

**FIRM BROCHURE**  
(Part 2A of Form ADV)

**April 20, 2021**

**El Capitan Advisors, Inc.**  
CRD# 290340

1900 State Street, Suite J  
Santa Barbara, California 93101  
Phone: (833) 463-5227  
**[www.elcapitanadvisors.com](http://www.elcapitanadvisors.com)**

**Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of El Capitan Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at (833) 463-5227. 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.**

**El Capitan Advisors, Inc. is registered as an investment adviser with the State of California; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

**Additional information about El Capitan Advisors, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 1: COVER PAGE

Please refer to previous page.

## ITEM 2: MATERIAL CHANGES

El Capitan Advisors, Inc. (“El Cap” or the “Firm”) is a registered investment adviser with the State of California. Below is a summary of the updates that were made to this Form ADV Part 2A (“Disclosure Brochure”) for El Cap:

- Item 4 - El Cap no longer offers any Private Fund services.
- Item 5 – updated information relating to the Firm’s Cash Management Services.

Our clients are strongly encouraged to read this Brochure in its entirety and call us with any questions you may have. Pursuant to federal regulations, El Cap will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of El Cap’s fiscal year-end, along with an offer to receive the complete Brochure. Additionally, as the Firm experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover. For more information about the firm, please contact us at (833) 463-5227.

Additional information about El Cap and its investment adviser representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4: Advisory Business**

### **A. Description of Firm**

Founded in 2017, El Capitan Advisors, Inc. (“El Cap” or the “Firm”) is a California-based investment advisory firm that provides investment supervisory services on a discretionary basis to certain clients described in Item 7 herein (“Clients”). The investment instruments El Cap advises its clientele on include, but are not limited to, equity stocks, fixed income securities, bonds, exchange traded funds (“ETFs”), mutual funds, and cash equivalent instruments such as money markets. Please refer to Item 8 for additional information relating to the investment strategies pursued by El Cap and their associated risks.

### **B. Principal Owners**

Andrew Nash is the Manager and majority owner of the Firm, and as such, is the control person for El Capitan Advisors, Inc.

### **C. Types of Advisory Services Offered**

El Cap’s advisory services are designed to assist Clients in meeting their financial goals through the use of financial investments, cash management services, and encompass thorough financial analysis as part of our investment management services to Clients as further described below:

#### **1. Investment Management Services for Separately Managed Accounts**

El Cap believes a holistic financial analysis, done prior to the investment of a Client’s assets, is essential. Therefore, the first step in our investment management process is to evaluate the Client’s financial, business and investment information, along with their investment objectives and risk tolerance and make recommendations designed with the intention of achieving the Client’s overall goals and objectives. El Capitan focuses on three primary drivers when developing an initial investment plan for each client:

- Timeframe for when a Client’s assets will be spent;
- The Client’s tolerance for various levels of loss; and
- The Client’s likelihood of staying the course with the chosen investment plan, in both strong and weak market environments.

The foundation of the Firm’s investment philosophy is strategic asset allocation where we design a strategy, in collaboration with each Client, to implement a long-term investment plan. In most cases, we utilize index funds or ETFs to implement an asset allocation.

Investment recommendations are based on the Client’s overall financial situation at the time the recommendations are provided and are based on the information provided by the Client. In addition, certain assumptions may be made with respect to interest and inflation rates, use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. While future portfolio returns cannot be guaranteed, the goal is to set a course to achieve the greatest probability of financial success. For more information on the risks associated with investing, please refer to Item 8, below.

Once an investment plan has been determined, an El Cap representative will review the plan with the Client. Should a client decide to implement any recommendations contained in their investment plan, the client may, but is under no obligation to, utilize El Cap to implement such recommendations. Importantly, clients should be aware that a conflict exists between the Firm's interests and the interest of the client if the client implements the investment plan through El Cap. This is due to the fact that the Firm has an incentive to make certain recommendations in the investment plan or to advise a client to have us implement the plan. Clients are under no obligation to act upon El Cap's recommendations or to use us to implement the recommendations.

The Firm does not charge separate fees for its initial financial analysis services. Fees are assessed solely on the client's use of El Cap's investment management and cash management services, and are billed based on assets under management, as further described in Item 5 below.

