

## **SERAPH CAPITAL ASSOCIATES, LLC**

*a Registered Investment Adviser*

501 SE Fourth Street  
Bartlesville, OK 74003

918-338-2255

This brochure provides information about the qualifications and business practices of Seraph Capital Associates, LLC. If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

In this Item, Seraph Capital Associates, LLC (“Seraph Capital Associates” or “Firm”) is required to discuss any material changes that have been made to the brochure since the last annual amendment. We have the following material changes to report for the period ending December 31, 2022.

No material changes.

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## Item 4. Advisory Business

Seraph Capital Associates offers discretionary investment management services to its clients. Prior to Seraph Capital Associates rendering such services, clients are required to enter into one or more written agreements with Seraph Capital Associates setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Seraph Capital Associates was founded on August 7, 2012. On February 1, 2018, Sutterfield Financial Group, Inc. (“SFG”) acquired a 90% ownership interest in the Firm and Harper Road Holdings, LLC held a 10% interest in the Firm. On June 14, 2019, SFG acquired the remaining 10% interest from Harper Road Holdings, LLC.

As of December 31, 2022, Seraph Capital Associates had \$65,075,378 in assets under management, of which all was managed on a discretionary basis.

### Investment Management Services

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Seraph Capital Associates manages client investment portfolios on a discretionary basis utilizing three investment strategies (a fixed-income strategy, an equity strategy, and a long/short strategy), each of which is described below in more detail in Item 8. Clients have sole responsibility for determining which of these investment strategies will be appropriate for their circumstances.

Seraph Capital Associates primarily allocates client assets among various mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities, and options in accordance with their stated investment objectives.

Seraph Capital Associates does not tailor its advisory services to meet the needs of its individual clients. Clients cannot impose any restrictions on the management of their portfolios.

### Sponsor and Manager of Wrap Program

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In order to provide clients with a greater level of fee transparency, the Firm’s investment advisory services do not include securities brokerage services as the Firm does not serve as the sponsor or manager to a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm).

## Item 5. Fees and Compensation

Seraph Capital Associates offers investment management services for an annual fee based on the amount of assets under the Firm’s management. With respect to its fixed income strategy, the annual investment management fee is 1.0% of assets under management. With respect to its equity strategy, the annual

investment management fee is 2.0% of assets under management. With respect to its long/short strategy, the annual investment management fee is 3.0% of assets under management. The fees are non-negotiable. The annual investment management fee with respect to each strategy is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by Seraph Capital Associates on the last day of the billing period. To the extent that our advisory fees exceed 2% of total assets under management, we are required to disclose that our fees are higher than that charged in the industry and that other advisers can provide the same or similar services at lower rates.

We are wholly-owned by Sutterfield Financial Group, Inc. If you are a client of Sutterfield Financial Group, Inc. and choose to engage us, you will be charged a separate fee from Sutterfield Financial Group, Inc. To the extent that our combined advisory fees exceed 2% of total assets under management, we are required to disclose that our fees are higher than that charged in the industry and that other advisers can provide the same or similar services at lower rates.

For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to Seraph Capital Associates and Sutterfield Financial Group, Inc., clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include securities brokerage commissions, transaction fees, custodial fees, reporting charges, margin costs, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described at length in Item 12, below.

### **Direct Fee Debit**

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Clients provide Seraph Capital Associates with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Seraph Capital Associates.

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**Use of Margin**

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Seraph Capital Associates can be authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed net of margin such that the market value of the client's account and corresponding fee payable by the client to Seraph Capital Associates will not be increased.

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**Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to Seraph Capital Associates' right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to Seraph Capital Associates, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Seraph Capital Associates may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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

Seraph Capital Associates does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

**Item 7. Types of Clients**

Seraph Capital Associates offers services to individuals (including joint accounts and individual retirement accounts) and corporate entities.

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**Minimum Account Value**

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As a condition for starting and maintaining an investment management relationship, Seraph Capital Associates imposes a minimum portfolio value of \$10,000. Seraph Capital Associates may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. Seraph Capital Associates only accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified

risk tolerance. Seraph Capital Associates may aggregate the portfolios of family members to meet the minimum portfolio size.

