

Item 1 Cover Page

# Union Capital Company

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This brochure provides information about the qualifications and business practices of Union Capital Company. It is prepared pursuant to regulatory requirements. If you have any questions about the contents of this brochure, please contact us at the phone number or website 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 Union Capital Company is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Dated: August 3, 2023**

## Item 2 Material Changes

Please note that all of the "material changes" made to this Brochure since our last delivery or posting of the Brochure on the SEC's public disclosure website ("IAPD") [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), however this Brochure does include a number of editorial changes and updated information on our assets under management.

In the future, we will deliver to our clients, within 120 days of the end of each fiscal year, a free, updated Brochure that either includes or is accompanied by a summary of material changes. Alternatively, we may deliver a summary of material changes that includes an offer to provide a copy of the updated Brochure and information on how our clients may obtain the Brochure.

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## Item 4 Advisory Business

### INTRODUCTION

Union Capital Company is an Investment Advisory firm, registered since April 11, 2007. We are registered with the SEC pursuant to the Investment Advisers Act of 1940, and notice filed in California, Texas, several other states and our home state of Arizona, which means we are registered to do business in these states. We may conduct business in other states by claiming an exemption from registration. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide you, including this Brochure, is information you can use to evaluate us and other advisers, which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship. This Brochure provides information about our qualifications and business practices.

### OWNERSHIP

Union Capital Company is a privately owned corporation headquartered in Tucson, Arizona. Frank Almada, President, & Chief Compliance Officer founded Union Capital Company on December 30, 1999. Union Capital Holdings Corp. is the parent company of Union Capital Company. Frank Almada is the majority shareholder of Union Capital Holdings Corp.

### ADVISORY SERVICES OFFERED

Union Capital Company is an investment advisory firm providing Portfolio Management on a Discretionary and Non-Discretionary basis. We are also a registered broker/dealer, member FINRA/SIPC.

We provide this service to individuals, trusts, estates, charitable organizations and corporations.

Our service constitutes an ongoing process by which:

Your investment objectives, constraints and preferences are identified and specified.

Your strategies are developed and implemented through a combination of financial assets.

Capital market conditions and your circumstances are monitored; and

Portfolio adjustments are made as appropriate to reflect significant changes to any or all of the above relevant variables.

### PORTFOLIO MANAGEMENT SERVICES:

We provide portfolio management services on either a discretionary or non-discretionary basis. Our portfolio management service consists of asset allocation and portfolio management tailored to meet your investment goals. The services typically include investment strategies to include investments in equity and fixed income securities, mutual funds, fund of funds or a balance of these investments. All securities transactions will be placed through Union Capital Company.

On a discretionary basis, we design, revise and reallocate a custom portfolio for you. The investments are determined based upon your investment objectives, risk tolerance, net worth, net income, age, investment time horizon, tax situation and other various suitability factors.

On a non-discretionary basis, we provide periodic recommendations to you and if such recommendations are approved, we will ensure that the authorized recommendations are carried out.

We will evaluate your financial situation through a review of financial information and in-depth personal interviews that include understanding your investment objectives and risk tolerances. We will advise you regarding portfolio diversification. Most of our clients fall under the aggressive growth, moderate growth, balanced, income and conservative. Assets are then allocated accordingly.

Custody of your accounts for both securities and funds will be maintained at RBC Capital Markets, LLC, the designated custodian and clearing firm for Union Capital Company (Member FINRA/SIPC).

### ASSETS UNDER MANAGEMENT:

As of December 31, 2022, Union Capital Company has approximately \$23,000,000 million dollars in discretionary assets under management and \$117,000,000 million dollars in non-discretionary assets under management, for a total of \$140,000,000.00 dollars in total assets.