Once the Client agrees to the plan and to having El Cap implement the investment recommendations, El Cap then will provide discretionary investment management to the Clients on a continuous basis and in accordance with the investment plan agreed upon.

Additionally, El Cap offers a cash management service to its Clients whereby the Firm is granted limited power-of-attorney with authority to manage cash balances involving the Client's account(s). El Cap is given the full power and discretion to hold cash assets in an interest-bearing deposit account at one or more non-affiliated bank(s), financial institutions, or other qualified Custodian(s) selected by the Firm. The Firm's cash management services are designed primarily for Clients who have excess cash that is not needed in the immediate term and are subject to certain limitations imposed by their qualified Custodian (bank and or credit union). The Firm offers a shorter-term service as described in the written agreement with the Firm. El Cap assesses a separate fee for Clients receiving its cash management services as described in Section 5 below.

Each Client enters into an investment advisory agreement with El Cap, which provides the Firm with a limited power of attorney to act on a discretionary basis with Client assets. The Firm's discretionary authority can be subject to conditions or restrictions imposed by a Client, such as when a Client restricts or prohibits transactions in a particular security. Please refer to Item 16 for additional information.

El Cap will not maintain possession or custody of the funds or securities of any Client receiving Investment Management Services; however, the Firm will have custody over Client assets receiving cash management services. Client funds will typically be deposited in either a brokerage firm or bank custodian account. With Client consent, El Cap will typically cause fees to be paid out of separately managed accounts by the Client's custodian.

Please refer to Item 5 below for detailed information on fees and compensation for these services.

## **D. Advisory Agreements**

### **1. Information Received by Individual Clients**

At the onset of the Client relationship, El Cap gathers information on each Client's investment objectives, risk tolerance, time horizons and financial goals. El Cap does not assume responsibility for the accuracy of the information provided by the Client and is not obligated to verify any information received from the Client or from any of the Client's other professionals (e.g., attorney, accountant, etc.). Under all circumstances, Clients are responsible for promptly notifying El Cap in writing of any material changes to the Client's objectives, risk tolerance, time horizon, and financial goals. In the event that a Client notifies El Cap of any changes, El Cap will review such changes and implement any necessary revisions to the Client's portfolio.

### **2. Client Agreements and Disclosures**

Each Client is required to enter into a written agreement with El Cap setting forth the terms and conditions under which the Firm shall render its services (the "Agreement"). In accordance with applicable laws and regulations, El Cap will provide its disclosure brochure (ADV Part 2A), brochure supplement (ADV Part 2B) and most recent Privacy Notice to each Client prior to or contemporaneously with the execution of the Agreement. The Agreement between El Cap and the Client will continue in effect until terminated by either party pursuant to the terms of the Agreement. The Client may terminate the agreement within five (5) business days after the agreement's effective date without penalty and shall be entitled to a full refund of any initial fees or payments made.

Neither El Cap nor the Client may assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of El Cap shall not be considered an assignment.

As further discussed in Item 15 below, Client's assets will be custodied with a qualified custodian. All custodial and execution fees assessed for Client's assets remain the sole responsibility of Client.

## **E. Participation in Wrap Programs**

El Cap does not participate in any wrap programs at this time.

## **F. Amount of Client Assets Managed**

As of April 19<sup>th</sup>, 2021, the following represents the amount of client assets under management by the Firm on a discretionary and non-discretionary basis. It should be noted the AUM balance is fluid and can change significantly based on liquidity needs of our clients:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$152,554,000
Non-Discretionary	\$0
<b>Total:</b>	<b>\$152,554,000</b>

## ITEM 5: FEES AND COMPENSATION

### **A. Compensation for Advisory Services to Clients**

The specific fees charged by El Cap for its investment management and cash management services will be set forth in the Client's Agreement. Fees are negotiable under certain circumstances at the sole discretion of El Cap. In addition, El Cap has full discretion to waive its advisory fees in their entirety. Although El Cap believes its advisory fees are competitive, Clients should be aware that lower fees for comparable services may be available from other sources.

The Firm provides investment management services to clients for a fee based upon a percentage of assets under management (including cash and cash equivalents) as of the close of business on the last business day of the preceding calendar quarter. For separately managed accounts, the Firm's portfolio management fees are calculated and assessed quarterly, in advance. The fee for separately managed investment accounts is 1% per annum.

