



UNITED CAPITAL

June 15, 2018

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- **Client Disclosure Brochure:**
  - Form ADV Part 2A
  - Form ADV Part 2B
  - Appendix 1 – Wrap Fee Program Brochure
  - Audited Balance Sheet for UCFA
  - Privacy Notice

This Client disclosure brochure is the most recent update of our Form ADV Part 2A and Audited Balance Sheet. It provides Clients with information about our company, our advisory services and fees. This disclosure information should be carefully considered before you become a Client of **United Capital Financial Advisers, LLC (“United Capital”)**. If you have any questions, please call us or write to the address below. 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 United Capital is also available on our website at [www.unitedcp.com](http://www.unitedcp.com) and the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). In addition, United Capital's Client financial guidance process starts at [www.honestconversations.com](http://www.honestconversations.com) with the Money Mind® Analyzer.

**ITEM 2:**

**Material Changes**

This section of the ADV Part 2A brochure is meant to describe any material changes relating to United Capital that Clients should be aware of since the last update of this brochure.

United Capital does not have any material changes to report at this time.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year, if any do arise in the future. We may further provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure as necessary based on changes to our business or the services provided to you, or if there is new information to inform you about, at any time, without charge.

Currently, our Brochure may be requested by contacting our main office at 949-999-8500. Our Brochure is also available on our web site [www.unitedcp.com](http://www.unitedcp.com), also free of charge.

Additional information about United Capital is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with United Capital who are notice filed, or are required to be notice filed, as investment adviser representatives of United Capital.

**ITEM 3:**

## Table of Contents

ITEM 2: Material Changes .....	2
ITEM 3: Table of Contents.....	3
ITEM 4: Advisory Business .....	4
ITEM 5: Cost of Services and Compensation .....	13
ITEM 6: Performance-Based Fees and Side-By-Side Management .....	20
ITEM 7: Types of Clients.....	20
ITEM 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	20
ITEM 9: Disciplinary Information .....	21
ITEM 10: Other Financial Industry Activities and Affiliations .....	21
ITEM 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	22
ITEM 12: Brokerage Practices .....	23
ITEM 13: Review of Accounts .....	26
ITEM 14: Client Referrals and Other Compensation.....	27
ITEM 15: Custody .....	31
ITEM 16: Investment Discretion.....	31
ITEM 17: Voting Client Securities.....	32
ITEM 18: Financial Information.....	32

**ITEM 4:**  
**ADVISORY BUSINESS**

**Description of Business**

United Capital Financial Advisers, LLC ("United Capital") is an independent wealth counseling and investment advisory firm registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended. United Capital's registration with the SEC became active on June 9, 2005.

United Capital is a Delaware corporation with its principal office located in Newport Beach, California, with regional offices and locations throughout the United States. While not separate legal entities, United Capital, through its Investment Adviser Representatives and Regional Offices offers its services through *United Capital* and *United Capital Financial Life Management*<sup>SM</sup>, *United Capital Private Wealth Counseling*<sup>SM</sup>, *United Capital Retirement Advisers*, or *United Capital* followed by the name of a regional location. Certain offices may also use a different name followed by the wording "a division of *United Capital Financial Advisers*" to market investment advisory services.

United Capital also provides technology platform and related consulting services under the name *FinLife Partners* (see page 7). Additionally, United Capital provides financial guidance information and resources to the public and Clients through Flexscore™ ([www.flexscore.com](http://www.flexscore.com)).

**Principal Owners**

United Capital's principal owner, and the only individual or entity with over 25% ownership, is United Capital Financial Partners, Inc. ("UCFP"), a Delaware corporation with its principal office located in Newport Beach, California.

**General Description of Services**

United Capital provides wealth counseling and investment management services to its Clients based on each Client's individual needs and circumstances. Clients work with Investment Adviser Representatives ("IARs") located in regional offices of United Capital, to assess their individual financial needs, objectives and capacity for risk. Based on the IARs' review and analysis, the IARs assist with administering services desired by Clients. United Capital's Client financial guidance process typically starts at [www.honestconversations.com](http://www.honestconversations.com) with the Money Mind® Analyzer.

There are three general ways that United Capital IARs help Clients meet their objectives:

1. **Financial Life Management (Financial Guidance & Investment Management):** United Capital IARs conduct a risk assessment and analysis of Clients' objectives through United Capital's Financial Guidance program, making appropriate recommendations on how to help Clients meet their financial needs. IARs then provide recommendations to Clients on how to allocate their investable assets ("Portfolio Construction"), as well as make recommendations relating to the Client's financial life that may not directly relate to the assets that United Capital manages on a discretionary basis. With this service, IARs meet with Clients at least annually, and at times more frequently, to reassess Client objectives and risk tolerances and to recommend and make modifications to Client investments as needed. In this situation, discretionary investment management is executed as described below.
2. **Financial Guidance, only:** The Financial Guidance program offered by United Capital includes IARs' assessing Clients' financial needs and providing appropriate recommendations but does not include discretionary investment management. See below for further information about United Capital's Financial Guidance services.
3. **Investment Management, only:** For Clients choosing United Capital investment management services only, IARs work with Clients to assess their tolerance for risk and determine a suitable portfolio construction. Once an appropriate portfolio is constructed, the management of the assets is overseen by United Capital investment specialists. See below for further information about United Capital's investment management services.

**General Description of Financial Guidance Services**

United Capital's Financial Guidance services are generally delivered through the Guidebook which includes, but is not necessarily limited to, the following services (not all services are offered or applicable to all Clients):

United Capital Financial Advisers, LLC Phone: 949.999.8500 – Fax: 949.999.8545  
620 Newport Center Drive, Suite 500, Newport Beach, CA 92660  
ADV Part 2A, version 06.15.2018

- Money Mind® Analyzer:
  - ❖ Help to identify and understand your dominant Money Mind®.
- Honest Conversations®
  - ❖ Help to create a clearly defined set of priorities, in an effort to help improve financial life decisions.
- Financial Control Scorecard®
  - ❖ Assess if you are on track to meet your financial life goals.
- Flexscore™
  - ❖ A digitized client experience, helping you track your assets and goals, while keeping score of how you are doing compared to peers.
- A net worth summary
- A portfolio snapshot
- Financial goals review and analysis
- Priority Action List
- Portfolio construction (recommending appropriate investment strategies)
- Asset allocation recommendations
- Consolidated financial summaries

Financial Guidance services are also provided through a proprietary electronic application called the GuideCenter™. This tool provides clients with a net worth summary, goals and priorities, funding for retirement and other key personal benchmarks all in one place. The tool also provides detailed information of the results of the collaborative Financial Guidance exercise with Clients conducted with a United Capital IAR. The GuideCenter™ offers a platform for Clients to collaborate with their IAR and receive up to date information about their assets and goals.

At the discretion of the Client's IAR, Clients may be provided with alternative financial planning content. For example, instead of a Guidebook, or the GuideCenter, an IAR might include information generated with the help of third party software providers such as eMoney Advisors, LLC, MoneyGuidePro®, or Financeware provided by Wealthcare Capital Management LLC, as well as custom content.

When providing a consolidated financial summary of accounts to Clients, data included may contain information about accounts for which United Capital does not manage or advise the Client. As such, no inference should be drawn that United Capital serves as the adviser on all securities listed on these consolidated financial summaries. **For Client assets that United Capital is not granted discretionary authority to manage, it will not actively supervise those assets.**

United Capital offers modular planning services designed to meet individual Clients' specific needs. These services may include one or more of the following:

- Cash flow management
- Investment management recommendations for non-supervised assets (i.e. 401k's and 403b's)
- Retirement planning
- Insurance needs analysis
- Education planning
- Estate planning
- Tax planning (not including tax preparation and filing)
- Divorce planning

Certain Clients, for example, that are small businesses may require specialized needs analyses, planning, or business performance reviews or other services.

Clients may hire United Capital to provide Financial Guidance services on a one-time basis or continually until canceled. For ongoing services, with the Clients cooperation, IARs meet with Clients no less than annually to monitor their risk profiles and objectives, updating the financial guidance provided to account for changes. Meetings may occur in-person or remotely by telephone or webinar. If Clients choose not to meet with their IAR, financial guidance will attempt to be provided based on information received during prior meetings.

Although United Capital generally recommends long-term investment strategies, its IARs may recommend various short-term investment strategies to accommodate certain Client goals or objectives.

United Capital performs Financial Guidance services for Clients with varying needs and circumstances, which may differ from, or contradict, financial guidance it or its IARs may follow in the management of their own assets.

United Capital does not provide tax preparation and filing services. Clients are urged to consult with a tax professional for any tax advice. Certain IARs of United Capital may also provide tax related services to Clients. When they do, these services are provided as an outside business activity that is not affiliated with or conducted through United Capital. See the below sub-section labeled "Tax Planning" for additional information.

### **General Description of Investment Management Services**

United Capital provides investment management services to its Clients using a variety of asset classes and investment vehicles that typically include mutual funds, exchange traded funds ("ETFs"), equity securities, fixed income securities, and other related securities. Client accounts are generally invested in strategies, with similar accounts invested in the same securities. Accounts are also managed at a custom level, with security selection varying from one Client to another. United Capital IARs work with Clients to understand the Client's risk tolerance, investment objectives, investment attribute preferences, and to determine an appropriate asset portfolio construction. United Capital IARs determine an appropriate portfolio for each of their clients. Depending on how the Client's assets are allocated, they are managed in different ways.

One of the ways assets are managed is through centrally-managed strategies, with well-defined strategy mandates, or in custom investment portfolios. United Capital's Centrally Managed Investment Platform Subcommittee oversees these strategies to ensure the assets are managed as expected and according to the strategy mandates, where applicable.

The other way assets are managed is through local United Capital offices. For local office management, United Capital's Locally Managed Investment Subcommittee provides oversight of each IAR with respect to their investment portfolio decision-making.

Both investment subcommittees (for Centrally Managed and Locally Managed Assets) report to the United Capital Investment Oversight Committee, which has the primary responsibility for establishing and maintaining United Capital's investment management services.

Each of the Investment Committees are comprised of core voting groups. Members of the Committees are generally required to have both a high school and college education or equivalent experience. In addition, all personnel who provide investment financial guidance are required to have financial, analytical or portfolio management experience, or to have passed the Uniform Investment Adviser Law Examination (Series 65 or Series 66), or other relevant qualifying examinations, or to have obtained a professional designation such as Chartered Financial Analyst or CERTIFIED FINANCIAL PLANNER™, or other valid educational background or professional designations as permitted by regulations.

Generally, Client assets are managed in set strategies where multiple accounts are invested in the same securities with the same allocation. Client assets may also be managed on a custom and/or non-discretionary basis. All Clients have the ability to request reasonable restrictions on how their account is allocated, but United Capital may not be able to accommodate all restrictions based on specific mandates of particular strategies. If United Capital cannot accommodate a requested restriction, the Client will be notified and given the option to withdraw their request, or the Client can work with their IAR to find an investment solution that meets the Client's expectations. If United Capital is unable to accommodate a Client's requested restrictions, the Client will need to find another firm to help meet their financial objectives.

Certain equity, fixed income, commodity, and balanced strategies/models are managed by the United Capital Investment Management Department, under the oversight of United Capital's Centrally Managed Investment Platform Subcommittee. These strategies/models are made available to United Capital IARs for use with their IAR clients, if the IAR feels this is in their client's best interest. The Centrally Managed Subcommittee oversees the United Capital Investment Management Department. Members of this committee are generally required to have a college education and either the Chartered Financial Analyst, Certified Financial Planner, or Series 65 designations, as noted above.

Unless the Client specifically directs otherwise in their Client Agreement, the Client grants United Capital authority to:

- use its discretion in determining the types of securities bought and sold, along with the percent allocation
- direct trades to the custodial agent
- reallocate the Client's portfolio to keep it in line with the Client's investment goals and risk tolerances
- rebalance the Client's account periodically to conform to the asset allocation expectations of the individual account
- replace the custodial agent if deemed necessary, after obtaining the Client's consent
- select the broker-dealer for execution of securities transactions
- vote proxies on behalf of the Client
- act as the Client's agent and attorney-in-fact to receive prospectuses, periodic reports, transaction confirmations, proxy materials, Part 2-A of any Sub-Manager Form ADV, and other communications from issuers of securities, as applicable, and
- deduct investment management fees directly from the Client's account

The frequency and timing of transactions in Client accounts may vary significantly, depending on the investment options chosen. Certain investment strategies offered by United Capital are created to limit the amount of trading activity. Other strategies are tactical and adjust depending on micro and macroeconomic indicators. When there is significant activity, there is a potential that a wash sale is generated, negating the taxable advantage of realizing investment losses from sale of securities. Other strategies attempt to improve the taxable consequence of the assets invested, through the use of tax loss harvesting and other tax management strategies. When deploying tax loss harvesting and other tax management strategies, United Capital does not guarantee the ability to reduce the taxable consequence from managing assets. Further, attempts to reduce the taxable consequence of a portfolio may cause a disparity in the performance of the managed account, because certain assets may not be sold, when they might have been sold if taxes weren't considered. **Clients are urged to work with their IAR to help choose the investment strategy that best meets their goals and objectives.**

When executing transactions in Client accounts, as noted above, United Capital is typically provided with the discretion to select the broker-dealer for execution of securities transactions. When deciding the appropriate method for executing transactions, United Capital may choose to:

- execute all Client transactions at the same time in a block transaction,
- stage transactions, and/or
- submit each Client's transaction independently.

When trades are placed in a "block" all Client shares as part of that block are aggregated and provided an average execution price. At times, because of the size of a transaction, United Capital, at its discretion, may choose to stage transactions. Staging transactions means that United Capital, or its trading agent, will submit the transactions for execution at varying times and/or days. This is done to minimize the price movement of the security attributable to the transaction.

Other than its authority to request the deduction and payment of agreed upon management fees from the Client's account, United Capital does not take custody of Client assets.

#### **Sub-Manager Limited Discretion, Provided to United Capital**

For certain strategies, on a limited discretionary basis, United Capital outsources a portion of the investment selection to independent professional asset managers, who are not affiliated with United Capital, who serve as sub-advisers ("Sub-Manager" or "Sub-Adviser").

A Sub-Manager's responsibility varies and may include the authority to:

- exercise discretion to determine the types of securities bought and sold, along with the percentage allocation
- apply their discretion on when to buy and sell
- apply their discretion on the timing of transactions
- select the broker-dealer for execution of securities transactions, if appropriate
- vote proxies and
- take other portfolio management actions that United Capital delegates or deems appropriate

United Capital has also hired third-party non-affiliated advisers to provide research to assist with the investment management of Client assets. These non-affiliated advisers do not have any authority to exercise discretion over the management of United Capital's Client's assets.

When working with Sub-Advisers, their activities are overseen by the United Capital Investment Subcommittee for either Centrally Managed or Locally Managed Assets.

