the Fund are more fully described in the offering documents.

Most investments involve a variety of risks, including possible:

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

Additionally, investments we purchase/recommend for you may suffer or be exposed to the following risks:

- market risk,
- underperformance of managed funds and other vehicles,
- interest rate, credit, and other fixed income risk,
- alternative investment risk,
- issuer, equity market, and general economic risk,
- liquidity risk,
- foreign security risk, and
- margin risk.

*Market Risks.* While Arcus manages client investment portfolios based on Arcus's experience and research, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Arcus (or a selected sub-adviser) may allocate client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Vehicles.* Arcus may invest client portfolios in mutual funds, ETFs and other investment vehicles ("pooled investment vehicles"). Investments in pooled investment vehicles can be less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, the success of pooled investment vehicles will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of

1940. Prospectuses and other offering materials for these products provide important additional information about their risks.

*Interest Rate, Credit, and Fixed Income Risks.* Arcus (or a selected sub-adviser) may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Risks Related to Alternative Investments.* From time to time and as appropriate, Arcus may invest a portion or a client's entire portfolio in alternative vehicles and investments. The value of client portfolios will be based in part on the value of alternative investment vehicles in which they are invested, the success of each of which may depend heavily upon the efforts of their respective managers and the market for these products and their holdings. When the investment objectives and strategies of a manager are out of favor in the market or a manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the managers make unsuccessful investment decisions at the same time.

*Issuer, Equity Market and General Economic Risks.* Arcus (or a selected sub-adviser) will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. While pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Foreign Securities Risks.* Arcus (or a selected sub-adviser) may invest portions of client assets internationally, either directly or through pooled vehicles. While foreign investments may enhance the diversification of client investment portfolios, they carry

risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

*Margin risk:* To the extent a client borrows against the value of the client's account, or authorizes Arcus to use margin for trading, the account will be exposed to additional risks associated with margin. Funds borrowed are usually loaned by securities broker-dealers and will typically be secured by the client's securities and/or other assets. In certain circumstances, the lending broker-dealer may demand an increase in the collateral that secures the client's obligations and, if the client is unable or unwilling to provide additional collateral, the broker-dealer can liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in such circumstances can result in the client realizing losses during market declines, and missing the opportunity to participate in a recovery when the market recovers. In addition, borrowing on margin results in interest expense, and there is a risk that the securities securing the margin loan will not perform at a level that covers the interest expense.

Risks specific to funds and other private placements are more thoroughly discussed in the offering documents.

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

You must also be aware that the use of margin, options and short sales are higher risk strategies. It is possible to lose all of the principal you invest, and sometimes more. In a cash account, your risk is limited to the amount of money that you have invested. In a margin account, your risk includes the amount of money invested plus the amount that has been loaned to you. When you short sell, your losses can be unlimited.

### ***Disciplinary Information***

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

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

Arcus Capital Partners, LLC serves as the general partner of Arcus Alternative Income Fund LP. AAIF LP typically seeks to buy and sell investments that are different than the investments Arcus usually buys and sells for clients when managing their assets outside the Fund, although it is possible that the interests of the Fund will, on occasion, conflict with the interests of other accounts we manage.

We will use our best judgement when dealing with such conflicts. The following factors may mitigate, but do not eliminate, conflicts of interest among Funds and accounts:

- we will not make any investment unless we believe such investment is in the best interest of the account or fund for which it is considered,
- we have policies and procedures designed to address the fair allocation of investment opportunities,
- we may, at our sole discretion, use a third party, such as a pricing service, to resolve conflicts concerning the fairness of price or value, and
- we have established policies and procedures to guard against unlawful and inappropriate disclosure and use of material, nonpublic information.

We also occasionally recommend another investment adviser when we determine their investment strategy is suitable for your account. If you establish an investment advisory relationship with other firms, we share in the advisory fees you pay to the other firm. As described more fully above, arrangements of this nature present a conflict of interest because they create an incentive to make recommendations based upon the amount of compensation an adviser receives. We explain the specific costs associated with any recommended investments or unaffiliated advisers, and believe we make these recommendations in your best interest.