Should El Cap's services be terminated mid-period, fees for the partial period will be assessed at the termination date and will be prorated based on the number of days services were provided during the period. Any fees that have been earned by Advisor but not yet paid by Client will be immediately due and payable. Any pre-paid, but unearned fees will be immediately refunded to the Client.

For separately managed investment accounts, investment management fees will be automatically deducted from the Client's account by the custodian as soon as practicable following the end of each applicable period. Should a Client open an account during a quarter, the Firm's management fee will be prorated based on the number of days the account was open during the quarter and billed at the end of the quarter.

Fees for cash management services are separate from and in addition to investment management fees and are based upon a percentage of assets under advisement as of the close of business on the last business day of the preceding calendar month. For cash management accounts, the Firm's fees are calculated and assessed monthly, in arrears. For cash management accounts, fees will be automatically deducted from the Client's account by the custodian as soon as practicable following the end of each applicable fee period. Additionally, some Clients may choose to receive an invoice directly to pay the fees from outside the cash management account. Should a Client open an account during a month, the Firm's fee for cash management services will be prorated based on the number of days the account was open during the period.

For cash management accounts, the Firm charges a flat fee of between \$250-\$500 per account per month, along with 10 bps annualized, calculated and charged monthly at a rate of .833 bps per month on assets under management. For interest bearing accounts, any excess interest above and beyond the cash management fees, will be credited to the client as interest earned.

For purposes of calculating assets under management for investment management and cash management billing purposes, El Cap will consider all accounts which constitute a “household” of the Client’s assets. Typically, a Client’s household consists of any spouse, parent, child, partner or sibling who resides at the same mailing address as the Client.

Advisory fees in separately managed accounts and cash management accounts are negotiable and arrangements with any particular Client may differ from those described above. In addition, for family and friends of the Firm, the Firm can, in its sole discretion, reduce or waive management fees in their entirety.

The Firm may amend its standard fee schedule at any time by giving thirty (30) days advanced written notice to Clients. Although El Cap believes its fees are competitive, Clients are hereby advised that lower fees for comparable services may be available from other sources.

**B. Additional Information Regarding El Capitan’s Fees**

The Agreement for separately managed accounts executed by Clients specifies that payment of El Cap’s management fees will be made by the qualified custodian directly from Client’s custodial account, unless otherwise specified in writing by the Client. Further, the qualified custodian agrees to deliver an account statement to the Client, at least quarterly, showing all disbursements, including El Cap’s advisory fees, deducted from the account. The Client is encouraged to review all account statements for accuracy. It is the Client’s responsibility (and not the custodian’s) to ensure the fee and its calculation in relation to the Client’s account is correct. Please note that the fees charged by investment company funds and the Client’s custodian are exclusive of, and in addition to, El Cap’s investment advisory fee. An agreement for a separately managed account may be cancelled at any time, by either party, for any reason, customarily upon receipt of 30 days written notice. The advance notice requirement for termination may vary by Agreement.

**C. Outside Compensation**

Neither El Cap, nor any of its supervised persons, engages in any outside business activity that would result in accepting compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

**ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Firm currently does not charge performance-based fees (i.e., fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client) to Clients. Consequently, the Firm does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management).



## ITEM 7: TYPES OF CLIENTS

### A. Description

El Cap provides discretionary investment supervisory, cash management, and management services on a continuous basis to individuals, high net worth individuals, charitable organizations, business owners, businesses, banks, credit unions, Private Equity, family offices, high net worth investors, Investment Funds, and institutional clients (“Client”).

The Firm generally requires a minimum initial investment of \$500,000 for a Client to open a separately managed or cash management account, which could be negotiable by the Firm in its sole discretion. However, the Firm reserves the right to accept or decline a potential Client for any reason in its sole discretion. Prior to engaging the Firm to provide any of the investment advisory services described in this Brochure, the Client will be required to enter into one or more written Agreements with the Firm setting forth the terms and conditions under which the Firm shall render its services.

There may be times when certain restrictions are placed by a Client, which prevents El Cap from accepting or continuing to manage the account. El Cap reserves the right to not accept and/or terminate management of a Client’s account if it feels that the Client imposed restrictions which would limit or prevent it from meeting and/or maintaining its overall investment strategy.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. Methods of Analysis

El Cap leverages software and other tools designed to comprehensively assess a Client’s probability of reaching various investment goals. Quantitative analysis, backed by Monte Carlo modeling,<sup>1</sup> enables the Firm to assist Clients with what we feel are the most important investment decisions: asset allocation and asset location. The underlying goal is to deliver the greatest return per unit of accepted risk, as cost-effectively and tax efficiently as possible.