As part of the discretionary investment management agreement the Client executes with United Capital, the Client appoints United Capital as a limited power of attorney for the Client's assets that are invested through Sub-Managers. The limited power of attorney grants United Capital the right to receive certain documents from the Sub-Manager on the Client's behalf, including but not limited to prospectuses, shareholder reports, privacy notices, proxies and Part 2A of the Sub-Manager's Form ADV, and other documents. This limited power of attorney granted by the Client may be rescinded at any time upon written notice to United Capital from the Client.

Upon request, United Capital will provide Clients with information about any Sub-Manager participating with United Capital to provide Client services. This information may include content provided by a Sub-Manager explaining its investment style, or an explanation from United Capital describing the Sub-Manager's investment style. Additionally, United Capital will provide Clients with a copy of the Sub-Managers Form ADV Part 2 upon request.

#### **Sub-Adviser and Consulting Services, Provided by United Capital**

United Capital provides customized investment adviser consulting services to other investment advisers and/or to broker-dealers. When providing these services, United Capital charges a fee, individually negotiated for each consultation. These services may differ from the financial advisory services provided to individual Clients of United Capital. The specific services provided to the third-party adviser and/or broker dealers are documented in an agreement executed with each firm.

#### **FinLife Partners**

United Capital provides technology platform and related consulting services to third-party investment advisers, under the doing business as (dba) name "FinLife Partners." Services provided under FinLife Partners include training, use of certain technology platform, making available related marketing content and assistance in preparing certain client deliverables. FinLife Partners services relating to the platform do not include in any way individual investment management or guidance. The third-party adviser pays FinLife Partners a flat fee for its services and/or a percent of advisory fees that the third-party adviser charges their Clients. Depending on how third-party advisers structure their agreement with their Client, their Clients may contribute to the cost of services paid to FinLife Partners.

#### **United Capital National Accounts**

United Capital's National Accounts ("UCNA") (also referred to as "Team Adviser Services" or "Team Adviser Plan") provides investment advisory services to Clients using a dedicated team of IARs. When using the UCNA services, a Client's relationship is managed by a team of IARs. Investment management and support services for these Clients are provided remotely by telephone and email. United Capital attempts to meet once a year with each Client using the UCNA services to discuss the Client's goals and objectives, and in an effort to make sure that the assets managed by United Capital are aligned with the Client's objectives. Clients using the UCNA services are generally offered a more limited number of investment options than Clients using other United Capital investment management services. For Clients managed under the UCNA, United Capital charges a percent of the assets under management, negotiated with each client, based on the cost of services schedule referenced in Item 5 below. The account minimum for UCNA services may be reduced by United Capital, and the fee rate may be adjusted on a case by case basis and are considered accepted upon the Client signing an investment adviser agreement.

#### **Self-Directed 401(K) Accounts**

Certain Clients may provide United Capital with access to manage their assets on a discretionary basis through a self-directed 401(K) account service. When using this kind of service, it's important to note the following:

- United Capital typically may not deduct fees from these accounts. Clients pay investment management fees by check, credit card or through direct debit of a separate account not under this program. The specific expectations for how fees may be deducted is directed by the account custodian/record keeper.



- Block trading is typically not allowed. This means that each Client order typically must be submitted to the custodian independently for execution, and different Clients may receive different prices for the same security traded. The specific expectations if block trading is possible is directed by the account custodian / record keeper.
- United Capital typically charges a flat annual fee of \$2,000 for the discretionary management of a Client's self-directed 401 (K). However, some Clients may pay a higher rate that is based on United Capital's standard Cost of Services schedule discussed under Item 5. The Client's IAR negotiates the actual fee rate with each Client. The agreed upon rate will be reflected in the Client's management agreement.
- United Capital's typical minimum account size for this service is \$50,000. Exceptions to the account minimum are granted on a case-by-case basis and are considered accepted upon the initiation of investment advisory services by United Capital.

### **United Capital Retirement Advisers & Employer Sponsored Retirement Plan Consulting Services**

United Capital provides consultation services to employer- sponsored retirement plans, including pension, 401 (k), and profit sharing plans, with a broad range of comprehensive consulting services, including:

- retirement plan design and communications,
- retirement plan service provider search,
- retirement plan investment advisory services, including: investment analysis, selection, implementation, and ongoing monitoring of plan investments, and
- financial and retirement education.

United Capital provides these services under its primary business name, or under the dba "United Capital Retirement Advisers" ("UCRA"), or one of United Capital's alternative names (United Capital, United Capital Financial Life Management, or United Capital Private Wealth Counseling).

For certain Client relationships, United Capital receives sub-advisory support from its affiliate PFE Advisors, Inc. ("The PFE Group"). Otherwise, the United Capital IAR assigned to the Client relationship generates the recommendations made. The IAR working with each Client will assist in determining if the services are sub-advised by The PFE Group or are provided by the local adviser. When sub-advisory services are provided by The PFE Group, United Capital pays The PFE Group a fee for its support. The fee is assessed to the local IAR's individual profit and loss statement. The fee assessed to United Capital is negotiated with each IAR and is typically a minimum of \$5,000 per plan.

When United Capital is hired to conduct a comprehensive vendor search for an employer-sponsored retirement plan, this generally includes the evaluation and comparison of several third-party service providers and vendors such as plan record-keepers, actuaries, auditors and registered broker-dealers (who provide brokerage, clearing, custodial, and administrative services to the Client). Upon conclusion of its vendor search and review, United Capital, generally, may recommend that the Client engage the services of one or more of these third-party service providers, which may include broker-dealers (to handle securities transactions).

For United Capital to provide Clients with proper financial guidance, it is strongly recommended that Clients arrange for and furnish United Capital with all necessary information and authorizations concerning accounts they hold at other financial institutions. As used here, financial institutions include any broker-dealer that United Capital recommends, broker-dealers selected by the Client, trust companies, banks, etc.

When working with employer-sponsored plans, United Capital may also be engaged to provide non-personalized investment-related plan implementation and educational services. These services generally address issues involving employee participation in an employer-sponsored retirement plan but may include additional topics of broader concern, such as benefits summaries or general financial education workshops for plan participants. United Capital may charge either a fixed fee or an hourly fee for these services or include the costs of such services with the costs of the other services provided to the Client. Educational services are provided on an "as needed" basis.

Retirement plan advisory services are specific to each Client and are based on the Client's plan objectives (i.e. to attract, retain employees, etc.), plan status (active or frozen), funded level (over or under), risk strategy for the plan, plan investment committee involvement and participant needs and preferences, as well as other factors. When United Capital is employed to provide retirement plan services, in general, its

methods of analysis consider the following factors:

- The Plan's benefit obligations to Plan participants and beneficiaries.
- Long term investment return that, when combined with company contributions, is sufficient to meet Plan liabilities and expenses.
- Investment policy and investment structure used to achieve the Plan's or participant's investment objectives liquidity to meet benefit payment obligations and pay Plan expenses.
- Complying with ERISA, as amended, and other regulatory and legal requirements.

To support the financial guidance that it offers to employer-sponsored plan Clients, United Capital will consider a variety of fundamental and technical factors when searching for institutional managers to manage Client assets. The factors used vary depending on the services provided to each specific plan. The IAR assigned to the plan will work with the Plan Sponsor to recommend a plan for generating investment recommendations.

Additional information about the factors for analyzing the institutional managers is available upon request. In certain situations, United Capital may rely on third-party research recommendations for guidance on institutional manager selection. Please contact United Capital for further information about the method used to generate investment recommendations.

### **Hedge Funds, Managed Futures & Alternative Investments**

United Capital offers financial guidance to Clients for investments in certain alternative investments. Clients should understand that an alternative investment strategy is subject to a number of risks and is not suitable for all investors. Alternative investments are generally classified as an investment other than a traditional stock, bond, mutual fund or exchange traded fund. Investing in alternative investments is only intended for experienced and sophisticated investors who are willing to bear the high economic risk associated with such an investment. By themselves, alternative investments do not constitute a balanced investment program.

United Capital is not affiliated with any alternative investment provider, including those that it may recommend to certain Clients.

When investing in alternative investments that are not publicly traded, United Capital does not exercise discretionary authority. This is different from other investment management services where Client's provide United Capital with discretion to make decisions about securities bought and sold on their behalf. When making investments in non-public alternative products or strategies, Clients are doing so based on their own independent assessment of the investment opportunity.

Clients should carefully review and consider potential risks before investing, including carefully review all advisory disclosure documents, private offering memoranda, prospectuses, or other offering materials provided by United Capital and any separate manager or third-party service provider of an alternative investment. Many alternative investment offering documents are not reviewed or approved by federal or state regulators.

Alternative investments, including hedge funds, private equity funds, real estate private equity funds, interval funds and venture capital funds: (1) involve a high degree of risk, (2) often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, (3) can be highly illiquid with extended lock up periods where assets may not be sold, (4) may lack a secondary market to purchase shares that investors care to redeem, (5) are not required to provide periodic pricing or valuation information to investors, (6) may involve complex tax structures and delays in distributing important tax information, (7) are not subject to the same regulatory requirements as publicly traded securities, (8) often charge high fees which may offset any trading profits, and (9) in many cases execute investments which are not transparent and are known only to the investment manager. The performance of alternative investments, including hedge funds and other alternative funds, can be volatile. An investor could lose all or a substantial amount of his or her investment. Often, hedge fund or other alternative investment account managers have total trading authority over their funds or accounts. The use of a single advisor applying generally similar trading programs could mean lack of diversification and, consequently, higher risk. There is often no secondary market for an investor's interest in alternative investments, including hedge funds and managed futures, and none is expected to develop. Even when there is a secondary market, it is often a

small group of investors willing to purchase the investment, typically resulting in a discount on the sale of the asset, versus the actual value of the underlying assets. There may be restrictions on transferring interests in any alternative investment. Alternative investment products, including hedge funds and other alternatives may even execute some portion of their trades on non-U.S. exchanges. Investing in foreign markets may entail risks that differ from those associated with investments in U.S. markets. Clients should understand that past performance is not necessarily indicative of future results and that income from alternative investments may fluctuate and that the investment's price or value may rise or fall. Accordingly, Clients may realize less than the amount than they invested.

### **Insurance**

United Capital offers financial guidance on insurance and may advise certain Clients to include insurance as part of their portfolio and/or potentially advise on the sale of an insurance policy using Life Settlements. While United Capital is affiliated with an insurance agency, United Capital Risk Management ("UCRM"), United Capital does not own, nor is it affiliated with any insurance company or insurance provider. Additionally, certain IARs of United Capital may be licensed as insurance agents.

When an IAR of United Capital recommends an insurance product and acts as the agent for the sale of that product to the Client, the IAR is generally paid a commission for such sale. This creates a conflict of interest, as the IAR is provided an incentive to recommend the purchase of the insurance product, when earning additional compensation for the purchase. To address this conflict, if a recommendation is made to a Client about the purchase, redemption or exchange of an insurance policy, Clients are not obligated in any way to execute the recommendations made through UCRM and/or any insurance agent affiliated with United Capital and/or any insurance agency that its IARs may be licensed. Further, insurance product recommendations may not be subject to the same fiduciary standard as investment advisers are subject.

### **Tax Planning**

As part of the financial planning services offered to Clients, United Capital may refer Clients to third-party, non-affiliated companies offering tax preparation services. United Capital may charge the Client a fee for its assistance with providing documents to the third-party tax preparation company. United Capital may also offer to cover the cost of third-party tax preparation as part of its negotiated cost of services (see Item 5 below for more information on negotiated cost of services).

United Capital does not provide tax preparation and filing, or accounting services ("tax services") to Clients. However, certain supervised persons of United Capital may be qualified to provide tax services based on education and training. In such instances, the supervised person may offer tax services to Clients, as an outside business activity separate from the investment services that United Capital offers its Clients. Any tax services offered by these supervised persons is conducted independent of United Capital by them as an outside business activity, and such services are not affiliated with United Capital. Where a supervised person offers such tax services as an outside activity, Clients are not obligated in any way to hire the individual for these services. Any tax services offered to Clients is separate and distinct from United Capital.

### **Reasonable Restrictions, Pledging and Withdrawing Securities**

Clients have the option to place reasonable restrictions on their Financial Guidance services, investment management accounts, and on the financial planning analysis United Capital provides, including investments in specific securities or types of securities. Requests for such restrictions are reviewed by the portfolio manager, the Client's IAR, and/or any Sub-Managers to ensure they are reasonable and will not impair United Capital's ability to manage the account and/or to achieve the investment objectives and goals the Client selects.

Subject to the specific policies and procedures of the custodian for their account, Clients may pledge the securities in their account or withdraw the securities from their account (transfer in-kind to another account or custodian).

### **Securities Class Actions and Proofs of Claim**

United Capital is not obligated to file, nor will it act in any legal capacity with respect to class action settlements or related proofs of claim. If requested by the Client, United Capital will try to provide the Client with the required documentation, if available.

For Clients that would like assistance to help monitor and file class action proof of claims, United Capital uses the services of Chicago Clearing Corporation ("CCC"), a company that specializes in the field of Class Action Claims. For Clients that request this service, United Capital periodically provides CCC with the transaction history for the Client's accounts and CCC subsequently monitors for any claims activity related to the securities that have been purchased in the Client's account. CCC will monitor each claim that applies to the Client, collect the applicable documentation, interpret the terms of each settlement, file the appropriate claim form, interact with the administrators and distributes any award due for the Client's benefit. For their services, CCC charges a contingency fee of 20%, which is subtracted from the Client's award when it is paid. The net proceeds are deposited directly into the Client's investment account or paid to the Client by check. When a claim develops, CCC communicates directly with the claims administrator to file the claim on the Client's behalf. CCC warrants that any specific private Client information they receive will be maintained as confidential and will not be used or disclosed for any reason, except for the completion of the claim itself.

### **Outsourcing of Certain Investment Operations**

United Capital works with various third-party service providers, including Envestnet, Inc. and CLS Investments, LLC, to help support the operational needs of managing and servicing Client accounts. Authority provided to the outsourced service providers may include, but is not limited to placing transactions with broker-dealers at the direction of United Capital, opening accounts with Client's account custodian, and facilitating operational requests on the Client's behalf based on instructions provided by associated persons of United Capital. When providing these services, the third-party service provider is acting as an agent of United Capital.

### **Miscellaneous**

In performing its services, United Capital does not independently verify any information it receives from Clients or from a Client's other service providers; it relies solely on the information Clients and their authorized representatives provide. The Client is free to accept or reject any recommendation made by United Capital. Moreover, each Client is advised that it remains the Client's responsibility to promptly notify United Capital if there is ever any change in the Client's financial situation or investment objectives so that United Capital, if necessary, can re-evaluate or revise any previous recommendations or services it provided to the Client.