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

### **Methods of Analysis**

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The Firm uses proprietary quantitative and qualitative models and methods to select investments for the construction of client accounts. Individual investment positions will be selected because of their superior “risk-reward ratios” on both an absolute and relative basis and/or potential to achieve returns with low volatility and/or a low correlation to investment markets.

### **Investment Strategies**

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The Firm offers three model investment strategies to its clients. These investment strategies are not customized for the specific financial circumstances of each client.

#### *Fixed Income Strategy*

The Firm develops an outlook for the global fixed income markets based on proprietary internal research and global macroeconomic analysis as well as external third-party research. Based on that outlook, the Firm assembles a portfolio of ETFs that are best positioned to capitalize on the opportunities within multiple sectors of the fixed income market environment.

#### *Equity Strategy*

The Firm integrates fundamental company-level research with global macroeconomic analysis. The Firm uses a proprietary model based upon economic statistics to forecast a fair value range for the U.S. equity market. Based on the model as well as on publicly-available external research, a market forecast is developed which guides the asset weightings in the account portfolios. Based on that forecast, the Firm assembles a portfolio of ETFs that are best positioned to capitalize on the opportunities within the global equity markets.

#### *Long-Short Strategy*

As with the equity strategy, the Firm integrates fundamental company-level research with global macroeconomic analysis. The Firm may invest assets in any publicly traded security and focuses primarily on global equities. The Firm seeks to identify and establish long equity positions in companies that we believe the general market has underpriced. Short positions are less frequently taken and generally smaller in size than long positions. Shorts are done for alpha only and not for general hedging of the portfolio. Short positions may be established through either short sales of the security or via the purchase of put options. Fixed income securities may also be purchased. The Firm uses a proprietary model based upon

economic statistics to forecast a fair value range for the U.S. equity market. Based on the model as well as on publicly-available external research, a market forecast is developed which guides the asset weightings in the account portfolios.

## **Risk Factors**

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### *Market Risks*

Investing in securities involves risk, including the potential loss of principal, that clients should be prepared to bear. All investors should be guided accordingly. The profitability of a significant portion of Seraph Capital Associates' recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Seraph Capital Associates will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Effects of Global Economic Conditions*

Investments may be adversely affected by financial markets and economic conditions throughout the world.

### *Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

### *Frequent Trading*

High turnover and frequent trading in an advisory account could result in, among other things, higher transaction costs and adverse tax consequences. Interest Rate Risks—Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by advisory accounts.

### *Risk Management*

There can be no assurance that the Firm's use of various strategies to manage the volatility and related risk of an advisory account's portfolio will achieve its objective.

### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.



*Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

*Mutual Funds and ETFs*

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

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

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

*Equity-Related Securities and Instruments*

The Firm may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In

addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

#### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

#### *Options*

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

#### *Short Sales*

Seraph Capital Associates sells securities in clients' accounts short. Short selling involves the sale of a security that the seller does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the seller must borrow securities from a third party lender. The seller subsequently returns the borrowed securities to the lender by delivering to the lender securities it previously owned or by purchasing securities in the open market. The seller must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains its right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the seller a fee for the use of the seller's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. A client's account may suffer significant losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

*Use of Margin*

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

*Management Through Similarly Managed Accounts*

For certain clients, Seraph Capital Associates may manage portfolios by allocating portfolio assets among various mutual funds/securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "investment strategy"). In so doing, Seraph Capital Associates buys, sells, exchanges and/or transfers shares of mutual funds/securities based upon the investment strategy.

Seraph Capital Associates' management using the investment strategy complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the investment strategy, with a safe harbor from the definition of an investment company.

The investment strategy may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Securities in the investment strategy are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to Seraph Capital Associates' clients may be limited. For example, various mutual funds or insurance companies may limit the ability of Seraph Capital Associates to buy, sell, exchange or transfer securities consistent with its investment strategy. As further discussed in response to Item 12 (below), Seraph Capital Associates allocates investment opportunities among its clients on a fair and equitable basis.

**Item 9. Disciplinary Information**

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

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

This item requires investment advisers to disclose certain financial industry activities and affiliations.

**Related Investment Adviser**

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The Firm is wholly owned by another investment advisory firm, Sutterfield Financial Group, Inc. (“SFG”). If the Firm determines that it is appropriate, the Firm will recommend SFG’s advisory services to its clients. SFG charges fees separate from the fees charged by the Firm for its advisory services. Although the Firm does not receive fees when recommending SFG’s advisory services to its clients, a conflict of interest exists because SFG owns 100% of Seraph Capital Associates. To the extent that our fees exceed 2% of your total assets under management, we are required to disclose that our fees are higher than that charged in the industry. You are advised that there are other advisers that can provide the same or similar services at lower rates.