### B. Investment Strategies

El Cap will recommend a bespoke investment strategy for each Client. A Client’s asset allocation plan will reflect their unique time horizon, risk tolerance, spending needs in proportion to asset size, tax sensitivity, outside taxable gains and losses, and multi-generational considerations.

Once an overall target allocation is set, El Cap will utilize a broadly diversified mix of index funds and ETFs to populate each entity, whether they be high tax-sensitive trust accounts, tax deferred retirement accounts, or specialized estate planning structures.

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<sup>1</sup> Monte Carlo simulations, or probability simulations, are used to model the probability of different outcomes in a process that cannot easily be predicted due to the intervention of random variables. As this is a forecasting model, assumptions must be made, and results represent probabilities - not certainty. There are no guarantees that the Client will experience outcomes forecasted in a given simulation.

El Cap will work with clients to adhere to their long-term strategy by avoiding temptations to "market time" their investment decisions. Day-to-day changes in the financial markets should not overly influence a long-term strategy, and often leads to ill-timed buying and selling decisions. Such approaches often lead to inferior investment returns. However, as a client's specific circumstances change, their asset allocation may change to reflect evolving investment needs.

### **C. Risk of Loss**

Investing in securities involves a significant risk of loss which Clients should be prepared to bear. El Capitan investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the Client's account. There can be no assurance that the Client's investment objectives will be obtained and no inference to the contrary should be made.

Past performance is not indicative of future results. Therefore, Clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities.

There is no assurance that a mutual fund or ETF will achieve its investment objective. Past performance of investments is no guarantee of future results.

There are certain additional risks associated with the securities recommended and strategies utilized by El Cap including, among others:

- **Market Risk** – Either the stock 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 also referred to as systemic risk.

- Sector risk – The chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- Non-diversification risk – The risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- Equity (stock) Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Fixed Income Risk – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend 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.
- Global Market Exposure. The Firm may invest on a global basis in both developed and emerging markets. In doing so, Client assets are subject to: (i) currency exchange-rate risk; (ii) the possible imposition of withholding, income or excise taxes; (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and little or potentially biased government supervision and regulation; and (iv) economic and political risks, including expropriation, currency exchange control and potential restrictions on non-U.S. investment and repatriation of capital.
- Interest rate risk – The chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- Reinvestment Risk – The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments may be invested at lower rates; during periods of rising rates, bond payments may be invested at higher rates.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Opportunity Cost Risk – The risk that an investor may forego profits or returns from other investments.
- Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues - Our business activities could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as COVID-19,

Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome (SARS), and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, COVID-19 has spread (and is currently spreading) rapidly around the world since its initial emergence in China in December 2019 and has severely negatively affected (and may continue to materially adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of COVID-19 and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers such as El Cap are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's or prospective Client's evaluation of El Cap or the integrity of its management. El Cap does not have any such legal or disciplinary events and therefore has nothing to disclose with respect to this Item.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither El Cap nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Principal Andrew Nash is currently in contract to acquire an existing Broker Dealer license out of Ohio; however, Mr. Nash is in the process of finalizing the capital required to close and fund the operations of the Broker Dealer. Mr. Nash will be an investor into the Broker Dealer entity but will not have any operational duties or responsibilities. Likewise, El Cap nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Moreover, El Cap does not have any relationship or arrangement that is material to its advisory business or to its Clients. El Cap does not recommend or select other investment advisers for Clients in exchange for compensation from those advisers.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Description of Code of Ethics**

El Cap is a fiduciary who owes its Clients undivided loyalty. This fiduciary obligation imposes upon El Cap and its associated persons a duty to deal fairly and to act in the best interest of its Clients. In addition, this obligation imposes upon El Cap and its associated persons numerous responsibilities, including the duty to render disinterested and impartial advice; to make suitable recommendations within the context of the total portfolio to Clients in light of their needs, financial circumstances and investment objectives; to exercise a high degree of care to ensure that adequate and accurate representations of its business and other information about securities are presented to Clients; and to not engage in fraudulent, deceptive or manipulative practices.