### **Investment Management: Wrap Fee versus Non-Wrap Fee Accounts**

Clients are subject to transaction costs charged by the broker-dealer executing the transactions in the Client's account. In certain instances, Clients are assessed these fees separately by their account broker-dealer (Non-Wrap), or the transaction costs may be paid by United Capital in one combined fee with their investment management fee or included with their supplemental investment management fee paid to United Capital (Wrap). Since the difference between the two types of accounts relate to transaction fees, depending on how the Client's assets are invested, Wrap Fee account may cost less than a Non-Wrap Fee account, or vice versa. IARs work with Clients to determine if their account will be managed as a Wrap or Non-Wrap account. IARs are compensated based on a percentage of the assets under management, and their compensation may be higher or lower, depending on which method is chosen. Therefore, IARs may have a financial incentive to recommend one method over another. Further, because United Capital absorbs the transaction costs in wrap fee accounts, United Capital may have an incentive not to place transaction orders in those accounts since doing so increases United Capital's transaction costs. Thus, an incentive exists for United Capital to place trades less frequently in a wrap fee account. United Capital mitigates this conflict by disclosing this to you and by not considering the additional transaction costs when making investment decisions.

The investment management agreement, supplemental investment management cost disclosure (or documented amendment to the agreement), and/or custodian documents that each Client executes displays whether the Client or United Capital pays the transaction costs. The costs paid to United Capital for Wrap Fee Accounts may be higher than the fees Non-Wrap Fee accounts pay. United Capital does not manage Wrap Fee accounts differently from the way it manages Non-Wrap Fee accounts. See the United Capital Wrap Addendum to this Form ADV Part 2A for additional information on Wrap Fees.

In addition to the investment management costs and the transaction costs, Clients may be subject to other costs. See the Fees and Compensation section below for further detail.

**Assets Under Management (as of 12/31/2017)**

	Assets Under Management	Number of Accounts
<b>Discretionary Assets Under Management</b>	\$21,475,764,778	65,194

**ITEM 5:****COST OF SERVICES AND COMPENSATION****Cost of Services**

Each Client will enter into an agreement that describes United Capital's services and the costs ("Agreement"). Based on a needs analysis determined by the IAR and the Client, the Agreement may include one or more of the services described above. The annual Financial Life Management costs (or separated Investment Management or Financial Guidance cost) is negotiated with each Client and is customized depending on several factors as discussed in the "Negotiated Costs" section below. The following Cost of Services schedule provides information about how United Capital charges for its services.

<b>COST OF SERVICES SCHEDULE <sup>1, 5</sup></b>			
<b>Client Assets Under Management (or Assets Under Advisement for Financial Guidance Only)</b>	<b>Cost for Financial Life Management (Discretionary Investment Management &amp; Financial Guidance)<sup>2,3</sup></b>	<b>Cost for Discretionary Investment Management Only<sup>2, 3</sup></b>	<b>Estimated Cost for Financial Guidance Only<sup>4</sup></b>
\$0 to \$2,000,000	1.25%	1.00%	0.50%
\$2,000,001 to 5,000,000	1.00%	0.85%	0.40%
\$5,000,001 to \$10,000,000	0.85%	0.75%	0.30%
Great than \$10,000,000	Negotiable		

**The following information applies to the notes referenced in the above Cost of Services schedule:**

1. The actual Cost of Services paid by each Client is noted in the Agreement executed between United Capital and the Client. As directed in the Agreement, the costs agreed to may be higher or lower than the rates noted in the above schedule. Clients that initiated services with United Capital prior to April 1, 2015 were subject to a maximum cost, still in force, as follows: Investment Management only - 1.75%, Financial Guidance only - 0.50%, Financial Life Management as a combination of Investment Management and Financial Guidance - 2.25%. The Negotiated Costs section below describes the variation in amounts paid by Clients for Costs of Services.
2. Sub-Manager, Manager or Manager Research Costs: The investment management costs do not typically include costs charged by managers, Sub-Managers or fees assessed to cover manager research expenses. These costs range from 0% to 1% of the Client's assets under management and are billed either quarterly or annually. These costs may be charged by United Capital for its management of strategies, as well as by third parties not affiliated with United Capital. United Capital may have an incentive to recommend its own strategies that have a manager cost associated with them rather than a non-affiliated manager or a strategy that does not include additional costs, since United Capital and its IARs may receive additional revenue.
3. The Client's total Cost of Services is a blended cost using these stepped rates.
4. The Cost of Services noted for Financial Guidance provides a general guideline used by United Capital as a tiered rate multiplied by the Client's assets for which United Capital provides Financial Guidance. The Client's assets may include their entire net worth, or a portion. The Cost of Services and assets that the rate is applied are negotiated individually with each Client, as described in the Financial Guidance Costs section below. The actual rate charged may be higher than the amount noted in the schedule applied directly against the Client's assets. This is not meant to represent the maximum rate a Client may be assessed for these services, instead is it the typical starting rate from which costs are negotiated.
5. United Capital imposes minimum costs as follows: Financial Guidance only - \$2,500; Investment Management only - \$5,000; and Financial Life Management - \$6,250. Minimum costs may be reduced or waived on a case-by-case basis depending on the facts and circumstances of the services provided, at United Capital's sole determination.

## Negotiated Costs

The amount and method for calculating United Capital's Financial Guidance and Investment Management costs as referenced in the Cost of Services schedule are negotiated with each Client and confirmed in the Client's Agreement, or if the schedule has changed since the initial Agreement the Client signed, then through supporting documentation. While the Investment Management costs are typically assessed as a percentage of the Client's assets under United Capital's management, it may also be assessed as a flat dollar amount. The Client is subject to the fee rate that is agreed to in their Client agreement, which may be higher or lower than the fee schedule noted above.

United Capital considers a number of variables when analyzing the specific services to be provided to the Client and when determining the appropriate cost for those services. Factors that determine the Cost of Services include, but are not limited to:

- the services expected to be performed
- the Client's wealth counseling and investment needs
- the amount of investable assets
- the Client's net worth
- the amount of time anticipated to be spent servicing the Client
- local regional office precedence based on historical costs charged to other similar Clients

The Client's IAR will determine the Cost of Service after carefully balancing the consultative and the implemented portions of the Client relationship. As a result, similar Clients may be charged different costs for similar services and the actual Cost of Services may be higher than the rates noted in the above schedule.

United Capital charges a minimum cost for its services as described in the above Cost of Services schedule. At United Capital's discretion, the minimum cost may be waived.

United Capital typically combines the assets from "related accounts" to reduce the combined rate charged to Clients, this is also known as "householding." The Client's IAR reserves the right to determine whether Client accounts are "related" for purposes of aggregation. A determination of the related accounts is part of the Cost of Services negotiation between the Client and IAR. The Client should be aware that there may be certain restrictions on the aggregation of investments for ERISA, trusts, and IRA Client accounts.

In those instances where the majority of a Client's account is invested in fixed income securities, the Client's IAR reserves the right to offer a reduced Cost of Services.

For accounts where United Capital is the investment adviser exercising discretion, the Cost of Services schedule is typically applicable to all assets under management, including cash and cash equivalents. The actual Cost of Services negotiated with the Client may determine that cash and/or cash equivalents are not included to be included in the total Cost of Services. When cash and cash equivalents are not included, this creates a conflict of interest as United Capital earns more fees when those assets are invested in securities it acquires. This conflict can be addressed by the Client and IAR pre-determining the amount of cash that will not be included with billing, or a pre-determination by the Client and IAR that a specific cash amount will be not be subject to United Capital's advisory services, or by United Capital billing on all assets under management.

United Capital has acquired certain Client relationships through its business acquisitions and recruiting efforts. To accommodate such transitions, the costs United Capital charges these Clients is typically determined by the prior investment adviser relationship. Based on arrangements accompanying the transitions, this may mean that some Clients may be paying higher or lower rates than United Capital's current Cost of Services schedule referenced in this brochure. Some Clients receive reimbursement or credit for transfer costs associated with moving their accounts from one institution or custodian to another during a transition from another investment advisory firm. In some circumstances, United Capital may, where appropriate, absorb the costs, waive advisory costs or pay certain expenses related to the transfer of Client accounts. In certain circumstances, account transfer costs may also be paid for by the new account custodian (see the Soft Dollar section of this brochure under Item 12 below, for more information about the custodian payment of transition costs). Payment for such expenses must be approved by an authorized officer or agent of United Capital.

### **Terminated Accounts**

If United Capital's management services are terminated by written notice by either party, any unearned pre-paid costs will be refunded to the Client on a pro-rata basis. United Capital will begin the process of removing it from access to the account upon notification by or to the Client; however, a reasonable amount of time will be needed to liquidate and/or transfer assets, including time for required recordkeeping, and processing, and the rules and conditions imposed by mutual fund companies, stock exchanges, or securities issuers.

For those Clients using United Capital's Financial Guidance services, United Capital will conduct an analysis of services provided to determine if any costs have been earned, or if any portion should be refunded.

### **Financial Guidance Costs**

Financial Guidance costs are generally based upon analysis of the Client's financial goals, event-driven needs, or more comprehensive financial guidance, the terms of which are described in the Financial Guidance Agreement executed between United Capital and the Client.

The costs assessed are based on a number of criteria, which may include, but is not limited to:

- Investable assets / assets subject to the agreement,
- Client net worth,
- case complexity,
- services provided / Client needs,
- the amount of time spent and/or anticipated to be spent with the Client,
- preparation work prior to engagement, and/or
- customization and whether or not services were requested on an expedited basis.

Costs may be charged in a number of ways depending on the specific services being rendered, including:

- A flat cost,
- a variable cost assessed as a percent of the Client's assets under advisement,
- an hourly rate, and
- a percentage of the assets being managed by United Capital in Combination with the Investment Management cost.

The cost is negotiated between United Capital and the Client and is subject to certain minimums, as described in the Client agreement. Cost of Services is payable either in advance or in arrears. Rates vary depending on the agreed upon services, and are typically in the following ranges:

- For goals-based planning, United Capital uses the Financial Guidance Cost of Services schedule referenced at the beginning of this section as a general guideline for the rate charged to Clients. The rate is either charged as a standalone fee, or as an additional percentage of the assets that United Capital manages for the Client. The typical minimum is \$2,500 and the actual cost may be significantly higher depending on the complexity and scope of the plan. The actual amount can be higher than the schedule noted at the beginning of this section.
- For hourly rates: minimum of \$200 with a maximum of \$500 per hour; and
- typically, 50% of the Cost of Services is due in advance, and the remainder is due upon delivery of the plan to the Client.

Cost of Services is negotiable. Exceptions to the minimum cost are granted on a case by case basis and are considered accepted upon the initiation of investment advisory services by United Capital.

Cost of Services may be charged as a one-time Financial Guidance cost or Clients may select an annual on-going service for which the rate remains the same until the Client and adviser mutually agree, in writing, to a change of the cost.

Specialty Financial Planning is available at a rate to be negotiated between the Client and their IAR. The specialty Financial Planning services can include Financial Guidance on advanced planning issues such as:

- Estate Planning
- Executive Compensation
- Stock Options
- Pension Plan Options
- Insurance Analysis
- Tax Planning
- Other specialty issues as needed and appropriate for the individual Client

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ADV Part 2A, version 06.15.2018

Client deliverables that include written financial plans or recommendations for implementation of Financial Guidance will typically be presented within six (6) months of the date of the Client's execution of the Agreement, but may be presented anytime during the period noted in the Client's Agreement. United Capital's IAR shall make a "best efforts" attempt to deliver the guidance services. If Clients choose not to meet, do not accept service, or do not respond to requests to meet, United Capital will attempt to deliver services based on the information it has available.

### **Financial Guidance Fee Payments**

To pay for such services, Clients may pay by check, credit card, or provide United Capital with written authorization to debit an investment account on the Client's behalf.

The Financial Guidance Agreement, unless otherwise stated, is for a term of one year. After the term expires, the Financial Guidance Agreement will be terminated unless renewed by the Client. Within five (5) business days of the execution of a Financial Guidance Agreement, a Client may terminate the Financial Guidance Agreement without penalty or cost. Thereafter, collected but unearned costs may be refunded on a pro-rata basis, and, under certain circumstances, the refund may be negotiated between the Client and United Capital. Among other factors, the amount of the refund may depend on the amount of work that has already been completed or the amount of time elapsed since the Client executed the Financial Guidance Agreement.

### **Money Back Guarantee for Financial Guidance Services**

If, for any reason, Client is not satisfied with the Financial Guidance services delivered by United Capital, within the first year of executing a new advisory agreement to receive guidance services, Client may request to have any cost for Financial Guidance services that they have paid reimbursed. This offer is only for Financial Guidance services and does not include discretionary investment management services. When a combination of services is provided, only the portion of fees attributed to Financial Guidance services are available to be reimbursed. This money back guarantee program is available for all Clients initiating Financial Guidance services on or after April 1, 2016; provided, that, this program may be terminated at any time, at United Capital's sole determination. All Clients initiating services prior to the termination of this program will be offered the benefit of this program through their entire first year.

### **Investment Management Costs**

United Capital charges its Clients an annual management Cost of Services based on an agreed upon percentage of the Client's assets under management. These investment management costs are payable quarterly. The method for billing these costs may vary based on the local regional offices, or IARs, historical method and is agreed upon under the terms of the Agreement or supporting documentation if there were changes made after the Client signed the Agreement.

United Capital typically bills its investment management costs in advanced based on the value of the assets in the Client's account at the end of the previous quarter. In certain situations, as agreed upon in the agreement, United Capital may bill costs in arrears, based on average daily balance of the account during the prior quarter, rather than in advance, or other methods.

For new accounts and for new assets added after the start of a quarter, accounts will either be billed when the assets are available to be managed by United Capital, or in arrears, after the end of the quarter. United Capital typically does not charge a pro-rated amount for new money, less than \$20,000, added during a quarter. Additionally, United Capital does not typically credit any pre-paid costs for account withdrawals of less than \$20,000. The dollar threshold for crediting and debiting costs may change over time, at United Capital's discretion.

United Capital's annual investment management Cost of Services includes costs for the following services: review, selection, monitoring and replacement services for a variety of securities, including but not limited to exchange traded funds, exchange traded notes, mutual funds, individual securities, bonds and sub-managers, and related services.

United Capital relies on a number of different resources to price securities held in Client accounts, including multiple portfolio accounting systems (primarily Envestnet, Orion and Tamarac), pricing services and custodians. As a result, Clients may receive different statements displaying a different valuation of the same security, based on the source of the data. Additionally, different Clients with the same security may pay different costs depending on the valuation source of the securities in their specific account.



There are certain costs that Clients may incur, which are not included as part of the annual Cost of Services for investment management services charged by United Capital. The investment management Cost of Services does not typically include costs charged by managers, sub-managers or costs assessed to cover manager research expenses. These costs range from 0% to 1% of the Client's assets under management and are billed annually. These costs may be charged by United Capital for their management of strategies, as well as by third parties not affiliated with United Capital. United Capital may have an incentive to recommend its own strategies that have a manager cost associated rather than a non-affiliated manager, or into a strategy without additional costs, since it gets paid more when recommending its own strategies that have a supplemental cost. The amount that United Capital is paid when Clients invest in its strategies is based on an estimate of costs, which include third party research, third party manager expense, reporting fees, and strategy implementation and trading costs. The supplemental cost charged for investing in certain investment strategies does not include custody fees, as described in the next paragraph.