**Item 11. Code of Ethics; Participation in Client Transactions and Personal Trading**

The Firm has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. The Firm’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of the Firm’s personnel (called “Access Persons”) to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Access Person may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the Access Person) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Access Person is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper,

repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds.

Clients and prospective clients may contact the Firm to request a copy of its Code of Ethics.

The Firm and its related persons do not recommend to clients, or buy or sell, for client accounts securities in which the Firm or its related persons have a material financial interest.

The Firm and its related persons may invest in the same securities (or related securities) that the Firm or its related persons recommend to clients. Client trading executions take precedent. Personal trading in similar securities is not permitted prior to client executions, either buy or sells. All personal trading must not conflict with client trading activities.

The firm and its related persons may enter into the same investment agreement as its clients. These accounts will be treated no differently than existing client accounts and be included in all typical portfolio management activities.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

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The Firm recommends that clients utilize the custody, brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*"); Interactive Brokers LLC ("*Interactive Brokers*"); and T.D. Ameritrade ("*T.D.*") for investment management accounts. Seraph Capital Associates is independently owned and operated and not affiliated with *Fidelity*, *Interactive Brokers* or *T.D.*

Factors which Seraph Capital Associates considers in recommending *Fidelity*, *Interactive Brokers*, *T.D* or any other broker-dealer to clients include the broker's execution capability, the broker's responsiveness to the Firm, the broker's reputation and access to the markets for the security being traded, the efficiency with which the trade will be executed, the broker's technology capabilities, commission rates and the value of the research products and services that a broker lawfully may provide to assist the Firm in the exercise of its investment decision-making responsibilities, and the expected market impact of the trade. The commissions and/or transaction fees charged by *Interactive Brokers* may be higher or lower than those charged by other Financial Institutions.

The commissions paid by the Firm's clients to *Interactive Brokers* comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Seraph Capital Associates determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction

represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Seraph Capital Associates seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Seraph Capital Associates in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Seraph Capital Associates does not have to produce or pay for the products or services.

Seraph Capital Associates periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### **Brokerage for Client Referrals**

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Seraph Capital Associates does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

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The client may not direct Seraph Capital Associates in writing to use a particular Financial Institution to execute transactions for the client.

### **Trade Aggregation**

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The Firm generally will (but is not obligated to) combine or "batch" orders for its clients to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among the Firm's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's Supervised Persons may invest, the Firm does so in

accordance with applicable rules promulgated under the Investment Advisers Act of 1940 and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. The Firm does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when such account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts.

## **Item 13. Review of Accounts**

### **Account Reviews**

Seraph Capital Associates monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least an annual basis. The Chief Investment Officer conducts the reviews. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Seraph Capital Associates and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its recommendations.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Seraph Capital Associates, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Seraph Capital Associates or an outside service provider.

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

### **Client Referrals**

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The Firm does not currently provide compensation to any third-party solicitors for client referrals. The Firm does receive referrals from SFG but does not pay any fee for the referrals. In the event a client is introduced to Seraph Capital Associates by either an unaffiliated or an affiliated solicitor, the Firm will not pay that solicitor a referral fee.

## **Item 15. Custody**

The Advisory Agreement and/or the separate agreement with any Financial Institution authorizes Seraph Capital Associates to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Seraph Capital Associates.

In addition, as discussed in Item 13, Seraph Capital Associates will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Seraph Capital Associates.

## **Item 16. Investment Discretion**

Seraph Capital Associates is given the authority to exercise discretion on behalf of clients. Seraph Capital Associates is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Seraph Capital Associates is given this authority in the agreement between Seraph Capital Associates and the client. Seraph Capital Associates takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made;
- The broker-dealer that executes trades (in the case of a prime brokerage relationship); and
- The Independent Managers to be hired or fired.



**Item 17. Voting Client Securities****Declination of Proxy Voting Authority**

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Seraph Capital Associates does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

**Item 18. Financial Information**

Seraph Capital Associates is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

**Item 19. Requirements for State Registered Advisers**

Not Applicable