## Item 5 Fees and Compensation

### PORTFOLIO MANAGEMENT PROGRAM FEE SCHEDULES:

<u>Assets Under Management</u>	<u>Annualized Fee</u>
\$ 0 to \$5,000,000	0.60% - 2.00%
\$ 5,000,001 to \$10,000,000	0.40% - 1.75%
\$ 10,000,000 & Above	Negotiable

The fees listed above may be in excess of the industry norm and that similar advisory services may be obtained for less. There is a minimum account size of \$25,000 for our portfolio management services. Our account minimums and fees charged are negotiable depending upon factors such as account size, prior relationship or in other situations deemed appropriate by us in our sole discretion.

#### Portfolio Management Fee

Our fee is calculated and collected quarterly in advance and is based on the account balance as of the first business day of the current quarter. Fees are calculated by multiplying the assets under management market value by the relevant percent and dividing such product by four (4).

On a quarterly basis, we shall direct the broker/dealer Custodian that maintains your account to debit the advisory fees from the Account unless another arrangement has been made and agreed to in writing. We and/or the custodian shall provide written notice/invoice documentation reasonably supporting the determination of the investment advisor fees. The Custodian will send to you a quarterly Account statement that shows the amount of our advisory fee, the value of your assets upon which the fee was based, and the specific manner in which the fee was calculated. We will verify that the Custodian sends Account statements on a quarterly basis.

You should compare invoices for advisory fees to the corresponding custodian statement. Statements should be received from the custodian no less than quarterly. If statements are not received, contact us immediately.

#### **Additional Types of Fees or Expenses:**

Portfolio Management fees do not include cost of custodial services for individual retirement accounts for qualified retirement plans. Transaction costs are not commissions. They are clearing costs charged by the designated clearing firm on the account. We may elect at our option to bear the cost of transactions under certain circumstances. There is a billing fee of \$25.00 per quarter, which may be charged to your account, or the registered representative may absorb. In Addition, there is a ticket charge of \$15 per transaction, which may be charged to your account, or the Investment Advisor may waive. Additional fees may be incurred while the funds are in a money market fund or other no-load fund. These fees are charged and collected by the mutual funds and are not refundable to Client.

#### **Termination:**

Either party may terminate the agreement upon giving a 30 day written notice to the other party. Upon termination, Client shall receive a pro-rata refund of that portion of any prepaid advisory fees that have yet to be earned by us. Such refund will be calculated from the date of receipt of the written termination notice or other agreed upon date. Notwithstanding previous

#### **Other Compensation Received by our firm or its advisory agents:**

Union Capital Company, (Member FINRA/SIPC), is an SEC registered broker-dealer as well as a SEC registered investment advisory firm. Custody of your accounts for both securities and funds will be maintained at RBC Capital Markets, LLC, the designated custodian and clearing firm for Union Capital Company.

Some of our advisory agents are also registered representatives of Union Capital Company. In this capacity, our advisory agents may sell securities through Union Capital Company and receive normal and customary commissions, 12b1 fees and other compensation as a result of such purchases and sales. This presents a conflict of interest to the extent that the advisory agent recommends that you invest in a security which results in a commission being paid to the advisory agent. Neither our Firm nor its advisory agents are affiliates of RBC Capital Markets, LLC.

**Retirement Accounts – DOL Disclosure:**

We are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") and/or the Internal Revenue Code ("Code"), as applicable, when we provide investment advice regarding portfolio assets held in an IRA, Roth IRA, Archer Medical Savings Account, a Plan covered by ERISA, or a plan described in Section 4975(e)(1)(A) of the Code (collectively referred to collectively sometimes herein as ("Retirement Accounts").

To ensure that Union Capital will adhere to fiduciary norms and basic standards of fair dealing, we are required to give advice that is in the "best interest" of the retirement client. The best interest standard has two chief components, prudence and loyalty. Under the prudence standard, the advice must meet a professional standard of care and under the loyalty standard, our advice must be based on the interests of our retirement clients, rather than the potential competing financial interest of Union Capital.

To address the conflicts of interest with respect to our compensation, we are required to act in your best interest and not put our interest ahead of yours. To this end, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice).
- Never put our financial interests ahead of yours when making recommendations (give loyal advice).
- Avoid misleading statements about conflicts of interest, fees, and investments.
- Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

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

Union Capital Company does not engage in Performance-Based Fees, or Side-By-Side Management.