In addition to, and separate from, United Capital's Cost of Services and supplemental investment manager costs, Clients may be charged the following costs from their account custodian: national securities exchange costs, charges for transactions with respect to assets not executed through the custodian; short term redemption costs; costs charged to shareholders of mutual funds and exchange traded funds by the fund manager; odd-lot differentials; American Depository Receipt costs; costs associated with exchanging currencies; or other costs required by law. Administrative costs for retirement accounts and any platform (technology) costs are paid directly by the Client, unless other arrangements have been made. Additionally, the Client will be charged for non-standard service costs incurred as a result of any special requests made by the Client, such as overnight courier or wiring costs. Financial Guidance services costs, along with initial consultation costs may be charged in addition to investment management costs.

Generally, United Capital imposes a minimum account size of \$100,000 and, in the case of sub-managed assets a sub-manager may impose their own minimum account requirements. Any exceptions to account minimums are considered accepted by United Capital once the management of Client assets begins. Upon giving notice to United Capital, or by contacting their account custodian directly, Clients may make additions to, or withdrawals from their investment management accounts. United Capital reserves the right to terminate any account falling below its stated account minimum. Account minimums are imposed for various reasons, including, but not limited to the diminishing impact on the smaller allocations within a broadly diversified portfolio, the impact on a smaller portfolios performance from transaction costs, the impact of a smaller portfolios transaction costs on the total expense to manage the portfolio, limitations on securities that may be purchased for smaller dollar amounts, amongst other reasons.

United Capital's responsibility for advising Client accounts begins at the earlier of the "Effective Date" agreed to in the Agreement, or the date when the Client's assets (cash and/or securities) have been credited to the Client's account at the custodian and sub-custodian, if applicable. However, in no event shall costs begin accruing prior to the date the Client signs the Agreement.

Where provided in its Client Agreements, and upon written notice, United Capital reserves the right to amend its Cost of Services schedules at any time.

Clients should be aware that the costs charged by United Capital may be higher or lower than those charged by others in the industry and that it may be possible to obtain the same or similar services from other advisers at lower or higher rates.

Clients should also be aware that Investment Professionals ("IPs" or Solicitors) not affiliated with United Capital recommending these advisory services may receive compensation as a result of Clients' contracting with United Capital for such services. The IP recommending services may, therefore, have a financial incentive to recommend that a Client use United Capital's services over the services offered by other investment advisers. In certain instances, where Clients are referred to United Capital by an IP not affiliated with it, the Cost of Services charged to Clients may be negotiated and may be different from the rate charged if the Client were referred by an affiliated IP.

#### **Investment Management Fee Payment**

For payment to United Capital for its management services, United Capital sends the custodian an invoice for quarterly cost debits, or Clients submit payment by check. Clients will receive a quarterly statement from the custodian showing the amount of management costs that have been debited from their

account. By signing the United Capital Agreement, Clients are authorizing the debit of both the initial pro-rata fee and on-going quarterly costs.

### **Mutual Fund and ETF Costs**

If mutual funds are selected for inclusion in Client accounts United Capital manages, those mutual funds are either no-load funds or load-waived mutual funds. At times, mutual fund with a sales load may be transferred to United Capital as part of new assets included under United Capital's management. When this is the case, it is United Capital's position that the mutual funds should be sold as soon as practicable.

All mutual funds and ETFs pay management costs to their investment advisers, and certain funds and money-market accounts have other types of costs or charges, including 12b-1, administrative or shareholder servicing costs, early redemption, bank servicing or certain other costs, which may be deducted from the net asset value of the funds that may be held in Client accounts on a continuing basis. These costs are routinely charged to all fund or security shareholders or owners and are separate from and in addition to United Capital's management Cost of Services.

### **Mutual Fund Sub-Adviser Costs**

United Capital serves as the Sub-Adviser for the Ascendant Tactical Yield Fund. United Capital may also provide sub-adviser services to other funds in the future. When it provides sub-adviser services, United Capital is paid Sub-Adviser service fees from the adviser of the fund. For any clients of United Capital that invest in a fund that United Capital sub-advises, the fees paid to it for sub-advisory services are separate and distinct from the Cost of Services described and agreed to in your Agreement with United Capital.

As described above, mutual funds charge Shareholder fees to investors in connection with buying, selling or exchanging shares. These fees are paid directly from the mutual fund investment and are described in detail in the mutual fund's prospectus. In addition to the Shareholder fees, mutual funds charge on-going operating expenses such as investment management fees, possible distribution fees, and/or administrative fees, which are also described in detail in the mutual fund's prospectus and paid directly from your investment. When United Capital serves as sub-adviser to a mutual fund, it is paid a portion of the investment management fees assessed by the mutual fund.

If you invest in a mutual fund sub-advised by United Capital, while the Cost of Services fee you pay directly to United Capital will not change, the additional compensation that United Capital receives provides United Capital and its investment adviser representatives with an incentive to recommend the mutual fund over other services/products that may be more suitable for your investment needs. To help address this conflict of interest, Clients are not obligated to invest in any mutual fund for which United Capital serves as sub-adviser.

In certain instances, the mutual fund adviser may hire a financial intermediary to sell shares of the mutual fund. When the adviser hires an intermediary, the manager may, at its own expense and out of its own assets including profits from the mutual fund, provide additional cash payments to financial intermediaries who sell shares of a fund. United Capital, as sub-manager to the fund, may contribute payment to the fees paid to the intermediary. When contributions are made, they are made under the direction of an agreement between the adviser and United Capital.

### **United Capital Retirement Advisers & Employer Sponsored Retirement Plan Consulting Services Costs**

As described in Item 4 above, United Capital provides advisory services to retirement plans. The services provided are individually negotiated with each plan sponsor or trustee and may vary significantly. United Capital provides fiduciary and non-fiduciary services, it also may be granted discretion, or strictly provide non-discretionary services. Certain retirement plans are governed under ERISA, as amended, and in such instances, all costs of services assessed are assessed in line with applicable regulations. United Capital furnishes all ERISA plan clients with a 408(b)(2) disclosure, explaining its cost of services applicable to the plan. All services and related costs are described in an agreement executed with each plan and United Capital. Costs are determined by a number of factors, including the amount of assets of the plan, the services United Capital is hired to provide, the location of the Client, the number of participants in the plan and other factors. Costs may be assessed as a flat fee, or as a percentage of the plan assets. Minimum costs may apply.

## **Other Costs**

For custodial services, United Capital utilizes the services of a number of firms to meet its Clients' needs. Custodial transaction costs (for transactions executed through the custodian's broker-dealer) may be paid by the Client or by United Capital as negotiated and stated in the United Capital Client Agreement. Custodians charge Clients other fees, beyond transaction costs. The additional costs charged to Clients by the custodian may include, but are not limited to, custodial and clearing agent services for Client accounts, maintenance of portfolio accounting systems, preparation and mailing of Client statements, account processing, systematic withdrawals, redemptions, retirement account custodial services (except for the retirement account termination cost), maintenance of a Client inquiry system, as well as execution of securities transactions in the Client's account. Additionally, a transaction cost is charged by the Securities and Exchange Commission (SEC) to sellers of securities that are traded on stock exchanges and subsequently assessed to Clients. These costs are from Section 31(b) of the Securities Exchange Act of 1934 and are charged to recover the costs associated with the government's supervision and regulation of the securities markets and securities professionals.

Separate from costs assessed by the custodian, some Clients of United Capital receive reports that display additional detailed performance information on their account/s. Such reports are provided to offer Clients additional insight about the way their accounts are performing and are provided in addition to the reports provided Clients through their account custodian. Notwithstanding, the performance information provided through reports, Clients should rely on the custodian statements for the most accurate account information. To produce these performance reports, United Capital may charge Clients. The cost covers the reporting system expense and United Capital's associated administration of the system. The payment of this Reporting Cost may be made paid by United Capital or by the Client, as negotiated.

Certain states require service providers to pay a Gross Receipt Tax (GRT) for services provided to residents of the state, including New Mexico. When United Capital is required to pay a GRT, it directly passes through such costs to Clients for whom it applies.

## **Alternative Investment Financial Guidance Services and Associated Costs**

As described in Item 4, United Capital may recommend that a Client invest a portion of their assets in a specific hedge fund, managed future fund, non-publicly traded real estate investment trust, interval fund or other alternative investment, based on the individual Client's risk tolerance and objectives. United Capital receives no cash or non-cash compensation for the referral to the manager of the investment. Nor does United Capital pay a cash or non-cash payment to the third-party investment provider or manager. United Capital is compensated solely from advisory fees paid by the Client. The costs paid by the Client for alternative investment advice is similar to the Cost of Services schedule for Investment Management services noted at the beginning of this section. The cost is based on the value of assets the Client has under management with the third-party alternative investment platform and is paid quarterly in advance on the account's value on the last business day of the preceding calendar quarter and is negotiable. The alternative investment platform provider may receive from the investment manager compensation based on platform and management costs, and or revenue derived for serving as introducing broker for certain platform funds. As discussed under Item 12 below, Soft Dollars, certain third-parties, including alternative investment providers, may provide resources to United Capital's employees through the sponsorship of educational events, conferences and other events. When providing such resources, it is never based on any mandated amount of Client assets to be maintained with the alternative investment provider.

United Capital does not exercise discretion over any non-public alternative investments recommended through this service. Clients are responsible for initially executing any documents required to be completed by the investment manager and for continuously maintaining any subsequent documentation required after the initial investment is made. See Item 4, sub-section Hedge Funds, Managed Futures & Alternative Investments for more information about alternative investment recommendations.

## **Outside Activities of IAR's**

Certain IARs of United Capital may be registered with a broker-dealer not affiliated with United Capital, as an outside business activity, including Cetera Advisor Networks. These IARs, in their capacity as a registered representative of an unaffiliated broker-dealer, may perform securities transactions on a Client's behalf, if requested to do so by the Client, and may receive a commission for the transactions. Additionally, certain IAR's of United Capital may be appointed as a licensed insurance agent of an insurance agency, including United Capital Risk Management, Inc. ("UCRM"). UCRM is an affiliated entity of UCFA. In their

capacity as an insurance agent, these IAR's may recommend that clients of UCFA purchase an insurance policy, and may receive commission for the transaction.

In these circumstances, Clients are under no obligation to effect securities transactions through the IAR's associated broker-dealer, or the IAR's insurance agency. Because of the potential for the IAR to generate a commission in addition to costs charged by United Capital, the IAR may have an incentive to recommend investment and insurance products based on the potential compensation received, rather than the Client's needs. To address this conflict, Clients are under no obligation to place any securities or insurance transaction through an IAR of United Capital. See also Item 10 "Other Financial Activities and Affiliations" below.

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

United Capital does not charge any performance-based costs (costs based on a share of capital gains on or capital appreciation of the assets of a Client).

**ITEM 7:**  
**TYPES OF CLIENTS**

United Capital generally provides Financial Life Management, or individually Investment Management or Financial Guidance, services to individuals, high net worth individuals, corporate pension and profit-sharing plans, corporations, government entities, charitable institutions, foundations, endowments, and other investment advisers.

**Minimum Account Size & Costs**

Generally, United Capital's investment management and guidance services are available for households with minimum assets valued of at least \$500,000, with typical individual account minimums of \$100,000. The IAR may from time to time make exceptions to the minimums, as the IAR deems appropriate. Account minimums are reviewed periodically and are subject to change. Upon giving notice to United Capital, or by contacting their account custodian directly, Clients may make additions to or withdrawals from their investment management accounts. If at any time the Client's account is less than the minimum account and/or household size designated, the Agreement may be subject to termination by United Capital after formal written notice is provided to the Client. United Capital's investment strategies are designed as long-term investment vehicles and asset withdrawals may impede the achievement of a Client's investment objectives or goals.

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

**Methods of Analysis**

The United Capital Investment Committees are responsible for overall supervision of Client assets under United Capital's management, including determining which sub-managers to use. The United Capital Investment Sub-Committees for Centrally and Locally Managed Assets include supervised persons of United Capital. The United Capital Investment Committee for Locally Managed Assets regularly review the portfolios constructed by United Capital IARs.

The United Capital Centrally Managed Investment Platform Subcommittee is responsible for providing fiduciary oversight for United Capital's menu of investment strategies that are centrally-managed. Each portfolio manager(s) is responsible for asset allocation and security selection within strategies under their management, subject to the guidelines of each strategy's Investment Policy Statement or strategy mandate. Within the guidelines of the Investment Policy Statement or strategy mandate, each portfolio manager(s) has the latitude to utilize a wide variety of investment approaches.

**Leveraged and Inverse ETFs**

United Capital may, at times, purchase in Client accounts leveraged and inverse Exchange Traded Funds and Exchange Traded Notes (combined "ETFs") where it believes it is warranted, based on the invested portfolio's objective. These securities carry certain specific risks to investors. Leveraged ETF shares typically represent interest in a portfolio of securities that track an underlying benchmark or index and seek to deliver multiples of the performance of the index or benchmark. An inverse ETF seeks to deliver the opposite of the

performance of the index or benchmark they track. Like traditional ETFs, some leveraged and inverse ETFs track broad indices, some are sector-specific, and others are linked to commodities, currencies, or some other benchmark. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments. Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time, over weeks or months or years, can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets and thus may pose substantial risk for an investor.

#### **Risk and Tax Disclosure**

Investing in securities involves risk of loss that Clients should be prepared to bear. Investment performance can never be predicted or guaranteed and the value of a Client's account or portfolio holding will fluctuate due to market conditions and other factors. For all accounts United Capital manages, there is a risk that the investments selected will underperform comparable indices.

Certain strategies that United Capital may implement may exhibit higher turnover, which might have certain negative implications, including but not limited to reduced investment performance versus comparable indices, additional brokerage and transaction costs, and may, in some instances, create additional tax liability for Clients.

To implement investment management, if a Client's account initially contains securities invested rather than a cash deposit, all or a portion of the Client's securities may be sold either at the initiation of, or during, the course of management of their account. United Capital is not responsible for market risk that may result in losses in a Client's account during the in-kind transfer of securities from one institution to another. The Client is responsible for any tax liabilities arising from such transactions and is encouraged to seek the financial guidance of a qualified tax professional. **Except as noted for above, as an outside business activity for some supervised persons, United Capital, its affiliates and associated persons do not provide preparation, tax filing or legal financial guidance for services it provides to Clients.**

**Clients are urged to consult with a tax professional for any and all tax advice.**

#### **ITEM 9:**

##### **DISCIPLINARY INFORMATION**

Investment advisers and their management persons are required to disclose all material facts regarding any legal or disciplinary events that might be material to a Client, or a prospective Client's evaluation of United Capital's advisory business or the integrity of United Capital's management. United Capital has no reportable disciplinary information.