To this end, El Cap has adopted a Code of Ethics (“Code”) which establishes standards of conduct for the firm’s supervised persons and includes general requirements that such supervised persons comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of Client information.

Because El Cap’s investment professionals and associated persons may transact in the same securities for personal accounts as they may buy or sell for Client accounts, it is important to mitigate potential conflicts of interest. As such, El Cap has adopted personal securities transaction policies in its Code, which all of El Cap’s associated persons must follow.

Specifically, the Code requires personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to personnel annually. El Cap will provide a copy of its Code of Ethics to any Client or prospective Client upon request. Please contact Andrew Nash of El Capitan Advisors at (415) 971-2250.

### **B. Participation or Interest in Client Transaction**

It is El Cap’s policy not to enter into any principal transactions or agency cross transactions on behalf of Client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory Client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction.

El Cap or individuals associated with El Cap may buy or sell for their personal account(s) securities or investment products identical to those recommended to or already owned by Clients. Alternatively, El Cap may cause Clients to buy a security in which El Cap or such individuals have an ownership position. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the Client. Nevertheless, such practices present potential conflicts of interest. To mitigate these conflicts, El Cap has adopted a Code of Ethics, which outlines the procedures regarding personal trading that must be followed (see details

below). El Cap and its supervised persons are required to adhere to El Cap's Code of Ethics at all times.

### **C. Personal Trading**

On occasion employees of El Cap may buy for their own accounts securities which El Cap also recommends to or invests in for Clients. It is possible that officers or employees of El Cap may buy or sell securities or other instruments that El Cap has recommended to, or invested in for Clients and may engage in transactions for their own account in a manner that is inconsistent with El Cap's recommendations to, or invests in for a Client. Personal securities transactions by employees may raise potential conflicts of interest when such person's trade in a security that is owned by, or considered for purchase or sale for, a Client.

In order to mitigate this conflict of interest and to comply with all applicable laws and regulations, El Cap's Code of Ethics sets forth the professional and fiduciary standards that all associated persons must follow. The Firm's intention is to protect Client interests at all times and to demonstrate El Cap's commitment to its fiduciary duties of honesty, good faith and fair dealing with Clients. All associated persons are expected to adhere strictly to the policy and are required to follow specific procedures regarding personal trading, including:

- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- Conduct all personal securities transactions in a manner consistent with the adopted policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; and
- Comply with applicable provisions of the federal securities laws.

El Cap and its Associated Persons may also buy or sell specific securities for their own accounts based on personal investment considerations, which El Cap does not deem appropriate to buy or sell for Clients.

### **D. Trading at the Same Time as Clients**

As mentioned above there may be times when an employee buys or sells the same securities that are invested in by Clients, which can create a conflict of interest. El Cap's Code of Ethics contains a "blackout" provision that prohibits employees deemed as "access persons" (as that term is defined in the Code) from trading in the same security as Clients (with the exception of open end mutual funds and US Treasuries) with three (3) business days before and one (1) business day after any client transaction in the same security, unless such access person's transaction is included in an aggregated block trade with Clients and receiving the same price.

## ITEM 12: BROKERAGE PRACTICES

When the Firm places orders for the execution of portfolio transactions for Client accounts, those transactions are allocated to brokers and dealers for execution in various markets at prices and commission rates that based upon a good faith judgment that they will be in the best interest of the Client. In addition to using brokers as “agents” and paying commissions, the Firm may affect transactions in securities directly from or to dealers acting as principal at prices that include markups or markdowns and may purchase from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

The following discussion summarizes the material aspects of the Firm’s practices for the selection of broker-dealers to execute Client transactions.

### A. Selection Criteria

All separately managed account clients are required to establish custodial accounts with a qualified custodian of record. El Cap will only implement its investment management recommendations after the Client has arranged for and furnished the Firm with all information and authorization regarding accounts with appropriate financial institutions to act as custodian.

In addition, in most cases, a Client’s broker-dealer also may act as the custodian of the Client’s assets for little or no extra cost. Clients should thoroughly consider, however, the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, Client reporting and technology.

For separately managed accounts, El Cap usually recommends the broker-dealer and custody services of Cowen & Company, to its Clients.