**Item 7 Types of Clients****Client Base:**

Our customer base consists of individuals, trusts, estates, charitable organizations, corporations and other business entities. These are the types of clients that we service, but we may not have all these types as current clients.

**Conditions for Account Management:**

We have imposed a \$25,000 minimum account size of assets to be managed by us.

We may make exception to these minimums based on individual factors such as length of time the account has been known, overall composition of the account, multiple accounts held with us etc. in our sole discretion.

**Item 8 Methods of Analysis, Investment Strategies and Risk of Loss****Methods of Analysis & Investment Strategies:**

We work with you to devise an investment strategy to meet your financial objectives. This includes:

- discussion regarding your objectives
- review of existing holdings
- ongoing analysis of funds
- advice on best direction for new investments
- updates of specific changes within the market or to particular funds
- periodic monitoring of recommended investments and yearly review

We use the Markowitz Modern Portfolio Theory for designing a portfolio. In this case, the risk is spread out from large cap, mid cap, small cap, value, growth and bonds over the yield curve as well as a percentage of cash. We mainly use mutual funds and ETF's. Another investment strategy is managing a portfolio of mainly listed and not listed stocks. In addition, from time to time, we utilize covered calls on some of those stock positions. The flexibility of our strategies gives us the ability to best manage investment risks in any investment market. Lastly, another investment strategy we use is a diversified portfolio of high yielding stocks for retirement income.

We use Charting, Fundamental, and Technical security analysis methods. We may use other sources of information that may include, but are not limited to, other professionals in the area as well as information obtained through presentations given by professional associations and other sources.

Charting Analysis is a way of gathering and processing price and volume information of a particular security by applying mathematical equations and then plotting the resulting data onto graphs in order to predict future price movements.

Fundamental Analysis involves using real data to evaluate a security's value. We perform fundamental analysis on a securities value by looking at economic factors, such as interest rates and the overall state of the economy, information about issuers, potential changes in credit ratings, revenues, earnings, future growth, return on equity, profit margins and other data to determine underlying value and potential for future growth.

Technical Analysis involves studying supply and demand in the market to determine what direction, or trend will continue in the future by understanding the emotions in the market as opposed to its components. Understanding the benefits and limitations of technical analysis can give a new set of tools or skills that will enable us to be a better trader or investor.

Our security analysis information is based on a number of sources including financial newspapers, periodicals, commercially available investment services, issuer prepared information, security rating services, general market and financial information, due diligence reviews and specific investment analysis that our clients may request.

**Risk of Loss:**

The advice offered by our Firm to clients is determined by the areas of expertise of the advisory agent providing the service and the client's stated objective. Our clients are advised to notify our Firm promptly if there are ever any changes in your financial situation or investment objective or if you wish to impose any reasonable restrictions upon our management services. If you wish to impose any reasonable restrictions upon our management services, you will need to advise us in writing of any restrictions.

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. All securities trading, whether in stocks, options, or other investment vehicles, is speculative in nature and involves substantial risk of loss that clients should be prepared to bear. Past performance is not necessarily indicative of future results. Clients should make every effort to understand the risks involved.

**The Principle Risks of Investing include, but are not limited to:**

**General Risks:** Your investments with us are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Accordingly, you may lose money by investing with us. When you sell your investments, they may be worth less than what you paid for them because the value of investments will fluctuate reflecting day-to-day changes in market conditions, interest rates and a number of other factors.

**Allocation Risk:** Our allocation of investments among different asset classes, such as equity or fixed- income assets classes, may have a more significant effect on your returns when one of these classes is performing more poorly than others.

**Market Risk:** Stock and bond markets sometimes trade in random price patterns, and prices can fall over sustained periods of time. The value of the investments we make for you will fluctuate as the financial markets fluctuate. This could result in your account value(s) declining over short- or long-term periods of time.