#### **ITEM 10:**

##### **OTHER FINANCIAL INDUSTRY ACTIVITY AND AFFILIATIONS**

Certain IARs of United Capital are licensed as registered representatives of Cetera Advisor Networks ("CAN"), a broker-dealer not affiliated with United Capital. When acting as a registered representative, these individuals offer brokerage services and receive commissions for those brokerage transactions. Brokerage services provided by a registered representative are different from advisory services offered through United Capital. For a brokerage relationship, the standard of care is based on suitability, with the premise being that the recommended security is appropriate for a Client at the time of purchase and adheres to the Client's investment objectives and risk tolerance. Commissions earned are for a specific transaction and usually involve an upfront amount and may include a smaller ongoing commission (referred to as 12b-1 fees or trails). For an advisory relationship, fiduciary duty is mandated under Section 206 of the Investment Advisers Act of 1940, where the standard of care is higher than that of a brokerage relationship. A fiduciary standard requires investment advisers to place the clients' interests above their own. In an advisory relationship, the cost of services is typically generated throughout the advisory relationship based on the asset size of the account, or a negotiated flat cost for services. Because of the potential for the IAR to generate a commission separate from, or in addition to fees charged by United Capital, the IAR may have an incentive to recommend investment brokerage products based on the compensation they may receive rather than taking into account the Client's interest. This conflict is mitigated by the broker-dealers oversight of brokerage products and sales activity of the registered

representative. Further, Clients are under no obligation to conduct brokerage services through the IAR's associated broker-dealer when the IAR is acting as a registered representative.

Certain IARs of United Capital may serve as IARs with an investment adviser not affiliated with United Capital, including CAN. These IARs may choose to offer financial guidance and investment management services through a different investment adviser other than United Capital, or through United Capital. The decision as to which investment adviser is chosen for a specific service is made at the IARs discretion and is based on the specific needs of each individual Client and the availability of services through the different investment advisers. The compensation arrangement with different investment advisers may be different for the IAR, and as such, the IAR may have an incentive to choose one investment adviser over another. When the compensation arrangement is different, it presents a conflict of interest for the IAR when they choose one investment adviser over another, due to the affect the recommendation has on the incentive and compensation that the IAR receives. This conflict is mitigated because the different investment advisers have services that are distinct from one another.

### **United Capital Affiliations**

United Capital Risk Management ("UCRM"), an insurance agency located in Irving, Texas registered with various state insurance divisions, is a wholly-owned subsidiary of United Capital. Certain IARs of United Capital may affiliate with UCRM to offer fixed insurance products to Clients and prospects.

PFE Advisors, Inc. (d/b/a The PFE Group), a pension consulting firm located in suburban Boston, Massachusetts and registered as an investment adviser with the Securities and Exchange Commission, is a wholly-owned subsidiary of United Capital's parent company, UCFP. The PFE Group provides pension consulting services to its Clients as well as other non-advisory services such as educational workshops and employee benefit communications. The PFE Group and United Capital may refer client to one another, whereby pension or profit sharing institutional Clients of United Capital may be referred to The PFE Group, and plan participants in pension and consulting plans of The PFE Group may be referred to United Capital for individual advisory services. No compensation is paid to United Capital or The PFE Group for such referrals. The PFE Group also provides sub-advisory services to United Capital (See additional information under Item 4.)

### **Affiliated Persons Activities**

Certain supervised persons of United Capital who serve as investment adviser representatives with it may separately serve as trustees for accounts that are not Client accounts of United Capital ("trustee-clients"). In such situations, when the supervised person is acting as trustee for a trust that is not a Client of United Capital, United Capital will not accept custody over trustee-clients' funds or securities. This exclusion does not include Client accounts of family members managed by investment adviser representatives employed with United Capital and who serve as trustee for a family account. Alternatively, there may be certain situations where a supervised person serves as the trustee for an account under United Capital's supervision that is not a family account. In this case, since the supervised person is a related party to United Capital, United Capital will not allow the supervised person to hold, directly or indirectly, the trustee-client's funds or securities. Nor will it permit the supervised person to obtain possession of them, in connection with advisory services that United Capital provides to such trustee-clients.

As an outside business activity, certain supervised persons of United Capital may sit on the board of private and public companies, non-profit organizations, and state and local government agencies. The boards that supervised persons sit on may include third parties that United Capital hires to help support the advisory services it provides to Clients and Client accounts.

### **ITEM 11:**

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

United Capital has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at United Capital must acknowledge the terms of the Code of Ethics annually, or as required by any amendment of the Code of Ethics. Nevertheless, because the Code of Ethics in some circumstances would permit supervised persons to invest in the same securities as Clients, there is a possibility that

supervised persons holding securities might benefit from market or trading activity conducted in a Client's account. Supervised person trading is continually monitored under the Code of Ethics in an effort to prevent any potential conflicts of interest between United Capital and its Clients.

United Capital's Clients or prospective Clients may request a copy of its Code of Ethics by calling 949-999-8500 or writing to United Capital at 620 Newport Center Drive, Suite 500, Newport Beach, CA 92660.

It is United Capital's policy to not broker any principal or agency cross securities transactions for Client accounts. United Capital will also not broker trades between Client accounts.

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction. Under SEC Interpretation of Section 206(3) of the Investment Advisers Act, Release No. IA-1732, the SEC states: "We have concluded that if an investment adviser receives no compensation (other than its advisory fee), directly or indirectly, for effecting a particular agency transaction between advisory Clients, the adviser would not be "acting as broker" within the meaning of Section 206(3)". Based on this interpretation, United Capital does not act as "agent" with respect to Rule 206(3) and is not subject to the written disclosure requirements of the rule.

In certain instances, a United Capital portfolio manager may decide that a securities position to be liquidated in one Client's account may be a good purchase for another Client. When this occurs, the portfolio manager may conduct a needs analysis to determine whether another Client might benefit from owning the securities position. If such activity does take place, with one United Capital Client selling a position and a separate Client purchasing the same position, United Capital shall not be compensated or receive any financial benefit from doing so, of any kind, from either party, except for its normal asset management fee.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory Client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another Client account. United Capital does not perform principal transactions.

United Capital may refer certain Clients, on a case-by-case basis, to entities offering alternative investments, including hedge funds. United Capital's CEO is related to a fund manager for one fund that it referred Clients to in the past. Some of those clients still have funds invested with the fund, and the CEO and his family members are limited partner investors in that fund. United Capital does not expect to refer clients to this fund in the future. If it does make such a referral, it will disclose the relationship and address any conflicts of interest to clients, in writing.

When investing its own corporate funds, United Capital, or its parent or affiliates, primarily use fixed-income deposits or money-market funds, United Capital does not intentionally invest in the same securities as its Clients or have its own proprietary account(s) alongside any Client accounts.

Certain supervised persons may have accounts managed by United Capital and/or may be invested in the same securities that are recommended to Clients or held in Client accounts. Supervised persons may also hold securities or trade for their own accounts contrary to financial guidance provided to Clients. If supervised persons have hired United Capital to manage their accounts on a discretionary basis, those accounts are traded along with other Client accounts and are not given any different or special treatment.

## **ITEM 12: BROKERAGE PRACTICES**

United Capital does not take custody of Client assets (other than deducting management fees when authorized) and is not a broker dealer. United Capital may recommend that clients use particular companies for custodian and brokerage services. United Capital is not affiliated with any company that it refers Clients to for custody and/or brokerage services. Examples of companies that United Capital may refer Clients to for include, but are not limited to Charles Schwab & Co., Inc., Fidelity Brokerage Services, LLC and TD Ameritrade, along with others.

## Soft Dollars

United Capital receives products and services from firms providing custodial services that benefit United Capital but that may not benefit all United Capital Clients. These services are typically offered to all investment advisers working with the custodian and do not have a specific cost tied to the benefit. Some of these products and services assist United Capital in managing and administering Client accounts. These products and services include software and other technology that provide access to Client account data (such as trade confirmations and account statements); services that facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts); research, pricing information and other market data; products and services that facilitate payment of United Capital fees from its Client accounts, and assist with back office functions, recordkeeping and Client reporting. Generally, many of these services may be used to service all or a substantial number of United Capital's Client accounts.

Third-party service providers also make available to United Capital other services intended to help United Capital manage and further develop its business enterprise but that do not directly benefit its Clients. These services include consulting, offering publications and conferences on practice management, information technology, third-party research, business succession, regulatory compliance and marketing. In addition, third-party service providers may arrange and/or pay for these types of services rendered to United Capital by independent third-parties. In certain instances, the third-party service providers discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of other third-parties providing such services to United Capital. Third-party service providers may also contribute to educational events held by United Capital for its supervised persons. Further, occasionally, Client account custodians and other third-party vendors may make, on United Capital's behalf, charitable contributions to non-profit organizations. Likewise, these contributions benefit United Capital but do not benefit its Clients.

Account custodians may offer reduced transaction costs to associated persons of United Capital that custody their personal assets at the custodian. These transaction costs may be less than the costs that are typically made available through the custodian's retail service divisions.

United Capital, in some instances, enters into agreements where a service provider agrees to pay for the services of a third-party vendor. These services would include agreements with Charles Schwab & Co., Inc., Fidelity Brokerage Services, LLC, TD Ameritrade and other custodians. Further, in certain situations, United Capital inherited Client relationships that previously include a soft dollar arrangement. In these cases, it is United Capital's policy to review the relationships for conflicts of interest, and if appropriate, to wind down any relationships of this nature as soon as practicable. Third-party service providers may also refer Clients (see Fidelity Wealth Advisory Solutions Program, Schwab Advisor Network & TD Ameritrade AdvisorDirect Client Referrals below) or adviser partner candidates to United Capital.

To offset the costs of transitioning new Client assets, the Client's account custodian may agree to reimburse the Client for all or a portion of their account transfer fees. In order for the custodian to pay transaction costs, certain minimum asset transition thresholds may be required to be met. If the minimum asset transition amounts are not met, the reimbursement will not be made and the Client would be responsible for paying their transition expense. The payment of transition expense by a custodian creates a conflict of interest as the reduced expense may be a deciding factor to transition assets to United Capital. Thus, United Capital may have an incentive to recommend a custodian that will cover this expense over one that doesn't. To address this conflict of interest, prospective Clients can choose to not transfer their assets from their existing custodian or choose a different custodian than the one recommended by United Capital. Choosing a different custodian may restrict United Capital's ability to manage the Client's assets. While as a fiduciary, United Capital seeks to act in its Clients' best interests, United Capital's recommendation that Clients maintain their assets in accounts at a particular custodian may be based in part on the benefit to United Capital, including 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. This may benefit United Capital more than individual Clients. United Capital may have an incentive to select or recommend a broker-dealer based on its interest in receiving these benefits, rather than the Client's interest in receiving the most favorable execution. It's possible that Clients would pay lower commissions by using a broker-dealer that does not provide any benefit to United Capital. A conflict of interest exists when the services provided by the vendor are based on the amount of Client assets that United Capital maintains with the third-party service provider. To address this conflict, United Capital will not compromise its best execution and fiduciary responsibility to its Clients.



### **Third Party Service Providers**

United Capital typically asks Clients to custody their assets with a specific custodian. United Capital's recommendation to its Clients to hold assets in custody with a particular firm is based on various factors, including, but not limited to:

- the historical place where the assets were held in custody prior to the Client becoming a Client of United Capital, and
- the services provided by the custodian to United Capital to help service the Client's assets (see "Soft Dollars" above).

Custodians that United Capital recommends to its Clients may also provide certain services that may benefit United Capital and its business in general, rather than benefit specific Clients. Such benefits include but are not limited to:

- Sharing in IAR recruitment expenses and other business growth initiatives; and
- Payment directly to vendors supporting United Capital's business including research providers, trade administration, portfolio accounting systems, Bloomberg terminals, supporting United Capital's management of Client assets.

United Capital receives additional benefits based upon its relationship with certain third-party service providers, including Fidelity Brokerage Services, LLC and their affiliated entities (combined "Fidelity"). As part of its relationship, Fidelity has paid in the past, and may in the future, a portion of the recruiting fee for certain business assets acquired by United Capital. These benefits may present a conflict of interest in that they provide United Capital with an incentive to recommend that its Clients custody their assets at Fidelity over other custodians that do not provide such benefits.

United Capital participates in the institutional adviser referral programs offered by Fidelity Investments, through the Fidelity Wealth Advisor Solutions® ("WAS") Program, by Charles Schwab & Co., Inc. ("Schwab") through the Schwab Advisor Network® ("the Service" or "SAN") and by TD Ameritrade Institutional ("TD") from their AdvisorDirect program. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. Fidelity, TD and Schwab offer to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. United Capital receives some benefits from Fidelity, TD and Schwab through these programs. (Please see the disclosure about these referral programs under Item 14 below.)

United Capital does not have to pay for Schwab's services, or the benefits it provides to United Capital, as long as it keeps at least \$10 million of Client assets in accounts at Schwab. Beyond that, the services provided by Schwab are not contingent upon United Capital committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give United Capital incentive to recommend that Clients maintain their account with Schwab. This is a potential conflict of interest, but the \$10 million expectation for assets held in custody with them represents a very small portion of United Capital's total assets under management, equaling less than one percent of the firm's total asset under management.

While United Capital may recommend a custodian to Clients, Clients are not obligated to follow its recommendation. It is the Client's decision on where they custody their assets. If a Client chooses to custody their assets at a custodian other than what is recommended by United Capital, the firm may not be able to discretionarily manage the Client's assets, thus restricting the kinds of services it can make available.

### **Execution/Directed Brokerage for Discretionary Managed Accounts**

Trading for discretionary investment management agreements is directed by and is the responsibility of United Capital. United Capital determines the securities to be bought or sold, the price, the timing, and the selection of broker-dealer it believes is capable of providing best execution of Client transactions. United Capital's portfolio managers will generally direct transactions to United Capital designated broker-dealers based on their execution capabilities. The use of a designated broker may or may not always allow United Capital and/or sub-managers to obtain best price and execution of portfolio transactions than could have been obtained outside a directed brokerage arrangement. Transactions in Client accounts for certain asset classes supervised by a Sub-Manager may be directed to broker-dealers that the sub-manager believes are capable of providing better execution of Client orders. While United Capital believes the broker-dealer it has selected will provide best execution and services, it is possible that better execution

may be obtained through another broker-dealer. However, Clients should be aware that the directed brokerage arrangement through broker-dealers United Capital selects may be viewed as an incentive for United Capital to utilize that broker-dealer regardless of execution quality in order to avoid incurring the charges that may accompany trading with other broker-dealers.

Transactions for each Client account generally will be affected independently, unless United Capital decides to purchase or sell the same securities for several Client accounts at approximately the same time. United Capital may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably, among United Capital Clients, differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among United Capital's Clients in proportion to the purchase and sale orders placed for each Client account on any given day. To the extent that United Capital determines to aggregate Client orders for the purchase or sale of securities, including securities in which United Capital's associated person(s) may invest, United Capital shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* United Capital shall not receive any additional compensation or remuneration as a result of the aggregation.