Factors which El Cap considers in selecting broker-dealers include their respective financial strength, reputation, execution, pricing, research, and services provided. The commissions and/or transaction fees charged by particular brokers selected by El Cap may be higher or lower than those charged by other broker-dealers.

Other factors El Cap may consider when evaluating its choice of broker dealer include:

- Ability to trade mutual funds and other investments that El Cap determines suitable for a Client's portfolio;
- Ability to transact in and custody privately held securities;
- Any custodial relationship between the Client and the broker-dealer;
- Excellent customer service;
- Interaction simplicity with the Adviser;
- Discount transaction rates; and
- Reliability and financial stability.

For those Clients who request their transactions be placed with a specific broker-dealer (“Directed Brokerage”), Clients should be aware that the Firm may not be able to negotiate specific brokerage commission rates with the broker on the Client’s behalf or seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case and that the Firm will have limited ability to ensure the broker-dealer selected by the client will provide best possible execution.

## **B. Best Execution**

El Cap will generally seek “best execution” in light of the circumstances involved in transactions. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among others, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. El Cap will not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction. Consistent with the foregoing, while El Cap will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for Client transactions.

To ensure that brokerage firms selected by El Cap are conducting overall best qualitative execution, El Cap will periodically (and no less often than annually) evaluate the trading process and brokers utilized. This evaluation will include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

### **1. Research and Other Soft Dollar Benefits**

El Cap maintains relationships with and recommends the services of various qualified third-party broker-dealer custodians. While El Cap does not enter into formal “soft dollar arrangements” with those broker/custodians whom we recommend to clients, El Cap may receive certain benefits. As further described below, such benefits may include research reports, services and seminars, computer software and other products and services to assist the Firm in research and other facets of its day-to-day activities. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.” The Firm’s receipt of soft dollar services and products benefit El Cap since client brokerage fees are used to obtain such benefits and the Firm does not have to produce or pay for the research, products or services. Consequently, El Cap may have an incentive to select or recommend a broker-dealer based on these benefits rather than in the clients’ interest in receiving most favorable execution. These practices may also cause clients to pay fees that are higher than those that another qualified broker-dealer might charge to affect the same or similar transaction.

To help mitigate the conflicts of interest created by El Cap’s receipt of soft dollar benefits and to help ensure that broker-dealer custodians recommended by the Firm are conducting overall best qualitative execution, El Cap will periodically evaluate its trading process and brokers utilized. El Cap will review the brokerage firm’s services, their value added to the Firm’s investment process along with the broker’s ability to affect trades in a fair and timely manner at competitive commission



rates. At that time brokerage firms not currently utilized will be considered for inclusion if the CEO of El Cap deems that such brokerage firms will significantly improve the Firm's overall management of client accounts.

## **2. Directed Brokerage**

Some clients may direct El Cap in writing to use a particular broker-dealer to execute some or all transactions for the Client. In that case, the Client will negotiate terms and arrangements for the account with that broker-dealer, and El Cap will not seek better execution services or prices from other broker-dealers or be able to "batch" Client transactions for execution through other broker-dealers with orders for other accounts managed by the Firm. As a result, the Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, El Cap may decline a Client's request to direct brokerage if, in El Cap's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

## **C. Trade Aggregation and Allocation**

Transactions for each client will be effected independently unless El Cap decides to purchase or sell the same securities for several clients at approximately the same time. El Capitan performs investment management services for various clients, some of which have similar investment objectives. El Cap will aggregate sale and purchase orders with other client accounts and proprietary accounts (including employees) that are looking to trade in the same security at the same time, if in El Cap's judgment such aggregation is reasonably likely to result in an overall economic benefit to the affected accounts. Such benefits can usually include better transaction prices and lower trade execution costs. El Cap may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among El Cap's clients (including proprietary accounts) differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. If all aggregate orders do not fill at the same price, transactions will generally be averaged as to price and allocated among participating accounts pro rata to the purchase and sale orders placed for each participating account on any given day. If such orders cannot be fully executed under prevailing market conditions, El Cap may allocate the securities traded among participating accounts and each similar order in a manner which it considers equitable, taking into consideration, among other things, the size of the orders placed, the relative cash positions of each account, the investment objectives of the accounts, and liquidity of the security.