Certain of our Managing Partners serve on Limited Partner Advisory Committees (“LPACs”) of investments owned by some of our advisory clients and employees, and a potential product selection for future clients and employees. The positions are nonpaid and in a nonfiduciary capacity to the Limited Partnership.

Certain of our Managing Partners also serve on Boards of Directors of investments owned by some of our advisory clients and employees. Investments in such companies are offered to certain clients of Arcus. These positions may give our Managing Partners, from time to time, sensitive and confidential information in relation to these investments. Our Managing Partners are not required to, and may be

prohibited from, acting on this information on your behalf. They are in some instances compensated for their services as a director; however, the compensation inures to the benefit of Arcus rather than the individual partner. We disclose the participation of our Managing Partners in such roles to our advisory clients who invest in the related securities. Information concerning each of our Managing Partners and their outside business activities can be found in their respective brochure supplements.

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

We have adopted a Code of Ethics (“Code”) to address the securities-related conduct of our advisory representatives and employees. The Code includes our policies and procedures developed to protect your interests and establishes the following principles:

- we have a duty at all times to place your interests ahead of ours;
- personal securities transactions of our advisory representatives and employees must be conducted in a manner consistent with the Code and avoid any actual or potential conflict of interest, or any abuse of an advisory representative’s or employee’s position of trust and responsibility;
- advisory representatives may not take inappropriate advantage of their positions;
- we maintain the confidentiality of your personal financial information, including your security holdings and financial circumstances; and
- we view our independence in the investment decision-making process as paramount.

We will provide a copy of the Code to you or any prospective client upon request. We buy and sell securities for our proprietary accounts that we also recommend to clients. Our advisory representatives and employees are also permitted to buy or sell the same securities for their personal and family accounts that are bought or sold for your account(s). The personal securities transactions by advisory representatives and employees raise potential conflicts of interest when they trade in a security that is owned by you or considered for purchase or sale for you.

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

- require our advisory representatives and employees to act in your best interest,
- prohibit favoring one client over another, and

- provide for the review of transactions to discover and correct any same-day trades that result in an advisory representative or employee receiving a better price than a client.

Advisory representatives and employees must follow our procedures when purchasing or selling the same securities purchased or sold for you.

## ***Brokerage Practices***

Section 28(e) of the Securities Exchange Act of 1934 (“Section 28(e)”) allows advisers, under certain circumstances, to cause clients to pay a broker or dealer a commission that is larger than another broker or dealer may have charged for the same transaction. This additional cost recognizes an additional value provided by the broker or dealer, perhaps in the form of specialized trade execution or research. While Arcus has no specific soft dollar arrangements for separately managed accounts, our pooled vehicles may engage in such arrangements. More detailed information concerning these arrangements can be found in the appropriate private placement memorandum or other fund documents.

The custodians we recommend typically also serve as your broker-dealer. We frequently recommend Charles Schwab & Company, Inc. (“Schwab”), Fidelity Investments through its Institutional Wealth Service Group (“Fidelity”), and TD Ameritrade, Inc. (“TD Ameritrade”), and in some instances recommend another broker-dealer or custodian (together, the “Broker-Dealers”) to serve as the custodian and broker-dealer for separately managed accounts. The Broker-Dealer you select will assist us in servicing your accounts. We are independently owned and operated and not affiliated with any Broker-Dealer. Our use of the Broker-Dealers is, however, a beneficial business arrangement for us and for them. Information regarding the benefits of this relationship is described below.

In recommending the Broker-Dealers as custodian and as the securities brokerage firm responsible for executing transactions for your portfolios, we consider at a minimum their:

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

The determining factor in the recommendation of the Broker-Dealers to execute transactions for your accounts is not the lowest possible transaction cost, but whether the Broker-Dealers can provide what is in our view the best qualitative execution for your account.

The Broker-Dealers provides us with access to its institutional trading and custody services, which includes:

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

The Broker-Dealers do not charge separately for holding our clients' accounts, but are compensated by you through other transaction-related fees associated with the securities transactions it executes for your accounts.