**Focused and Concentrated Portfolio Risks:** We will often invest your assets in a smaller number of securities than other broadly diversified investment strategies. Our approach is often referred to as "focused, concentrated, or non-diversified". Accordingly, the money we manage for you may have more volatility and is often considered to have more risk than a strategy that invests in a greater number of securities because changes in the value of a single security may have a more significant effect, either negative or positive, on your overall portfolio value. To the extent we invest your assets in fewer securities, or we investment in non-diversified funds that take a focused or concentrated approach, your assets are subject to greater risk of loss if any of those securities become permanently impaired.

**Equity Risk:** Your investments will be subjected to the risk that stock prices may fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities in your portfolio may fluctuate drastically from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors will contribute to the volatility and risk of your assets.

**Special Situation Risk:** We may invest your assets in special situations. Investments in special situations may involve greater risks when compared to other strategies due to a variety of factors.

Expected changes may not occur, or transactions may take longer than originally anticipated, resulting in lower returns than contemplated at the time of investment. Additionally, failure to anticipate changes in the circumstances affecting these types of investments may result in permanent loss of capital, where we may be unable to recoup some or all of its investment.

**Foreign Securities Risk:** We have the ability to invest in foreign securities, and, from time to time, a significant percentage of your assets may be composed of foreign investments. Foreign investments involve greater risk in comparison to domestic investments because foreign companies/securities: may have different auditing, accounting, and financial reporting standards; may not be subject to the same degree of regulation as U.S. companies and may have less publicly available information than U.S. companies; and are often denominated in a currency other than the U.S. dollar.

**Currency Risk:** Your investments may be subject to currency risk. Currency fluctuations and changes in the exchange rates between foreign currencies and the U.S. dollar could negatively affect the value of your investments in foreign securities.

**Interest Rate Risk:** Your investments are subject to interest rate risk. Interest rate risk is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise. For example, fixed-income securities with long maturities typically experience a more pronounced change in value when interest rates change.

**Credit Risk:** Your investments are subject to credit risk. An investments credit quality depends on its ability to pay interest on and repay its debt and other obligations.

**Small- to Medium-Capitalization Risk:** We may invest your assets in small to medium sized companies. Shares of small to medium sized companies may have more volatile share prices. Furthermore, the securities of small to medium companies often have less market liquidity and their share prices can react with more volatility to changes in the general marketplace.

**Junk Bond/High-Yield Security Risk:** We may invest your assets in Junk Bonds or High-Yield, lower rated securities. Investments in fixed-income securities that are rated below Investment grade can be subject to greater risk of loss of principal and interest than investments in higher-rated fixed-income securities. The market for high yield securities may be less liquid than the market for higher-rated securities. High yield securities are also generally considered to be subject to greater market risk than higher-rated securities. The capacity of issuers of high yield securities to pay interest and repay principal is more likely to weaken than is that of issuers of higher- rated securities in times of deteriorating economic conditions or rising interest rates.

**Prepayment Risk:** Your investments may be subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security's maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a security can be difficult to predict and result in greater volatility.

**Inflation Risk:** This is the risk that the value of your assets or income of your investments will be less in the future as inflation decreases the value of your money. As inflation increases, the value (purchasing power) of your assets can decline. This risk increases as we invest a greater portion of your assets in fixed-income securities with longer maturities.

**Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing us from selling out of these illiquid securities at an advantageous price.



## Item 9 Disciplinary Information

Our firm does not have any disciplinary events. Some of our advisory agents do have reportable disciplinary events that are disclosed on their individual registration history. Our Firm has disclosed the facts about legal or disciplinary events on each in their ADV Schedule B so that you can determine whether they are material to your evaluation of the integrity of our firm or its advisory agents. Your confidence and trust placed in our Firm and its advisory agents is something we value and endeavor to protect.

A full report that reflects the professional background, business practices, and conduct of our firm and its advisory agents is available through the Financial Industry Regulatory Authority's (FINRA) BrokerCheck system link at [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or you may request disclosable information under BrokerCheck by calling (800) 289-9999, a toll-free hotline operated by FINRA.

