



## **Part 2A Appendix 1 Wrap Fee Brochure**

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This brochure provides information that you should consider before becoming a client of the Unified Management Account (UMA) program. Please contact Brenden Gebben, Managing Director, at 888- 388-8303 if you have any questions about the contents of this brochure. The information in this brochure has not been approved or verified by the United States Securities and Exchange commission or by any State securities authority.

Additional information about Absolute Capital Management, LLC is available on the Internet at [http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx). You can search this site by a unique identifying number, known as a CRD number. The CRD for Absolute Capital Management, LLC is 121484.

## **Item 2 - Material Changes**

Absolute Capital Management, LLC has updated Appendix 1 of Form ADV 2A Wrap Fee Brochure. There have been no material changes made to this Appendix since the annual amendment on March 29, 2022.

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## **Item 4 – Services, Fees, and Compensation**

### **Services**

Absolute Capital Management, LLC (“Absolute Capital” or “Firm”), a Pennsylvania limited liability company, was founded in 2002 and is primarily owned by Brenden Gebben. Absolute Capital provides investment management and account supervisory services primarily to individual investors on a fee-only basis. Absolute Capital also serves as adviser to the Absolute Capital Asset Allocator Fund and the Absolute Capital Defender Fund (collectively referred to as the “Fund(s)”). This Brochure provides a description of the advisory services offered to clients that invest in wrap fee programs sponsored by Absolute Capital that provides the client with an opportunity to access investment strategies of third-party money managers utilizing a Unified Management Account (UMA) program. Absolute Capital is the sponsor of the program with the money managers serving as model providers.

Absolute Capital offers wrap fee programs (the “Programs”) that allocate and reposition your account assets over time based on your specific investment mandate, and these are managed on a discretionary basis. As a discretionary account, Absolute Capital is not required to contact clients prior to each transaction. Absolute Capital selects third-party money managers as options within the Programs (“Model Providers”). Model Providers selected by the client grants the money manager discretionary authority to buy and sell securities for the client account. These Programs are customized for each client based on factors such as those listed above. The Programs available are the Absolute Capital Workplace Investment Navigator and the Absolute Capital Navigator.

Once you make your Program selection, you will enter into an Investment Management Agreement (“Agreement”) with Absolute Capital. This Agreement will tell us which Program(s) you are selecting and provide us or the Model Provider(s) with discretionary authority to invest your account consistent with the investment options you have selected and to continue to make reallocations according to the investment mandate. Clients can impose restrictions on investing in certain securities, or groups of securities, by indicating this in the written advisory agreement with Absolute Capital. The custodian holding your assets will determine your authority to arrange to hold non-managed securities in your account.

Clients that are introduced to Absolute Capital by Cambridge Investment Research Advisors, Inc work directly with Absolute Capital through a risk tolerance questionnaire to identify suitable investment options based on your investment objectives and risk tolerance. Clients should contact Absolute Capital directly should your financial situation change or if you have any questions.

The Programs offered are for workplace retirement and non-retirement accounts. Portfolio management services are provided to the client on a discretionary basis for a fee utilizing Absolute Capital mutual funds, Absolute Capital models and/or third-party investment manager's separately managed account strategies that can be integrated in a unified managed account. As such, securities held in these Programs will generally include a combination of one or more security types; mutual funds, ETFs, ETNs, bonds, and equities. Some positions reflected in models are not available at all custodians or may, at Advisor discretion, not be purchased, or may be substituted, due to position restrictions, trading costs or other factors. Actual performance may vary from the stated model return.

## **Fees**

Clients pay Absolute Capital a fee for advisory services and execution of transactions or clients will indirectly pay fees through the Absolute Capital mutual funds held within their account as outlined below or an asset-based fee dependent on the value of all assets in the account, including cash holdings. By participating in a wrap fee program, clients may end up paying more or less than through a non-wrap fee program. Accounts with low trading volumes, high cash balances, or significant fixed income weightings are some examples of where a client may be able to receive similar services for a lower cost outside of a wrap fee program. The advisory fee for the wrap fee program is negotiable between the client and Absolute Capital and is set out in the advisory agreement. The maximum annual advisory fee to be charged to the client's account(s) will not exceed 2.00%, subject to a minimum annual fee, based upon the amount of assets under management. This fee can be higher than the fee charged by other investment advisors for similar services. Absolute Capital does not charge performance-based fees for Program accounts.

### **Absolute Capital Asset Allocator Fund and Absolute Capital Defender Fund**

Absolute Capital has sponsored the creation of and serves as adviser to the Absolute Capital Asset Allocator Fund and Absolute Capital Defender Fund. Absolute Capital is responsible for selecting each Fund's investments according to that Fund's investment objectives, policies and restrictions as outlined in the Funds' prospectus.