The Broker-Dealers make available to us other products and services that benefit us and may benefit our clients generally, but may or may not benefit you directly. Some of these products and services assist us in managing and administering our client accounts, such as software and other technology that:

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

The Broker-Dealers also make available to us other services intended to help us manage and further develop our business. These services may include:



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

The Broker-Dealers sometimes make available or arrange for these types of services to be provided to us by independent third parties. The Broker-Dealers can discount or waive the fees they would otherwise charge for some of the services made available to us. They can also pay all or a part of the fees of a third party providing these services to us.

We receive economic benefits as a result of our relationship with the Broker-Dealers because we do not have to produce or purchase the products and services listed above. We have an incentive to recommend a Broker-Dealer based on our interest in receiving the research or other products and services. We also have a relationship with Schwab, as discussed more fully below under Client Referrals and Other Compensation, pursuant to which Schwab refers prospective clients to us. These benefits may create a conflict of interest. However, we believe that we act in your best interest to recommend broker-dealers that provide the combination of services and execution which best meet your needs.

Trades placed with each Broker-Dealer may be placed at different times and at different prices than other Broker-Dealers. Commissions and other fees for transactions executed through the Broker-Dealers may be higher than commissions and other fees available if you use another custodial or brokerage firm to execute transactions and maintain custody of your account. Fees for trades executed at broker-dealers other than your chosen custodian are in addition to the executing broker-dealer's fees. Thus, it will likely be more cost effective to execute your trades through your selected custodian. We nevertheless acknowledge our duty to seek best execution of trades for client accounts. We believe, however, that the overall level of services and support provided to our clients by the Broker-Dealers we recommend outweighs the benefit of possibly lower transactions costs which may be available under other brokerage arrangements.

Many of the services described above are used to benefit all or a substantial number of our accounts, including accounts not maintained through the Broker-Dealer who provided the service. We do not attempt to allocate these benefits to specific clients.

You may direct us in writing to use a particular broker-dealer to execute some or all of the transactions for your account. If you do so and it is not one of the above-mentioned Broker-Dealers, you are responsible for negotiating the terms and arrangements for the account with that broker-dealer. We may not be able to negotiate commissions, obtain volume discounts, or best execution. In addition, under these circumstances a difference in commission charges may exist between the commissions charged to clients who direct us to use a particular broker or dealer and other clients who do not direct us to use a particular broker or dealer.

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

Bunched trades are placed only when we reasonably believe that the combination of the transactions provides better prices for clients than had individual transactions been placed for clients. Transactions for nondiscretionary client accounts are not bunched with transactions for discretionary client accounts. Transactions for the accounts of our employees are included in bunched trades when they are trading the same security on the same day as our clients. They receive the same average price and pay the same commissions and other transaction costs, as clients. Transactions for the accounts of our employees will not be favored over transactions for client accounts.

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

It is our policy that you must not be disadvantaged if a trade made on your behalf contains an error (either wrong number of shares, wrong product or wrong account). Trade errors are corrected to reflect the original intent of the trade order without cost to you.

We engage in internal cross transactions when such a trade is in the best interest of both parties. We will not directly or indirectly receive commissions or transaction-based compensation from the trade; we receive no compensation other than our advisory fee. Pricing for such trades shall be based upon the independent current market price of the security. Documentation of each trade will be maintained by the

respective trading desk and reviewed on a quarterly basis by our Chief Compliance Officer or their designee.

## ***Review of Accounts***

The portfolio of recommended securities is generally reviewed in aggregate on an ongoing basis. Any perceived need for change based on any of these reviews is then considered for each client portfolio on an individual basis.

Each individual portfolio is reviewed no less frequently than quarterly, although the sequences and frequency of reviews may change depending upon your particular needs or objectives, or the nature of the portfolio. Changes in your circumstances or general market conditions, as well as other economic or political changes can trigger more frequent reviews.

We also periodically review reports provided to you by unaffiliated investment advisers that manage your accounts. We contact you at least annually, or more often as we agree upon, to:

- review your financial situation and objectives,
- communicate information to the unaffiliated adviser managing the account as warranted, and
- to assist you in understanding and evaluating the services provided.