The Client may direct United Capital to use a particular broker-dealer (subject to United Capital's right to decline and/or terminate the engagement) to execute some or all transactions for the Client's account. In such event, the Client will negotiate terms and arrangements for the account with that broker-dealer, and United Capital will not seek better execution services or prices from other broker-dealers or be able to "batch" the Client's transactions for execution through other broker-dealers with orders for other accounts managed by United Capital. As a result, a Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that transactions for Client accounts are affected through a broker-dealer that refers investment management Clients to United Capital, the potential for conflict of interest may arise.

Consistent with obtaining best execution, transactions for a Client's account may be affected through broker-dealers in return for research products and/or services which assist United Capital in its investment decision making process. Such research generally will be used to service all of United Capital's Clients (including accounts that may not generate commissions used to pay for investment research), but brokerage commissions paid by a Client may be used to pay for research that is not used in managing the Client's account. The account may pay a broker-dealer a commission greater than another qualified broker-dealer might charge to affect the same transaction where United Capital determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

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

#### **Review of Investment Management Accounts**

United Capital's IARs, administrative and management personnel, and its Investment Committee members periodically and continuously monitor Client accounts for which it exercises discretionary investment management to identify situations that may warrant either a detailed review or specific action on behalf of a Client. Such reviews may include, but are not limited to, performance, client objectives, inactivity, high concentrations in individual securities, or changes in the Client's account information or financial situation. United Capital's Centrally Managed and Locally Managed Sub-Committee's review portfolios with respect to issues such as sub-manager performance results, the need for rebalancing or changes in sub-managers.

Annual or more frequent reviews are attempted to be conducted with the Client and their IAR to discuss changes in the Client's investment objectives, risk tolerance and changes to, or new reasonable restrictions on the management of their investments. Clients are asked to either meet in person or by telephone or online conference at which time their financial situation, condition, or investment objectives or goals are reviewed. If the Client and IAR do not meet for a considerable period of time, greater than a year, after reasonable effort is made by the IAR to do so, the Client's account will be managed based on previously communicated expectations.

### **Rebalancing**

United Capital will, periodically, rebalance the discretionary investment management account holdings within a Client's account. Generally, United Capital monitors the need for rebalancing at least quarterly. The primary goal is to ensure that the market value of the investments in each asset class remains closely aligned with the percentage of the total market value of the entire Client account as determined by the asset allocation model or parameters selected by the Client, within a reasonable tolerance level. In its sole discretion, United Capital may change the allocations among the various asset classes on a periodic basis. Rebalancing may generate a taxable transaction for the Client. United Capital does not typically factor the tax implication of a transaction when deciding when to rebalance an account. **If no transactions are warranted, significant periods of time may go by without any transactions taking place. If there is no account activity, United Capital is still supervising the assets.**

### **Client Custodial Statements**

Each Client with an investment management agreement receives an account statement of their account(s) at least quarterly from the custodian. The statement provides detailed information including: transactions, fee debits, and other activity during the period, securities positions and money fund positions and their end-of-period fair market values. Year-end summaries of realized gains and losses (IRS Schedule D information), and dividends and interest received (IRS 1099-INT and 1099-DIV) are mailed by the custodial agent to all Clients with taxable accounts.

### **Performance Reporting**

In addition to the custodial reports provided to Clients, an account performance report may also be provided quarterly or at other times. The portfolio performance reports may provide realized gains or losses during the period, securities and money fund positions and their end-of-period market values, and personal investment performance. It is possible that information may be different when comparing the custodial statement to the performance report. In such situation, Clients are advised to use the custodial statement as the most accurate record of their account. Performance reports attempt to display performance net of any United Capital management fees, but there may be certain instances where fees are not accounted for, including when fees are paid by check or from a separate account, not included in the performance report.

### **Financial Planning**

Comprehensive financial plans are prepared for Clients who have retained United Capital for this purpose. Upon completion of the plan, a United Capital IAR will meet with the Client to review the plan and answer any questions the Client may have about the contents of the plan.

## **ITEM 14:**

### **CLIENT REFERRALS AND OTHER COMPENSATION**

#### **Continuing Education & Product Training**

From time-to-time, United Capital organizes educational and training meetings for its associated persons. Certain product providers, non-affiliated managers and vendors are permitted to make presentations to its associated persons. The presentations may or may not provide continuing education credits, such as for insurance licensing. These providers may contribute to the cost of putting on these sessions at hotels or other meeting facilities. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12 Brokerage Practices. The availability to us of these products and services is not based on United Capital giving particular investment financial guidance.

#### **Soft Dollars and Other Benefits**

United Capital may receive additional benefits from third parties. See additional disclosures relating to Soft Dollars in the "Soft Dollar" section above in Item 12 Brokerage Practices.

#### **Recruiting Expenses**

As a part of United Capital's business, the firm hires outside parties (recruiters) to help find investment adviser representatives interested in joining United Capital, or for using United Capital's platform services. The recruiters are typically paid a fee based on a percentage of the total revenue of the IAR or business referred to United Capital. At times, others may contribute to the recruiting expense United Capital might incur, including custodians of Client assets like Fidelity. When a third-party contributes to the recruiting expense, it presents a conflict of interest, as United Capital may have an incentive to refer the Client to the third party custodian sharing the cost of the recruitment expense over another custodian.

## **Client Referrals**

United Capital's receives Clients primarily through referral from its IARs, who are associated persons. When Clients are referred to United Capital, the IAR is typically compensated through salary, bonuses and/or other incentives paid to them by United Capital. United Capital also pays its associated persons for helping to refer new IARs and offices, through recruiting efforts. For those individuals responsible for recruiting, some or all of their salary and incentive compensation is typically based on the addition of new business, tied to the growth of the firm's investment advisory revenue and/or assets.

To provide incentives to IARs to join United Capital, the firm may pay an IAR, or their former business, additional compensation when the IAR joins United Capital. IARs affiliate with United Capital, primarily, in two ways. One such way is when an IAR joins as a recruit and is then paid an upfront signing bonus in the form of a forgivable or non-forgivable loan. When a loan is paid, the amount is typically based on the expected revenue that the new IAR will generate after joining United Capital. The bonus paid is individually negotiated between the new IAR and United Capital.

A second way IARs join United Capital is when certain Clients are referred to United Capital as part of a partial or full sale of the IAR's practice to United Capital. When United Capital acquires any portion of the IAR's practice, the IAR, or their business, is paid additional compensation based on whether certain pre-determined asset transition thresholds are met. The additional compensation is paid in the form of upfront cash, forgivable loans or other loans, notes payable, or stock in United Capital or its parent company, or a combination thereof. The amount of the combined payment typically is a multiple of the expected revenue that will be generated from the assets that are transferred to United Capital. The amount is individually negotiated with each IAR, or the business, that sells assets to United Capital.

A transfer of purchase price, as described above, based on the percentage of Clients who transfer their business to United Capital, or the anticipated revenue that is expected to be generated from Clients who transfer, raises conflicts of interest, including the concern that the IAR has an incentive to recommend that Clients transfer their assets to United Capital over another investment adviser. United Capital believes that Clients are not impacted financially by these arrangements because the advisory fees they have paid in the past do not increase when transitioning their business to United Capital.

United Capital also works with different affinity groups to market its services to their members. When working with affinity groups, United Capital may pay the group for providing access to their members. If the payment is based on a percentage of the fees earned by United Capital from its members, it is done so in accordance with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940.

United Capital may at times pay a small amount ("gifts") to Clients and third parties who refer Clients to it. These gifts are typically of nominal value and are not based on a percentage of the actual or anticipated earnings that United Capital would generate or expect to generate from any new Clients gained.

United Capital may pay individuals to contact Clients and or prospective Clients (combined "Clients") in an effort to invite the Clients to seminars or meetings. Clients are not charged for this service.

United Capital also receives referrals from third parties that are not affiliated with United Capital. The third parties may be paid a flat fee for referrals, or a percentage of the fees that the Client pays to United Capital. In these situations, in accordance with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940, a Joint Marketing and Selling Agreement is executed between United Capital and the third party. United Capital initially and annual confirms that the third party is not statutorily disqualified from providing investment adviser services. Additionally, the third party will provide a Solicitor's Separate Written Disclosure Statement to the Clients at the time of the solicitation or referral disclosing the nature of the relationship with United Capital and the amount of referral fees paid.

## **Schwab Advisor Network®, Fidelity Wealth Advisor Solutions® & TD Ameritrade AdvisorDirect Referrals**

As disclosed in Section 12, United Capital participates in various referral programs, including the Fidelity WAS program, TD Ameritrade's institutional customer program "AdvisorDirect" and Charles Schwab & Co., Inc.'s Schwab Advisor Network®. These programs help investors find an independent investment adviser. Fidelity, Schwab and TD Ameritrade are broker-dealers independent of and unaffiliated with United Capital. As described below, United Capital pays Fidelity, Schwab and TD Ameritrade fees for client referrals. United Capital's participation in these referral programs raise conflicts of interest concerns described below.

United Capital may recommend Fidelity, TD Ameritrade and Schwab to Clients for custody and brokerage services. There is no direct link between United Capital's participation in these programs and the investment financial guidance it gives to its Clients, although United Capital receives economic benefits through its participation in the programs that are typically not available to Fidelity, TD Ameritrade or Schwab retail investors.

These benefits may include, but are not limited to, the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving United Capital participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to United Capital by third party vendors. Fidelity, TD Ameritrade and Schwab has paid, in the past, and may in the future, for business consulting and professional services received by United Capital's related persons. Some of the products and services made available by Fidelity, TD Ameritrade and Schwab through their respective programs may benefit United Capital but may not benefit its Client accounts. See the Brokerage Practices section above, under Item 12, for additional information about these benefits.

These products or services may assist United Capital in managing and administering Client accounts, including accounts not maintained at Fidelity, TD Ameritrade or Schwab, respectfully. The other services made available by Fidelity, TD Ameritrade and Schwab are intended to help United Capital manage and further develop its business enterprise.

As part of its fiduciary duties to Clients, United Capital endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by United Capital or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the United Capital's choice of Fidelity, TD Ameritrade or Schwab for custody and brokerage services.

The WAS, AdvisorDirect and Schwab Advisor Network® client referral programs have minimum eligibility requirements, in addition United Capital may have been selected to participate in these programs based on the amount and profitability to Fidelity, TD Ameritrade and Schwab, respectively, based on the assets in, and trades placed for, Client accounts maintained with each firm.

The Fidelity WAS Program, through which United Capital receives referrals, is directed from Fidelity Personal and Workplace Advisors LLC ("FPWA") (formerly Strategic Advisors, Inc.), a registered investment adviser and Fidelity Investments company. United Capital is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control United Capital, and FPWA has no responsibility or oversight for United Capital's provision of investment management or other advisory services.

The Fidelity companies providing services related to the WAS program, as well as TD Ameritrade and Schwab are independent of and unaffiliated with United Capital and there is no employee or agency relationship between them. TD Ameritrade's AdvisorDirect program, Fidelity's WAS program and Schwab's AdvisorDirect program were established as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. Neither Fidelity, TD Ameritrade nor Schwab supervise United Capital and have no responsibility for United Capital's management of Client portfolios or United Capital's other financial guidance or services.

United Capital pays Fidelity (paid to FPWA), TD Ameritrade and Schwab a fee for each successful Client referral from their respective programs. The specific compensation arrangement varies from one program to another and is disclosed to each client before or at the time that they initially establish a relationship with United Capital. The compensation arrangement between United Capital and each program is, generally, as follows:

- Fidelity – (a) an annual percentage of 0.10% of all fixed income and cash assets of and (b) an annual percentage of 0.25% of all other assets held in WAS-referred Client assets held at Fidelity

United Capital Financial Advisers, LLC Phone: 949.999.8500 – Fax: 949.999.8545  
620 Newport Center Drive, Suite 500, Newport Beach, CA 92660  
ADV Part 2A, version 06.15.2018

after the referral is made to United Capital. In addition, United Capital has agreed to pay FPA a minimum annual fee amount in connection with its participation in the WAS Program. United Capital has also agreed to pay FPA a one-time fee of 0.75% of assets if the referred client transfers custody of the assets it manages to a custodian other than an affiliate of SAI. (This compensation arrangement is a revision to prior arrangements and is effective April 1, 2017).

- TD Ameritrade – 0.25% of referred client assets up to \$2 million; 0.10% of referred client assets over \$2 million up to \$10 million; 0.05% of referred client assets over \$10 million. United Capital is obligated to pay TD Ameritrade a minimum of \$10,000 per calendar year for participation in their program (This compensation arrangement is a revision to prior arrangements and is effective April 1, 2017).
- Schwab – 0.20% or 0.25% of any and all Client assets held under United Capital's management at Schwab.

United Capital has also agreed to pay Schwab a Non-Schwab Custody fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees United Capital generally would pay in a single year. Thus, United Capital has an incentive to recommend that client accounts be held in custody at Schwab. United Capital will also pay Fidelity, TD Ameritrade and Schwab the Solicitation Fee on any advisory fees received by United Capital from any referred Client's family members, including a spouse, child or any other immediate family member who resides with the referred Client and hired United Capital on the recommendation of such referred Client. Thus, United Capital has an incentive to recommend that client accounts be held in custody at the firm referring the client.

Fidelity, TD Ameritrade and Schwab charge the referral fees to United Capital quarterly and may increase, decrease or waive the fees charged to United Capital from time to time.

For accounts of United Capital's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from United Capital's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, United Capital may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. United Capital nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for United Capital's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

United Capital does not and will not charge Clients referred through WAS, AdvisorDirect or the Schwab Advisor Network® any fees or costs higher than its standard fee schedule offered to its Clients or otherwise pass Solicitation Fees paid to Fidelity, TD Ameritrade or Schwab to its Clients. For information regarding additional or other fees paid directly or indirectly to Fidelity, TD Ameritrade, please refer to the Fidelity WAS, TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form, or for Schwab, the associated separate written disclosure statement for the Schwab Advisor Network® program.

United Capital's participation in WAS, AdvisorDirect and Schwab Advisor Network® raises conflicts of interest. WAS, TD Ameritrade and Schwab will most likely refer clients to investment advisors that encourage their clients to custody their assets at their respective firms and whose client accounts are profitable to their firms. Consequently, in order to obtain client referrals from Fidelity, TD Ameritrade and Schwab, United Capital may have an incentive to recommend to Clients that the assets under management by United Capital be held in custody with Fidelity, TD Ameritrade and Schwab, and to place transactions for Client accounts with Fidelity, TD Ameritrade and Schwab. In addition, United Capital has agreed not to solicit Clients referred to it through WAS, AdvisorDirect or to the Schwab Advisor Network® to transfer their accounts from the referring custodian or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. United Capital's participation in WAS, AdvisorDirect and Schwab Advisor Network® does not diminish its duty to seek best execution of trades for Client accounts.