If Absolute Capital utilizes their mutual funds in a wrap fee program, client assets will be invested in the Investor share class. The Investor share class has a 1.0% management fee and a 1.0% 12b-1 fee which is a higher expense share class than the Funds' A share class. Client assets invested in Absolute Capital mutual funds, result in an indirect benefit to Absolute Capital. These 12b-1 fees are used for payments of 12b-1 eligible mutual fund expenses that would otherwise be paid by Absolute Capital. Please refer to the prospectus for additional information regarding the expenses associated with the Asset Allocator and the Defender Funds.

## **Other Fees**

There is a minimum annual Program Fee charged per Account for participation in the Program. Other costs that may be assessed to Clients and that are not part of the Program Fee include but are not limited to brokers' commissions, mutual fund fees and expenses, ETF fees and expenses, fees for portfolio transactions executed away from broker, dealer mark-ups, electronic fund and wire transfers, maintenance fees, termination fees, spreads paid to market-makers, exchange fees, early redemption fees, short term trading ticket charges, trading ticket charges or minimum fees and other fees and charges customary to securities brokerage accounts and/or other custodial fees. Client understands that Account assets invested in shares of mutual funds, ETFs or other investment companies or securities ("funds") will be included in calculating the value of the Account for the purposes of computing the Client fees and the same assets will also be subject to separate and additional fees and internal expenses, as set forth in the prospectuses of those funds and ETFs, which may be paid by the fund, but ultimately borne by the investor. Please see the prospectus or related disclosure document for information regarding these fees. You may be charged transaction or ticket fees by the custodian on certain security transactions such as early redemption, short-term trading fees or ticket charges by the custodian or ticket charges and fees / expenses which may be assessed by a self-regulatory organization, securities exchange, and/or government agency. These fees are in addition to fees that clients incur by participating in the wrap fee program.

Other fees and expenses can include additional charges for particular types of trades, such as options trading; wire and electronic fund transfer fees; overnight carrier fees; expenses for the transfer of taxes, margin account balances, odd-lot differentials, early settlement fees (i.e., fees that may be charged when clients exit investment positions or withdraw cash), and custodial expenses on certain types of investments and services (e.g., spreads, clearing costs, reporting fees, processing fees, or revenue sharing fees).

Clients could make investments in mutual funds, ETFs, equities, etc. directly, without our services which in some cases could be less expensive for the client. In this case, the client would not receive the services provided by Absolute Capital. Accordingly, the client should review the fees charged by the investments held in the account and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. Clients may end up paying more or less than through a non-wrap fee program or advisory services offered by another Firm.

Absolute Capital makes certain supplemental distribution payments from its own resources, to compensate financial representatives (including broker-dealers, selling and servicing agents and promoters and promoter agents) and other service providers that provide distribution services and / or shareholder servicing to the Fund(s). These amounts can be fixed dollar amounts, a percentage of sales or a percentage based upon the daily average value and upfront or an ongoing payment or both.

## **Item 5 – Account Requirements and Types of Clients**

The Programs are offered to individual workplace retirement or non-retirement accounts. Absolute Capital typically requires a minimum account size of \$30,000 to participate in a Program. Specific information about account minimums is presented with the account opening documentation. Absolute Capital may at their discretion and if they have the authority on an account to do so, set future contributions to go to specific position(s) / accounts as well as to move money from an unmanaged core account holding to an associated managed brokerage account.

Where authorized, Absolute Capital may at their discretion direct future plan contributions to specific investments, money market funds, or to an associated managed brokerage account and also move funds from an unmanaged core account to an associated managed brokerage account.

## **Item 6 – Portfolio Manager Selection and Evaluation**

Absolute Capital selects investment options, including utilizing a manager's strategy ("Model Provider") for the Programs which the client selects from. Absolute Capital or its delegate(s) conducts initial and ongoing research and due diligence on these Model Providers and investment options. Absolute Capital can outsource the due diligence reviews of the Model Providers to its delegate(s) that specializes in such reviews. Absolute Capital relies on these outside parties when offering models that are available for client selection in the Program(s). A Model Provider may, within their model, choose a security(ies) that are not available at a particular custodian.

## **Item 7 – Client Information Provided to Portfolio Managers**

In most cases clients are introduced to our services through your financial representative who will work with you to provide continuous investment advice and to determine which of our Programs are most appropriate given your financial situation, investment objectives, risk tolerance and the investment

alternatives available to you. Clients have a direct relationship with their custodian and also an investment advisory agreement with Absolute Capital that identifies the selected Program(s). Clients and their financial representatives are responsible for the ongoing monitoring of the selected Program(s) and update the selection(s) as applicable. The client can also contact Absolute Capital to review their risk tolerance and the selected models as well as to review their account.

Absolute Capital does not provide financial planning, legal or tax advice. It is recommended that clients discuss their personal situation with a tax or legal advisor.

## **Item 8 – Client Contact with Portfolio Managers**

Absolute Capital provides account information and customer service for clients who participate in the Programs, which they should review. Clients typically do not have access to or contact with individual portfolio managers.