You may also access a full report of our advisory agents through the IARD link at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Should you have any technical difficulties with this link you can call 240-386- 4848 for further assistance.

The information that appears on these websites is collected from individual investment adviser representatives, investment adviser firm(s), and/or securities regulator(s) as part of the securities industry's registration and licensing process.

## Item 10 Other Financial Industry Activities and Affiliations

### **Dual Registration of Union Capital Company:**

Union Capital Company, (Member FINRA/SIPC), is a registered broker-dealer as well as a SEC registered investment advisory firm. Custody of your accounts for both securities and funds will be maintained at RBC Capital Markets, LLC or TD Ameritrade Institutional, the designated custodians and clearing firms for Union Capital Company.

Our advisor agents are dual registered as registered representatives of Union Capital Company. In this capacity, our advisory agents may sell securities through Union Capital Company and receive normal and customary commissions, 12b1 fees and other compensation as a result of such purchases and sales. This presents a conflict of interest to the extent that the advisory agent recommends that you invest in a security which results in a commission being paid to the advisory agent. Neither our Firm nor its advisory agents are affiliates of RBC Capital Markets, LLC.

### **Insurance Sales:**

Our advisory agents are also licensed insurance agents appointed by various life, health and disability insurance companies. If you elect to buy insurance through them then the advisory agents would receive a commission from the insurance sales, which includes life, accident, disability and fixed annuities. This presents a conflict of interest because they will receive a commission for these services, which is separate from the direct asset management, financial planning and other services provided by us. They have no single agreement with any agency or company, but will seek out the products of any company, agency or brokerage that may have products fitting our client's needs. You are under no obligation to purchase insurance products through our advisory agents.

We do not render advice to or take any actions on behalf of you with respect to any legal proceedings, including bankruptcies and shareholder litigation, to which any securities or other investments held in client accounts, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, including without limitation shareholder litigation, on behalf of you with respect to transactions, securities or other investments held in your accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation, with respect to transactions, securities or other investments held in a client account is expressly reserved to you.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics:**

We have adopted a Code of Ethics Policy to prohibit conflicts of interest from personal trading by our advisory personnel and have established standards of conduct expected of our advisory personnel. We have set forth in the Code of Ethics Policy statements of general principals, required course of conduct, reporting obligations, and review and enforcement of the Code of Ethics Policy. We will provide a copy of the Code of Ethics Policy to our clients or prospective clients upon written request.

### **Participation or Interest in Client Transactions / Personal Trading:**

Our advisory agents are also registered securities representatives of Union Capital Company, (Member FINRA/SIPC), a dual registered broker-dealer and state registered investment advisory firm. The advisory agents will receive commissions, 12b1 fees and other compensation from Union Capital Company in connection with security transactions effected for the accounts the advisory agents manage for our firm.

Our advisory agents will buy or sell for themselves securities that they also recommend to you. These investment products will be bought and sold on the same basis as you buy them. We will transact your transactions and business before their own when similar securities are being bought or sold. In all instances, the positions would be so small as to have no impact on the pricing or performance of the security. We will do everything possible to mitigate these conflicts. Records of all advisory associate's proprietary trading activities are reviewed and kept by us. We and our advisory agents will act in a fiduciary manner, understand the prohibitions against the use of any insider information and will always act in your best interest. We have established the following restrictions in order to ensure its responsibilities:

A director, officer or employee of Union Capital Company shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of Union Capital Company shall prefer his or her own interest to that of the advisory client. Union Capital Company maintains a list of all securities holdings for itself, and anyone associated with this advisory practice. Frank Almada, President, CCO, reviews these holdings on a regular basis. Union Capital Company requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to termination.