**Additional Services**

United Capital receives Additional Services through its participation in the TD Ameritrade Institutional, a Division of TD Ameritrade, Inc. ("TD Ameritrade") program, which includes economic support for portfolio back office services, paid to one or more third party service provider supporting United Capital's business. The economic benefit provided to United Capital by TD Ameritrade through this program may not be offered to any other independent advisers that participate in the Additional Services Program. A specific benefit offered to United Capital through this program is a payment to United Capital's portfolio accounting system vendors (including but not limited to Envestnet), to cover support for portfolio back office services. Other benefits include event sponsorships, free trading for Clients, and access to TD Ameritrade's AdviserDirect referral program through their branch offices which is disclosed above. This Additional Service is provided to United Capital by TD Ameritrade without any cost incurred by United Capital to refer Client assets to TD Ameritrade. These additional benefits are dependent upon United Capital meeting certain Client thresholds for assets held in custody at TD Ameritrade. TD Ameritrade provides the Additional Services in its sole discretion and at its own expense, and United Capital does not pay any fees to TD Ameritrade for the Additional Services. United Capital and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provisions of the Additional Services. TD Ameritrade has the right to terminate the Additional Services Addendum with United Capital, in its sole discretion, provided certain conditions are met. While United Capital does not have any obligation to refer Client's to TD Ameritrade for these Additional Services, United Capital has a conflict of interest in referring Clients to TD Ameritrade, because TD Ameritrade considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, United Capital's Client accounts when determining whether to provide or continue to provide Additional Services to United Capital. Additionally, United Capital has a conflict of interest because it has received this benefit because it has referred its Clients to TD Ameritrade and may expect to receive a similar or greater benefit in the future by continuing to increase the amount of assets referred to TD Ameritrade. Other custodians that United Capital refers Clients to do not provide economic support of this nature. United Capital's receipt of Additional Services does not diminish United Capital's duty to act in the best interest of its Clients, including seeking best execution of trades for Client accounts.

**ITEM 15:  
CUSTODY**

United Capital as a practice does not take custody of Client assets, outside of its authority to request the deduction and payment of agreed upon management fees from the Client's account.

Clients will receive statements at least quarterly from the broker-dealer, bank or other qualified custodian that holds and maintains Clients' investment assets. Because the custodian does not calculate the amount of the fee to be deducted, it is important for Clients to carefully review their custodial statements to verify the accuracy of the calculation, as well as their holdings and activity. United Capital urges its Clients to carefully review such statements for accuracy. Clients should contact United Capital directly if they believe that there may be an error in their statement, or have any questions about any of the transactions, activity, holdings, or fees deducted.

United Capital may provide Clients with a report, or document displaying the performance of their account, or specific holdings. United Capital's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients are urged to rely on the statement from the custodian for the most accurate information

**ITEM 16:  
INVESTMENT DISCRETION**

At the onset of the relationship, when hiring United Capital for discretionary investment management services, Clients agree to provide United Capital with investment discretion for the securities to be bought and sold, including the quantity and timing, as indicated in an executed investment management agreement. United Capital's IARs work with each Client to understand their objectives, including any reasonable restrictions on the management of their investments. When selecting securities and determining amounts, United Capital observes the investment objectives, limitations and restrictions of the Clients it advises. In very limited situations, Clients may request to pre-clear individual transactions that are made in a managed account. United Capital will take such requests into consideration at the time that

the request is made and abide by such requests to the best of its ability, where possible. However, United Capital has the right to reject any account requesting pre-clearance.

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

**Proxy Voting**

Unless directed otherwise, by signing the discretionary investment management service's Agreement, the Client has appointed United Capital as its agent and attorney-in-fact to vote proxies presented by the issuers of any securities held in the Client's accounts under United Capital's supervision.

United Capital, in its sole discretion, may delegate proxy voting to third parties, including a proxy-voting service or the Sub-Managers for securities held in Client accounts in the specific asset class they are sub-advising. The Client authorizes United Capital, and any third party to which United Capital has delegated proxy voting, to receive all shareholder communications related to such proxy voting distributed by the issuers of such securities. United Capital may stop using the services of third party voting services at its sole discretion. If Clients would like to elect how to vote a proxy for a specific issue or for all of their securities managed by United Capital, they should contact their local IAR, or call United Capital at 949.999.8500 during regular business hours and ask for the Investment Management Department or write to United Capital, Investment Management Department, 620 Newport Center Drive, Suite 500, Newport Beach, CA, 92660. Any requests made to vote a specific security a certain way will be made on a best efforts basis. United Capital cannot control the timing, guarantee or provide assurance that a vote can be overrode if it was already submitted for the specific request.

If United Capital is not voting proxies for the Client, the Client maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets.

United Capital's Proxy Voting Policies is summarized below. To receive a copy of United Capital's Proxy Voting Policy and Procedures or to find out how United Capital or its designee, if any, voted specific Client securities, Clients should call United Capital at 949.999.8500 during regular business hours and ask for the Investment Operations Department or write to United Capital, Investment Operations Department, 620 Newport Center Drive, Suite 500, Newport Beach, CA, 92660.

**Proxy Voting Policy Summary**

United Capital has adopted Proxy Voting Policies and Procedures ("Procedures") that are designed to fulfill its duties of care and diligence to its Clients. These Procedures are designed to ensure that Client securities are voted in the best interests of United Capital's Clients and address material conflicts that may arise between United Capital's interests and those of its Clients. The primary policy of United Capital is to "vote in the best interest of the Client through the use of third party Proxy voting and research provider services, where analysis and review is conducted on the proxy proposal. The Procedures contain guidelines that focus on the best interests of the Clients, including election of Directors, auditor ratification, executive compensation, authorized shares, shareholder rights, merger/acquisitions, shareholder proposals, governance and environment/social. The Client reserves the right and opportunity to vote proxies themselves, or to address the voting issue through other objective means, such as voting in a manner consistent with pre-determined voting policy or receiving an independent third-party voting recommendation. United Capital is not obligated to vote every proxy; there may be instances when refraining from voting is in the best interests of the Client. United Capital may vote securities differently for different Clients and may use a proxy voting service or delegate the proxy voting to Sub-Managers.

**Item 18:**  
**FINANCIAL INFORMATION**

This item is meant to provide certain financial information or disclosures about United Capital's financial condition. United Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.



## ADV Part 2B – United Capital Financial Advisers, LLC

### **Robert F. Landry – Chief Investment Specialist & Chairman, Investment Oversight Committee**

125 E. John Carpenter Frwy, Suite 1200, Irving, TX 75062  
972-409-0885

### **United Capital Financial Advisers, LLC – Home Office**

620 Newport Center Dr., Ste. 500, Newport Beach, CA 92660  
949-999-8500

March 2018

This brochure supplement provides information about Robert Landry that supplements the United Capital Financial Advisers, LLC (United Capital) brochure. You should have received a copy of that brochure. Please contact United Capital if you did not receive United Capital's brochure or if you have any questions about the contents of this supplement. Additional information about Robert Landry is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Educational Background and Business Experience**

Born – 1968

#### **Formal Education after High School:**

B.S.B.A. – University of Massachusetts, Lowell

M.S. – University of Memphis

#### **Professional Designations:**

The Chartered Financial Analyst® (CFA®) designation is an international professional credential offered by the CFA Institute to financial professionals who complete a series of three examinations. To become a CFA charterholder, candidates must pass three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience), and have 48 months of qualified, professional work experience. CFA charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

The CERTIFIED FINANCIAL PLANNER™ (CFP®) certification is a professional certification mark for financial planners conferred by the Certified Financial Planner Board of Standards, Inc. (CFP Board) in the United States, Financial Planners Standards Council in Canada and 18 other organizations affiliated with Financial Planning Standards Board (FPSB), the international owner of the CFP® mark outside of the United States. To receive authorization to use the designation, the candidate must meet education, examination, experience and ethics requirements, and pay an ongoing certification fee. The information relates specifically to CFP® certification in the United States. In the UK, the CFP® license is available to financial planners through membership of the Institute of Financial Planning. Prior to 2007 the educational standards were different for CFP® designees and did not require a bachelor's degree.

#### **Five Year Business Background:**

01/2018 to Present -	United Capital Financial Advisers, LLC – Chairman, Investment Oversight Committee & Chairman, Centrally Managed Investment Platform Subcommittee
10/2017 to Present -	United Capital Financial Advisers, LLC – Chief Investment Strategist
01/2010 to 10/2017 -	USAA Investment Management Company – Associate Vice President

#### **Disciplinary Information:**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of United Capital Financial Advisers, LLC or the integrity of United Capital's management. Robert Landry has no legal or disciplinary events.

#### **Other Business Activity:**

N/A

#### **Additional Compensation:**

Robert Landry and United Capital Financial Advisers, LLC do not receive an economic benefit for any referrals made to a third party that provides advice, services, or products to a client of United Capital Financial Advisers, LLC.

#### **Supervision:**

Robert Landry and United Capital Financial Advisers, LLC are regulated by the SEC. United Capital has a compliance team, headed by Mike Herman, United Capital's Chief Compliance Officer, who makes sure that the rules and regulations of the SEC are followed by Robert Landry. Mike Herman can be reached at 949-999-8500. United Capital has a strict Code of Ethics which the compliance team makes sure Robert Landry follows.

## ADV Part 2B – United Capital Financial Advisers, LLC

**David Lamar Hallman – Senior Vice President, Investment Oversight; Chairman, Locally Managed Investment Subcommittee; Investment Management Oversight Committee Member; Centrally Managed Investment Platform Subcommittee Member**  
620 Newport Center Drive, Suite 500, Newport Beach, CA 92660  
949-999-8500

March 2018

This brochure supplement provides information about David Hallman that supplements the United Capital Financial Advisers, LLC (United Capital) brochure. You should have received a copy of that brochure. Please contact United Capital if you did not receive United Capital's brochure or if you have any questions about the contents of this supplement. Additional information about David Hallman is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Educational Background and Business Experience**

Born – 1958

#### **Formal Education after High School:**

B.B.A. – University of Texas at Austin

M.B.A. – University of Texas at Austin

#### **Professional Designations:**

The Chartered Financial Analyst® (CFA®) designation is an international professional credential offered by the CFA Institute to financial professionals who complete a series of three examinations. To become a CFA charterholder, candidates must pass three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience), and have 48 months of qualified, professional work experience. CFA charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

#### **Five Year Business Background:**

02/2006 to Present - United Capital Financial Advisers, LLC - Senior Vice President of Investment Oversight (8/2016 to Present); Chairman of Investment Subcommittee for Locally Managed Assets (8/2016 to Present); Member of Investment Oversight Committee (6/2017 to Present); Member of Centrally Managed Investment Platform Subcommittee (01/2018 to Present); Senior Vice President National Field Services (01/2016 to 8/2016); Senior Vice President Wealth Services (01/2013 to 01/2016); Investment Committee Member (01/2014 to Present); Investment Committee Chairman (06/2009 to 01/2014); Vice President/Director of Research (06/2007 to 12/2012); Sr. Investment Research Manager (02/2006 to 06/2007); Investment Committee Member (09/2007 to 06/2009)

#### **Disciplinary Information:**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of United Capital Financial Advisers, LLC or the integrity of United Capital's management. David Hallman has no legal or disciplinary events.

#### **Other Business Activity:**

N/A

#### **Additional Compensation:**

David Hallman and United Capital Financial Advisers, LLC do not receive an economic benefit for any referrals made to a third party that provides advice, services, or products to a client of United Capital Financial Advisers, LLC.

#### **Supervision:**

David Hallman and United Capital Financial Advisers, LLC are regulated by the SEC. United Capital has a compliance team, headed by Michael Herman, United Capital's Chief Compliance Officer, who makes sure that the rules and regulations of the SEC are followed by David Hallman. Michael Herman can be reached at 949-999-8500. United Capital has a strict Code of Ethics which the compliance team makes sure David Hallman follows.

## ADV Part 2B – United Capital Financial Advisers, LLC

### **Gary Roth – Chief Business Officer & Investment Oversight Committee Member**

620 Newport Center Drive, Suite 500, Newport Beach, CA 92660  
949-999-8500

March 2018

This brochure supplement provides information about Gary Roth that supplements the United Capital Financial Advisers, LLC (United Capital) brochure. You should have received a copy of that brochure. Please contact United Capital if you did not receive United Capital's brochure or if you have any questions about the contents of this supplement. Additional information about Gary Roth is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Educational Background and Business Experience**

Born - 1970

#### **Formal Education after High School:**

B.A. - Columbia College, Columbia University

M.B.A. - Columbia University

M.B.A. - Haas School of Business, University of California, Berkeley

#### **Professional Designations:**

N/A

#### **Five Year Business Background:**

05/2005 to Present - United Capital Financial Advisers, LLC - Director (01/2009 to Present); Chief Business Officer (09/2017 to Present); Executive Vice President / General Manager (2/2016 to 09/2017); Chief Financial Officer (05/2007 to 2/2016); Chief Operating Officer (01/2006 to 05/2011) & Senior Vice President (05/2005 to 01/2006)

08/2007 to Present - PFE Advisors, Inc. - Director (08/2007 to Present); Chief Business Officer (09/2017 to Present); Executive Vice President / General Manager (2/2016 to 09/2017); Chief Financial Officer (08/2007 to 2/2016); Chief Operating Officer (08/2007 to 05/2011)

07/2010 to Present - United Capital Risk Management, LLC - Director (7/2010 to Present); Chief Business Officer (09/2017 to Present); Executive Vice President / General Manager (2/2016 to 09/2017); Chief Financial Officer (7/2010 to 02/2016); Chief Operating Officer (07/2010 to 05/2011)

05/2005 to Present - United Capital Financial Partners, Inc. - Chief Business Officer (09/2017 to Present); Executive Vice President / General Manager (2/2016 to 09/2017); Chief Financial Officer (05/2007 to 2/2016); Chief Operating Officer (01/2006 to 05/2011); Senior Vice President (05/2005 to 01/2006)

#### **Disciplinary Information:**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of United Capital Financial Advisers, LLC or the integrity of United Capital's management. Gary Roth has no legal or disciplinary events.

#### **Other Business Activity:**

N/A

#### **Additional Compensation:**

Gary Roth and United Capital Financial Advisers, LLC do not receive an economic benefit for any referrals made to a third party that provides advice, services, or products to a client of United Capital Financial Advisers, LLC.

#### **Supervision:**

Gary Roth and United Capital Financial Advisers, LLC are regulated by the SEC. United Capital has a compliance team, headed by Michael Herman, United Capital's Chief Compliance Officer, who makes sure that the rules and regulations of the SEC are followed by Gary Roth. Michael Herman can be reached at 949-999-8500. United Capital has a strict Code of Ethics which the compliance team makes sure Gary Roth follows.