## **Item 9 – Additional Information Disciplinary Information**

Absolute Capital does not have any recent reportable financial or other disciplinary items to report.

Absolute Capital is required to disclose any reportable disciplinary event that would be material to clients when opening an account or promptly upon discovery of such an event/item.

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

Absolute Capital sponsored the creation of the Absolute Capital Asset Allocator Fund and Absolute Capital Defender Fund in 2015. Both Funds are a series of the Northern Lights Fund Trust III. Absolute Capital serves as adviser to both Funds and can include the Funds' shares as part of their allocations to firm clients. If a client holds shares of the Fund(s) within an account where an investment advisory fee is being charged by Adviser, that fee will be reduced by a proportionate amount equal to the compensation (management fee) payable from the Fund(s) to Adviser. If no investment advisory fee is being charged to Client by Adviser, then the amount of the mutual fund management fee will not be used to offset / reduce Adviser's investment advisory fee because in this instance such a fee is not being collected.

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

Absolute Capital has adopted a written Code of Ethics that, among other things, requires Absolute Capital and its Access Persons to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and/or report on certain types of personal securities transactions.

Absolute Capital and its Access Persons are permitted to purchase securities for their personal accounts that they also recommend to firm clients, however, employees will not take into consideration their own financial situation when providing investment advice to clients. Absolute Capital will from time to time invest or recommend that client assets be invested in the mutual funds that it manages. Absolute Capital does not restrict trading in the mutual funds by its Access Persons; therefore, there is a possibility that Access Persons might benefit from market activity by a client in a security held by an Access Person.

Access Persons trading is monitored under the Code of Ethics on a quarterly basis to reasonably prevent conflicts of interest between Adviser and its clients. Absolute Capital's policies on personal securities trading also apply to such persons' family members living in the same household. A copy of Absolute Capital's Code of Ethics is available upon request.

## **Review of Accounts**

In accordance with Absolute Capital's risk tolerance guidelines, when an account is being established, the account risk profiles are reviewed to evaluate if the account is in an acceptable tolerance range.

You will receive account statements directly from your custodian on at least a quarterly basis. You should carefully review these statements and inform us immediately if you do not receive such statements at least quarterly, or if they do not contain the amount of assets and positions at the beginning and end of the period, as well as details of all transactions and activity during the period.

## **Client Referrals and Other Compensation**

Absolute Capital has agreements in place to pay a portion of its management fee to Promoters broker/dealers, registered investment advisers or other qualified entities) and their representatives ("Solicitor's Agent") for referring clients to us ("endorsement").

Absolute Capital has entered into Promoter arrangements in which a portion of the advisory fee is paid to the Promoter for each Promoter's Agent/Investment Adviser Representative that refers an advisory client to Absolute Capital. The Promoter receives a portion of Absolute Capital's fee as outlined in the corresponding agreement. Referred clients will not pay additional fees because of this referral arrangement or Promoter Agent Agreement.

Unless specified elsewhere, the Promoter's Agent also serves as your financial representative. As such, you and your financial representative will select the Program(s) and/or investment products to invest in (such as mutual funds, variable insurance products, retirement accounts or ETFs). As part of your overall financial plan, we will rely on you and your financial representative to determine your Program selections. You can also call Absolute Capital Management.

Absolute Capital will manage your portfolio using the products and Program(s) selected by you. Absolute Capital will rely on you or your financial representative to contact us with any changes in investment objectives although you can always contact Absolute Capital with any questions that you have or to review your financial situation. A new Promoter's Agent could be assigned to your account should the original Promoter's Agent leave the business, leave the employment of the Promoter, sell all or part of their book of business, have the account reassigned to someone else by their home office, or otherwise not be able to act in the Promoter's Agent role for you. In circumstances where a Promoter Agent is no longer assigned to the account and the Promoter has not named a replacement Promoter's Agent, then Absolute Capital will be the assigned adviser on your account. You will be notified of this change and annually thereafter. This assignment does not result in any change to the fees charged on your account(s), including for the services that were previously provided by the Promoter's Agent. We reserve the right in any of the above circumstances to terminate this arrangement with any Promoter's Agent.

We also provide marketing and educational support to assist Promoters and Promoter's Agents. This support includes payments such as those for continuing education, conference or meeting attendance or reimbursement for the costs of sales promotional activities or meetings.

In addition to the fees described above, certain firms receive additional compensation from Absolute Capital through revenue sharing arrangements. Any payments made to a Promoter or Promoter's Agent through account revenue sharing arrangements is based on total client assets under management. Any such revenue sharing arrangement has no bearing on the services provided by Absolute Capital to clients. Such clients do not pay any additional fees to Absolute Capital as a result of such an arrangement. This type of arrangement may be perceived to create a conflict of interest in that it creates an incentive for such Promoters to internally promote or recommend the services of Absolute Capital.

### **Financial Information**

Absolute Capital does not require prepayment of fees more than three months in advance. Absolute Capital has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.