## **D. Brokerage for Client Referrals**

In selecting or recommending broker dealers, El Cap can receive from time to time, client referrals from a broker dealer, which creates a potential conflict of interest. This is because El Cap has an incentive to select or recommend a broker dealer based on its interest in receiving client referrals rather than on the Client's interest in receiving most favorable execution. To mitigate this potential conflict, El Cap reviews and monitors execution and services provided to all Clients to help ensure that the Client's accounts are managed as effectively as possible and are receiving best execution.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Periodic Reviews**

Accounts are monitored on an ongoing basis, which includes detailed periodic reviews. The frequency of reviews is at the discretion of El Cap, but accounts are typically reviewed not less than annually. Accounts are reviewed for performance, consistency with the investment strategy and Client objectives, and other account parameters in order to determine if any adjustments need to be made. Reviews are performed by Andrew Nash, the Firm's Investment Advisor Representative.

### **B. Other Reviews and Triggering Events**

In addition to the periodic reviews described above, reviews may be triggered by changes in a Client's personal, tax or financial status. Account/portfolio holdings also are reviewed when changing market conditions warrant such review. Clients are encouraged to notify the Firm and its advisory representatives of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

### **C. Regular Reports**

Written account statements are generated no less than quarterly and are sent to each Client directly from the account custodian. These statements list the account positions, activity in the account over the covered period, and other related information, including any fees deducted from the account. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

In addition, clients may receive other supporting reports from mutual funds, trust companies, broker-dealers or insurance companies based on their involvement with the account and their applicable internal reporting requirements.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Economic Benefits Received**

As discussed under Item 12, El Cap has the authority to enter into "soft dollar" arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist El Cap in its investment decision-making process. The receipt of such services may be deemed to be the receipt of an economic benefit by El Cap, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a Client's interest in receiving most favorable execution.

### **B. Compensation for Client Referrals**

#### **1. Incoming Referrals**

El Cap has referral arrangements in place whereby the Firm compensates referring parties for client or investor referrals. While the specific terms of each agreement may differ, generally, the compensation will be based upon a varying percentage of the fees paid to the Firm by such referred clients. Any such fee shall be paid solely from the Firm's investment management fee

and shall not result in any additional charge to the Client. Currently, El Cap has one such agreements with Federally Insured Credit Unions, exempt from registration as Investment Advisers. Pursuant to California Code of Regulation, Section 260.236(c)(2) and Section 260.236.1, any compensated person and/or firm must be properly registered as a Solicitor, unless otherwise exempt from registration.

## **2. Referring Clients to Third Parties**

From time to time, the Firm will refer a Client to unaffiliated, third-party advisors (“TPA”). Should the Client engage such advisors, El Cap will be compensated for its services by receipt of a fee to be paid directly by the third-party adviser to El Cap. Such fee is generally a portion of the investment management fee charged by the designated adviser, which is typically based upon a percentage of the market value of the assets being managed by the designated adviser. Any such fee shall be paid solely from the adviser’s investment management fee and shall not result in any additional charge to the Client.

Prior to making an investment with a TPA, each Client will be furnished with a disclosure brochure for that TPA. Because El Cap and/or its advisory representatives receive compensation from these TPAs for referring Clients and because such compensation may differ depending on the individual agreement with each TPA, a conflict of interest exists in that El Cap and/or its advisory representatives have an incentive to recommend certain TPAs over others with less favorable compensation arrangements. As part of our fiduciary duty to Clients, the Firm and our representative’s endeavor at all times to put the interests of the Clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the Client. To further mitigate this conflict, the Firm discloses its existence to Clients at the time of solicitation, mainly through the delivery of this Brochure and the solicitation disclosure document. Client should be aware however that El Cap will not provide ongoing reviews of the TPAs selected by the Client.

## **ITEM 15: CUSTODY**

Under federal regulations, El Cap is deemed to have “constructive custody” of Client funds or securities by reason of the fact that El Cap has authority to debit its fees directly from the Client’s account. Such authority is provided by each Client via the investment advisory agreement entered into with El Cap. Custody of account assets will be maintained with an independent qualified custodian.

Clients in separately managed accounts will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to any account reports provided by El Cap. El Cap reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Item 12 for additional important disclosure information relating to El Cap’s practices and relationships with custodians.