## **Item 12 Brokerage Practices**

### **Brokerage Selection:**

Union Capital Company, (Member FINRA/SIPC), in our capacity as a broker-dealer, is the only broker-dealer utilized for the execution of securities transactions for advisory accounts. Custody of your accounts for both securities and funds will be maintained at either RBC Capital Markets, LLC or TD Ameritrade as the designated custodians and clearing firms for Union Capital Company.

We feel our commissions are reasonable and customary and RBC Capital Markets, LLC's and TD Ameritrade Institutional financial strength, reputation, execution, pricing, research and service are great factors. We understand and acknowledge that at all times we owe a fiduciary duty to you to obtain best execution for your transactions. We believe that our relationship with RBC Capital Markets, LLC and TD Ameritrade helps us to execute securities transactions for you in such a manner that your total cost in each transaction is as favorable as possible under prevailing market conditions. However, accounts may not obtain best execution at all times. The commissions and/or transactional fees charged by Union Capital Company to you may be higher or lower than those charged by another broker-dealer.

### **Additional Compensation Received by our Firm:**

Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12(b)-1 fees. 12(b)-1 fees come from fund assets, therefore, indirectly from your assets. 12(b)-1 fees may be initially paid to us, and a portion passed to the advisory agent. The receipt of such fees could represent an incentive for advisory agents to recommend funds with 12(b)-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest.

Although we have controls in place to prevent our firm and its personnel from collecting both an advisory fee and a transaction-based fee/commission, advisory agents may cause us to execute transactions as brokerage agent for a commission, while also assessing you an asset-based fee. The advisory agent is the individual employed by us with whom you deal, and thus may receive a portion of the compensation paid to us in connection with the asset-based fee or may receive a commission for the sale of certain products.

**Brokerage for Client Referrals:**

Neither our Firm nor our advisory agents receive client referrals from a broker dealer or other third party when recommending to you a broker-dealer for the execution of securities transactions.

**Directed Brokerage:**

All securities transactions will be placed through Union Capital Company. We do not have arrangements with any other broker/dealers.

**Trade Aggregation:**

At times we aggregate trades for you, trading in one "block" for the ease of execution and to obtain better pricing. When trading in one "block" where pieces are executed at different prices, an average price is given to all participants in the trade, ensuring that all clients are treated fairly.

**Soft Dollar Arrangements:**

Our Custodians make available to us products and services that benefit us but may not directly benefit our client's accounts. Some of these products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of our fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

As a fiduciary, we endeavor to act in its clients' best interests. While we recommend that clients maintain their assets in accounts at the Custodians, that recommendation is based in part on the benefit to us of the availability of some of the foregoing products and services, and not solely on the nature, cost or quality of custody and brokerage services provided by Custodians, which creates a potential conflict of interest. We mitigate that conflict of interest through disclosures made in this Brochure, client agreements, and in reports and conversations with clients.

## **Item 13 Review of Accounts**

Account reviews will generally perform quarterly, but at a minimum shall be reviewed annually or by your request. Reviews may be warranted more frequently due to tax law changes, market changes, market conditions or changes in your personal circumstances. Reviews initiated by you may be for personal objectives or for any reason you so desire.

Reviews will be conducted by your advisory agent and will be consistent with desires of you respecting frequency and changing circumstances or objectives.

Statements, confirmations and/or performance reports are furnished monthly or quarterly from various financial services institutions/firms with which you transact business. These firms may include, and are not limited to, brokerages, investment companies, insurance companies, trust companies, other registered investment advisors, banks and credit unions. You will receive account statements from these entities and not our Firm.

The monthly account statements from the custodian indicate activity, previous portfolio balances, current portfolio balances, and account summary. We may assist you in interpreting and/or compiling statements/reports and transferring relevant information onto the appropriate place on your financial statements as part of the review process.

## Item 14 Client Referrals and Other Compensation

### **Client Referrals:**

We do not have any arrangements to compensate another for client referrals.