## ***Client Referrals and Other Compensation***

As previously described, Arcus has entered agreements with one or more firms who pay Arcus a referral fee for referring clients. Generally speaking, these firms do not charge our clients a higher fee because they are paying Arcus a referral fee.

Arcus receives client referrals from Schwab through our participation in Schwab Advisor Network® (“the Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Arcus. Schwab does not supervise Arcus and has no responsibility for Arcus’ management of clients’ portfolios or our other advice or services. We pay fees to Schwab to receive client referrals through the Service.

Arcus pays Schwab a Participation Fee on all referred clients’ accounts that are maintained in custody at Schwab. The Participation Fee paid by us is a percentage of the fees the client owes to us or a percentage of the value of the assets in the client’s account, subject to a minimum Participation Fee. Arcus pays Schwab the Participation

Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to us quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by us and not by the client. We have agreed not to charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service.

We do not accept the referral of clients from Schwab who do not intend to custody their assets at Schwab, nor do we recommend the transfer of assets from Schwab. We generally would pay Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. Thus, if you are referred to us via the Service we have an incentive to recommend that your client accounts be held in custody at Schwab.

We may enter into solicitation agreements pursuant to which we compensate third-party intermediaries for client referrals that result in the provision of investment advisory services by Arcus. We will disclose these solicitation arrangements to affected investors, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to Arcus may receive compensation from Arcus, such as a retainer, a flat fee per referral and/or a percentage of introduced capital. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of any such fees will be borne entirely by Arcus and not by any affected client.

We also receive certain economic benefits as a result of our participation in Schwab's institutional program. Those benefits are described in detail in the preceding section entitled "Brokerage Practices."

## ***Custody***

We do not serve as the qualified custodian for your account. However, Arcus is deemed to have custody of clients' funds and securities because we have our advisory fees debited from client accounts with written client permission. You will receive statements from the custodian that holds your investment account on at least a quarterly basis. We urge you to carefully review these statements and compare them to the account statements that we may provide you. You should verify that the transactions in your account are consistent with your investment goals and the objectives for your account. We also encourage you to contact your advisory representative or our Chief Compliance Officer should you have any questions or concerns regarding your account.

Arcus is also deemed to have custody of clients' funds and securities because Arcus serves as the general partner of AAIF LP. Audited financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are delivered annually to all members of the fund within 120 days of our fund's fiscal year-end.

Finally, Arcus is deemed to have custody of clients' funds because certain clients have granted Arcus limited power in a Standing Letter of Authorization (SLOA) to disburse funds to one or more third parties as specifically designated by the client. Arcus conforms to the conditions set forth in the "Grossman No-Action Letter" dated February 21, 2017.

### ***Investment Discretion***

We offer our advisory services on a discretionary and non-discretionary basis. Discretionary means that we do not need advance approval from you to determine the type and amount of securities to be bought and sold for your accounts. Non-discretionary means that we must obtain advance approval of our recommendations from you prior to the purchase or sale of any securities for your accounts.

We do not, in either case, have the ability to choose the Broker-Dealer through which transactions will be executed in separately managed accounts without your prior approval. You may direct that such transactions be placed through brokers specified by you. Additionally, we do not have the ability to withdraw funds from separately managed accounts except when you provide written authorization for us to deduct our advisory fees directly from your account.

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

### ***Voting Client Securities***

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

Subject to the direction of certain ERISA clients, proxies on securities held in those accounts are voted by our internal managers. We have adopted policies and procedures designed to comply with our fiduciary obligations and to prevent conflicts of interest from influencing proxy voting decisions made on behalf of ERISA clients. Our proxy voting policies and procedures, including information for ERISA clients on how their securities were voted, are available upon written request to:

Arcus Capital Partners, LLC  
Attention: Chief Compliance Officer  
3060 Peachtree Road NW, Suite 1880  
Atlanta, GA 30305.

### ***Financial Information***

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you and we have not been the subject of a bankruptcy proceeding.