Under federal regulations, advisers with custody are required to undergo an independent verification of the assets for which the adviser has custody through an annual surprise examination by an independent certified public accountant. Advisers, such as El Cap, which are deemed to have custody solely as a consequence of the authority to debit fees directly from Client accounts are not required to obtain an independent verification of those Client funds and securities maintained by a qualified custodian so long as certain steps are followed. This includes providing each Client with an invoice or similar statement that includes the adviser's fee and information on how it was calculated. Clients should understand that it is their responsibility to ensure that the fee calculation is correct, and not the custodian.

Pursuant to State of California regulations, El Cap is deemed to have custody of the assets receiving cash management services. In accordance with California Code of Regulations Section 260.237, the Firm will obtain an annual "surprise independent verification by an independent certified public accountant relating to the assets over which it has custody.

## **ITEM 16: INVESTMENT DISCRETION**

### **A. Discretionary Authority; Limitations**

For Clients' accounts, El Cap has full investment discretion to determine: (1) which securities are to be bought or sold; (2) the amount of securities to be bought or sold; (3) when transactions are made; (4) which broker-dealer to utilize for trade execution; and (5) the amount of commissions to be paid to the broker-dealer for a client's securities transactions. This means that El Cap does not have to obtain prior consent from the Client when investing Client assets. However, such discretion is to be exercised in a manner consistent with each Client's stated investment objectives, risk tolerance, and time horizon. In addition, El Cap's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. In some instances, El Cap's discretionary authority may be limited by conditions imposed by Clients on El Cap's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to El Cap in writing.

### **B. Limited Power of Attorney**

By signing El Cap's Agreement, Clients authorize El Cap to exercise this full discretionary authority with respect to all investment transactions involving the Client's investment management account. Pursuant to such Agreement, El Cap is designated as the Client's attorney-in-fact with discretionary authority to effect investment transactions in the Client's account which authorizes El Cap to give instructions to third parties in furtherance of such authority.

## **ITEM 17: VOTING CLIENT SECURITIES**

El Cap's policy and practice is to not vote proxies on behalf of its Clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a Client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Consequently, the Client retains the responsibility for receiving and voting all proxies for securities held within the Client's account. El Cap shall not be

deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a Client.

El Cap does not advise or act for Clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in Clients' accounts.

## **ITEM 18: FINANCIAL INFORMATION**

El Cap does not require or solicit prepayment of more than \$500 in fees per Client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. El Cap does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to Clients and has not been the subject of a bankruptcy proceeding.

In May 12, 2020, considering the COVID-19 pandemic, El Cap received a loan in the amount of \$134,228, which was administered by the Small Business Administration under the Paycheck Protection Program ("PPP Loan"). The PPP Loan is being used to pay employee salaries and other qualifying expenses. The receipt of the PPP Loan is allowing El Cap to continue to retain all our dedicated staff through this unprecedented time and not have immediate layoffs to cut expenses. El Cap continues to be able to meet the contractual obligations it has to its clients and does not see that changing in the foreseeable future. El Cap will, however, update this Form ADV Part 2A and promptly notify clients if such a change does occur.

## **ITEM 19: REQUIREMENTS FOR STATE REGISTERED ADVISERS**

### **A. Principal Executive Officers and Management Persons**

Please refer to the Firm's supplemental brochure (Form ADV Part 2B) for information concerning the formal education and business background for each of the Firm's IARs.

### **B. Other Business Activities**

El Cap is not actively involved in any business activity outside of giving investment advice. The Firm's IARs do not have outside business activities.

### **C. Performance-Based Fees**

As noted in response to Item 6 above, the Firm does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). The Firm provides advisory services for fees based on a percentage of assets under management, depending on the specific type of services to be provided. Please refer to Item 5 for additional information about the Firm's fees and compensation.

### **D. Disclosure Information**

In addition to the events listed in Item 9 above, state-registered investment advisers such as the Firm are required to disclose all material facts regarding civil actions and arbitration awards in excess of \$2,500 involving certain investment-related activities involving the firm or any of its management persons. Neither El Cap nor any of its management persons have any such arbitration disclosures.

**E. Relationships or Arrangements with Issuers**

Neither El Cap nor any of its management persons have any relationships or arrangements with any issuer of securities.

**F. Disclosure of Material Conflicts of Interest**

Material conflicts of interest relating to El Cap, its representatives and employees, which would be reasonably expected to impair the rendering of unbiased and objective advice, have been disclosed herein pursuant to CCR Section 260.238.