### **Other Compensation:**

#### ***Compensation to Advisory Agents***

Our advisory agents are also registered as brokerage representatives of Union Capital Company, Member FINRA/SIPC. In this capacity, our advisory agents may act in a brokerage capacity and sell securities through Union Capital Company and receive normal and customary commissions as a result of such purchases and sales. This presents a conflict of interest to the extent that the advisory agent recommends that you invest in a security which results in a commission being paid to the advisory agent.

Additionally, for those that elect to implement the plan or buy insurance through our advisory agents, then the advisory agents would receive a commission from the insurance sales, which includes life, accident, disability and fixed annuities. They have no single agreement with any agency or company, but will seek out the products of any company, agency or brokerage that may have products fitting your needs. This presents a conflict of interest because they will receive a commission for these services, in addition to the direct asset management, financial planning and other services provided. We mitigate this conflict of interest and address our fiduciary duty by utilizing insurance products only where it is the best interest of clients, disclosure of our compensation and after consultation with the client.

Additionally, a portion of the advisory fees payable to us in connection with your account is allocated on an ongoing basis to your advisory agent. The rate of compensation we pay advisory agents with respect to advisory services may be higher than the rate they can earn with respect to transaction-based brokerage accounts. Your advisory agent may therefore have a financial incentive to recommend advisory services set forth in this Brochure, instead of the brokerage services we offer.

Finally, if you elect to utilize the advisory services described in this Brochure, your advisory agent may agree to charge a fee less than the maximum fee stated above. The amount of the fee you pay is a factor we use in calculating the compensation we pay your advisory agent. Therefore, your advisory agent may have a financial incentive not to reduce fees.

While we try at all times to put the interest of you first as part of our fiduciary duty, you should be aware that the receipt of additional compensation creates a potential conflict of interest and may affect judgment when making these recommendations.

#### ***Mutual Fund Share Classes and Fees***

Mutual funds typically offer different ways to buy fund shares. Some mutual funds offer only one share class while most funds offer multiple share classes. Each share class represents an investment in the same mutual fund portfolio but assesses different fees and expenses. Many mutual funds have developed specialized share classes designed for various advisory programs ("Advisory Share Classes"). In general, Advisory Share Classes are not subject to either sales loads or ongoing marketing, distribution and/or service fees (often referred to as "12b-1 fees"), although some may assess fees for record keeping and related services.

Union Capital Company does not typically utilize Advisory Share Classes that provide no 12b-1 fees or other compensation to us.

We generally utilize non-Advisory Share Classes of mutual funds (i.e., those that are subject to 12b-1 fees). In these situations, we are paid 12b-1 fees, including your financial advisor, when you purchase a fund. The front-end sales charge is deducted from the initial investment on certain share classes. This charge normally ranges from 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation.

Investments in both Advisory Share Class and non-Advisory Share Class of mutual funds have inherent conflicts of interests based upon the potential payment of 12b-1 fees and or servicing fees to Union Capital Company. We mitigate that conflict of interest primarily by disclosure of our practices related to mutual funds,

### ***Cash and Bank Deposit Sweeps, Money Market Funds and Other Roat Compensation***

Generally, some portion of your account will be held in cash. This can be a result of an asset allocation investment strategy, in light of current market conditions, defensive portfolio purposes, portfolio trading purposes, or for other cash management purposes. Our selection of money market mutual funds, cash sweep accounts or comparable investments in which to hold cash reserves in the client's account is limited to certain investments at both custodians. The selection typically includes money-market, municipal money-market and government money-market funds, and bank insured deposit accounts. Should you custody your portfolio assets with RBC Capital Markets, LLC, we will effect "sweep" transactions of free credit balances in your account into interest-bearing deposit accounts or investment vehicles established by RBC Capital Markets LLC. In these situations, we earn a monthly fee that is based upon a portion of the RBC CAS BDP Base Rate of interest paid on the average net asset balance in the sweep account for administrative and marketing support. RBC CAS BDP Base Rate is a combination of the 30-day LIBOR, 90-day LIBOR and the effective Fed Funds rate less RBC & Deutsche Bank program expenses. This compensation is in addition to other fees, etc. received from client accounts.

Additionally, cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients are so invested automatically on a daily basis. When securities are sold, funds are deposited on the first business day after settlement date. Funds placed in a client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the client's account. Due to the foregoing practices, Capital Union Company may obtain federal funds prior to the date that deposits are credited to client accounts, and thus may realize some economic benefit because of the delay in investing these funds. This compensation is historically minimal in relation to all other compensation earned by us. Where an unaffiliated broker-dealer or other entity acts as custodian of the client's account assets, we have no control over the manner in which the cash reserves will be handled, and the client and custodian will make that determination.

It is important to note that free credit balances and allocations to cash including assets invested in sweep investments are included in your account's fee calculations hereunder and you may experience negative performance on the cash portion of the assets held in your account if our advisory fee charged on your cash is higher than the return you receive on your cash investments and any investments or sweep accounts structured to hold cash reserves.

Typically, we mitigate the conflicts of interest inherent in our sharing in interest revenue generated through advisory accounts through disclosure in this Brochure, our Regulation BI Disclosure related to our brokerage practices, and also in the conversations between you and your advisor agent.

### ***Margin Loans***

To the extent you utilize RBC Capital Markets, LLCs for margin loan financing, RBC Capital Markets, LLC extends a line of credit to the customer, and charges interest on the margin balance which in turn is shared with Union Capital Company. RBC Capital Markets, LLC charges between 2.00% and 5.75% in interest over the Fed Funds Target Rate on outstanding debit balances in margin accounts ("Brokers Call Rate "). The Federal Fund Target Rate is the interest rate charged by one bank, for an overnight loan of money stored at the Federal Reserve, to another bank, as determined by the Federal Open Market Committee of the Federal Reserve. Due to the foregoing practice, Union Capital Company will realize some economic benefit as a result of any margin loan utilized as a part of your investment strategy. To mitigate the conflict of interest created as a result of the interest sharing compensation we earn on margin lending, we have disclosed the conflict in this Brochure, and also in the conversations between you and your advisor agent regarding a margin strategy being utilized by you for your investment portfolio.

## **Item 15 Custody**

Your funds and securities will be maintained with a "qualified custodian" as required under Rule 206(4)-2 under the Advisers Act and we will not take physical possession of any client funds or securities. Custody of client accounts for both securities and funds will be maintained at RBC Capital Markets, LLC or TD Ameritrade Institutional, the designated custodians and clearing firms for Union Capital Company, (Member FINRA/SIPC).

Account statements are sent quarterly from the custodians, and you should carefully review those statements including comparison to any reports we may send to you.

## **Item 16 Investment Discretion**

Unless otherwise negotiated, you have granted our Firm sole and absolute discretion in the management of your portfolio and periodic re-balancing to the asset class target percentages as outlined in the Clients Advisory Agreement except with respect to payment of the Firm's Fees. In the exercise of discretionary authority, we are fully authorized and empowered to place orders to brokers, dealers, mutual funds, or other persons with respect to the purchase, sale, exchange, disposition or liquidation of any assets held in your portfolio. You have the option to place reasonable limitations on this authority and is determined on a case-by-case basis.

We have limited authority to sell or redeem securities holdings in sufficient amounts to pay advisory fees. You may reimburse the portfolio for Advisory Fees paid to us.

## **Item 17 Voting Client Securities**

We do not vote your proxies and have instructed the Custodian to forward all proxy material directly to you, and as such, you retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios We shall forward to you, or to the Advisor(s) for an employee benefit plan covered by ERISA, unless the plan's trust agreement provides otherwise, any proxy materials we receive that pertain to the Assets in your Account. You can contact our office at 800-261-9344 for any questions about a particular solicitation.

## **Item 18 Financial Information**

We are required to provide you with certain financial information or disclosures about financial condition which would impede our ability to provide the advisory services described herein. Union Capital Company has no financial condition that is reasonably likely to impair our ability to meet our contractual commitments to you.

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

This Item 19 is not applicable to investment advisers registered with the SEC.