## ADV Part 2B – United Capital Financial Advisers, LLC

### **Michael John Capelle, Jr. – Senior Vice President, Head of Platform; Investment Oversight Committee Member; Locally Managed Investment Subcommittee Member**

620 Newport Center Drive, Suite 500, Newport Beach, CA 92660  
949-999-8500

March 2018

This brochure supplement provides information about Michael Capelle that supplements the United Capital Financial Advisers, LLC (United Capital) brochure. You should have received a copy of that brochure. Please contact United Capital if you did not receive United Capital's brochure or if you have any questions about the contents of this supplement. Additional information about Michael Capelle is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Educational Background and Business Experience**

Born - 1968

#### **Formal Education after High School:**

B.S. - University of Illinois

M.S. - Massachusetts Institute of Technology

M.B.A. - Massachusetts Institute of Technology, Sloan School of Business

#### **Professional Designations:**

N/A

#### **Five Year Business Background:**

11/2004 to Present - United Capital Financial Advisers, LLC - Director (02/2016 to Present); Senior Vice President / Head of Platform (02/2016 to Present); Chief Strategy Officer (09/2014 to 01/2016); Investment Oversight Committee Member (11/2004 to Present); Locally Managed Investment Subcommittee Member (01/2018 to Present); Senior Vice President, Platform and Technology (11/2004 to 09/2014)

11/2002 to Present - Capelle Consulting Group - General Partner

02/1999 to Present - Aussie Holdings, LLC - Managing Member

#### **Disciplinary Information:**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of United Capital Financial Advisers, LLC or the integrity of United Capital's management. Michael Capelle has no legal or disciplinary events.

#### **Other Business Activity:**

N/A

#### **Additional Compensation:**

Michael Capelle and United Capital Financial Advisers, LLC do not receive an economic benefit for any referrals made to a third party that provides advice, services, or products to a client of United Capital Financial Advisers, LLC.

#### **Supervision:**

Michael Capelle and United Capital Financial Advisers, LLC are regulated by the SEC. United Capital has a compliance team, headed by Michael Herman, United Capital's Chief Compliance Officer, who makes sure that the rules and regulations of the SEC are followed by Michael Capelle. Michael Herman can be reached at 949-999-8500. United Capital has a strict Code of Ethics which the compliance team makes sure Michael Capelle follows.

## ADV Part 2B – United Capital Financial Advisers, LLC

### **Stephen Tuckwood – Vice President, Portfolio Manager; Investment Oversight Committee Member; Centrally Managed Investment Platform Subcommittee Member**

125 E. John Carpenter Fwy, Suite 1200, Irving, TX 75062  
972-409-0885

### **United Capital Financial Advisers, LLC – Home Office**

620 Newport Center Dr., Ste. 500, Newport Beach, CA 92660  
949-999-8500

March 2018

This brochure supplement provides information about Stephen Tuckwood that supplements the United Capital Financial Advisers, LLC (United Capital) brochure. You should have received a copy of that brochure. Please contact United Capital if you did not receive United Capital's brochure or if you have any questions about the contents of this supplement. Additional information about Stephen Tuckwood is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Educational Background and Business Experience**

Born – 1982

#### **Formal Education after High School:**

B.A. – Mercer University  
M.S. – Georgia State University

#### **Professional Designations:**

The Chartered Financial Analyst™ (CFA®) designation is an international professional certification offered by the CFA Institute to financial analysts who complete a series of three examinations. To become a CFA Charterholder candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFA Charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

#### **Five Year Business Background:**

08/2012 to Present - United Capital Financial Advisers, LLC – Portfolio Manager (2/2014 to Present); Investment Oversight Committee Member (01/2018 to Present); Centrally Managed Investment Platform Subcommittee Member (8/2016 to Present); Investment Operating Group member (3/2015 to 8/2016); Senior Relationship Manager/Wealth Manager (08/2012 to 02/2014)

#### **Disciplinary Information:**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of United Capital Financial Advisers, LLC or the integrity of United Capital's management. Stephen Tuckwood has no legal or disciplinary events.

#### **Other Business Activity:**

N/A

#### **Additional Compensation:**

Stephen Tuckwood and United Capital Financial Advisers, LLC do not receive an economic benefit for any referrals made to a third party that provides advice, services, or products to a client of United Capital Financial Advisers, LLC.

#### **Supervision:**

Stephen Tuckwood and United Capital Financial Advisers, LLC are regulated by the SEC. United Capital has a compliance team, headed by Mike Herman, United Capital's Chief Compliance Officer, who makes sure that the rules and regulations of the SEC are followed by Stephen Tuckwood. Mike Herman can be reached at 949-999-8500. United Capital has a strict Code of Ethics which the compliance team makes sure Stephen Tuckwood follows.

## ADV Part 2B – United Capital Financial Advisers, LLC

### **Kara Murphy – Chief Investment Officer**

125 E. John Carpenter Fwy, Suite 1200, Irving, TX 75062  
972-409-0885

### **United Capital Financial Advisers, LLC – Home Office**

620 Newport Center Dr., Ste. 500, Newport Beach, CA 92660  
949-999-8500

May 2018

This brochure supplement provides information about Kara Murphy that supplements the United Capital Financial Advisers, LLC (United Capital) brochure. You should have received a copy of that brochure. Please contact United Capital if you did not receive United Capital's brochure or if you have any questions about the contents of this supplement. Additional information about Kara Murphy is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Educational Background and Business Experience**

Born – 1972

#### **Formal Education after High School:**

B.S. – Georgetown University

M.A. – University of Chicago

#### **Professional Designations:**

The Chartered Financial Analyst™ (CFA®) designation is an international professional certification offered by the CFA Institute to financial analysts who complete a series of three examinations. To become a CFA Charterholder candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFA Charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

#### **Five Year Business Background:**

05/2018 to Present – United Capital Financial Advisers, LLC – Chief Investment Officer  
12/2013 to 05/2018 – AIG, SunAmerica Asset Management, LLC – Chief Investment Officer  
08/2007 to 12/2013 – AIG, SunAmerica Asset Management, LLC – Director of Research

#### **Disciplinary Information:**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of United Capital Financial Advisers, LLC or the integrity of United Capital's management. Kara Murphy has no legal or disciplinary events.

#### **Other Business Activity:**

N/A

#### **Additional Compensation:**

Kara Murphy and United Capital Financial Advisers, LLC do not receive an economic benefit for any referrals made to a third party that provides advice, services, or products to a client of United Capital Financial Advisers, LLC.

#### **Supervision:**

Kara Murphy and United Capital Financial Advisers, LLC are regulated by the SEC. United Capital has a compliance team, headed by Mike Herman, United Capital's Chief Compliance Officer, who makes sure that the rules and regulations of the SEC are followed by Kara Murphy. Mike Herman can be reached at 949-999-8500. United Capital has a strict Code of Ethics which the compliance team makes sure Kara Murphy follows.



UNITED CAPITAL

June 15, 2018

SEC File Number 801-64376  
IA Firm CRD Number – 134600

**Client Disclosure Brochure: ADV Part 2A Appendix 1 - Client Wrap Fee Program Brochure**

This wrap fee program brochure provides information about the qualifications and business practices of United Capital Financial Advisers, LLC ("United Capital") and its Wrap Program. If you have any questions about the contents of this brochure, please contact us at 949-999-8500. 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 United Capital is also available on our website at [www.unitedcp.com](http://www.unitedcp.com) and the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

This section of the ADV Part 2A – Appendix A brochure is meant to describe any material changes relating to United Capital that Clients should be aware of since the last update of this brochure. Accordingly, the following changes are disclosed:

United Capital does not have any material changes to report at this time.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year, if any do arise in the future. We may further provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure as necessary based on changes to our business or the services provided to you, or if there is new information to inform you about, at any time, without charge.

Currently, our Brochure may be requested by contacting our main office at 949-999-8500. Our Brochure is also available on our web site [www.unitedcp.com](http://www.unitedcp.com), also free of charge.

Additional information about United Capital is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with United Capital who are notice filed, or are required to be notice filed, as investment adviser representatives of United Capital.



# Table of Contents

Material Changes .....	2
Table of Contents .....	3
Services, Costs and Compensation.....	4
Account Requirements and Types of Clients .....	10
Portfolio Manager Selection and Evaluation .....	10
Client Information Provided to Portfolio Managers .....	14
Client Contacts with Portfolio Managers.....	14
Additional Information .....	14

## **Services, Costs and Compensation**

### **Description of Business**

United Capital Financial Advisers, LLC ("United Capital") is an independent wealth counseling and investment advisory firm registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended. United Capital's registration with the SEC became active on June 9, 2005. United Capital is a Delaware corporation with its principal office located in Newport Beach, California, with regional offices and locations throughout the United States. While not separate legal entities, United Capital, through its Investment Adviser Representatives and Regional Offices offers its services through *United Capital* and *United Capital Financial Life Management* <sup>SM</sup>, *United Capital Private Wealth Counseling* <sup>SM</sup>, *United Capital Retirement Advisers*, or *United Capital* followed by the name of a regional location. Certain offices may also use a different name followed by the wording "a division of *United Capital Financial Advisers*" to market investment advisory services.

### **General Description of the United Capital Wrap Program**

United Capital provides investment management services to its Clients using a variety of asset classes and investment vehicles that typically include mutual funds, exchange traded funds ("ETFs"), equity securities, fixed income securities, and other related securities. Client accounts are generally invested in strategies, with similar accounts invested in the same securities. Accounts are also managed at a custom level, with security selection varying from one Client to another. United Capital IARs work with Clients to understand the Client's risk tolerance, investment objectives, and investment attribute preferences and to determine an appropriate asset portfolio construction. United Capital IARs determine an appropriate portfolio for each of their clients. See below under "Portfolio Manager Selection" for further detail.

### **Reasonable Restrictions, Pledging and Withdrawing Securities**

Clients have the option to place reasonable restrictions on their investment management accounts, including investments in specific securities or types of securities. Requests for such restrictions are reviewed by the portfolio manager, the Client's IAR, and/or any Sub-Managers to ensure they are reasonable and will not impair United Capital's ability to manage the account and/or to achieve the investment objectives and goals the Client selects.

Subject to the specific policies and procedures of the custodian for their account, Clients may pledge the securities in their account or withdraw the securities from their account (transfer in-kind to another account or custodian).

### **Investment Management: Wrap Fee versus Non-Wrap Fee Accounts**

Clients are subject to transaction costs charged by the broker-dealer executing the transactions in the Client's account. In certain instances, Clients are assessed these costs separately by their account broker-dealer (Non-Wrap), or the transaction costs may be paid by United Capital in one combined cost with their investment management cost or included with their supplemental investment management cost paid to United Capital (Wrap). Since the difference between the two types of accounts relate to transaction costs, depending on how the Client's assets are invested, Wrap Fee account may cost less than a Non-Wrap Fee account, or vice versa. IARs work with Clients to determine if their account will be managed as a Wrap or Non-Wrap account. IARs are compensated based on a percentage of the assets under management, and their compensation may be higher or lower, depending on which method is chosen. Therefore, IARs may have a financial incentive to recommend one method over another. Further, because United Capital absorbs the transaction costs in wrap fee accounts, United Capital may have an incentive not to place transaction orders in those accounts since doing so increases United Capital's transaction costs. Thus, an incentive exists for United Capital to place trades less frequently in a wrap fee account. United Capital mitigates this conflict by disclosing this to you and by not considering the additional transaction costs when making investment decisions.

The investment management agreement, supplemental investment management cost disclosure (or documented amendment to the agreement), and/or custodian documents that each Client executes displays whether the Client or United Capital pays the transaction costs. The costs paid to United Capital for Wrap Fee Accounts may be higher than the costs Non-Wrap Fee accounts pay. United Capital does not manage Wrap Fee accounts differently from the way it manages Non-Wrap Fee accounts. In addition to the investment management costs and the transaction costs, Clients may be subject to other costs, as described below.

### Assets Under Management (as of 12/31/2017)

	Assets Under Management	Number of Accounts
<b>Discretionary Assets Under Management</b>	\$21,475,764,778	65,194

### Cost of Services

Each Client will enter into an agreement that describes United Capital's services and the costs ("Agreement"). The annual Investment Management is negotiated with each Client and is customized depending on several factors as discussed in the "Negotiated Costs" section below. The following Cost of Services schedule provides information about how United Capital charges for its services.

COST OF SERVICES SCHEDULE <sup>1, 2, 3, 4</sup>	
Client Assets Under Management	Cost for Discretionary Investment Management
\$0 to \$2,000,000	1.00%
\$2,000,001 to 5,000,000	0.85%
\$5,000,001 to \$10,000,000	0.75%
Great than \$10,000,000	Negotiable

#### The following information applies to the above Cost of Services schedule:

1. The actual Cost of Services paid by each Client is noted in the Agreement executed between United Capital and the Client. As directed in the agreement, the costs agreed to may be higher or lower than the rates noted in the above schedule. Clients that initiated Investment Management services with United Capital prior to April 1, 2015 were subject to a maximum cost of 1.75%, still in force. The Negotiated Costs section below describes the variation in amounts paid by Clients for Costs of Services.
2. Sub-Manager, Manager or Manager Research Costs: The investment management costs do not typically include costs charged by managers, Sub-Managers or fees assessed to cover manager research expenses. These costs range from 0% to 1% of the Client's assets under management and are billed either quarterly or annually. These costs may be charged by United Capital for its management of strategies, as well as by third parties not affiliated with United Capital. United Capital may have an incentive to recommend its own strategies that have a manager cost associated with them rather than a non-affiliated manager or a strategy that does not include additional costs, since United Capital and its IARs may receive additional revenue.
3. The Client's total Cost of Services is a blended cost using these stepped rates.
4. United Capital imposes minimum costs for Investment Management of \$5,000. Minimum costs may be reduced or waived on a case-by-case basis depending on the facts and circumstances of the services provided, at United Capital's sole determination.

### Negotiated Costs

The amount and method for calculating United Capital's Investment Management costs as referenced in the Cost of Services schedule are negotiated with each Client and confirmed in the Client's Agreement, or if the schedule has changed since the initial Agreement the Client signed, then through supporting documentation. While the Investment Management costs are typically assessed as a percentage of the Client's assets under United Capital's management, it may also be assessed as a flat dollar amount. The Client is subject to the fee rate that is agreed to in their Client agreement, which may be higher or lower than the fee schedule noted above.

United Capital considers a number of variables when analyzing the specific services to be provided to the Client and when determining the appropriate cost for those services. Factors that determine the Cost of Services include, but are not limited to:

- the services expected to be performed
- the Client's wealth counseling and investment needs
- the amount of investable assets
- the Client's net worth
- the amount of time anticipated to be spent servicing the Client
- local regional office precedence based on historical costs charged to other similar Clients

The Client's IAR will determine the Cost of Service after carefully balancing the consultative and the implemented portions of the Client relationship. As a result, similar Clients may be charged different costs for similar services and the actual Cost of Services may be higher than the rates noted in the above schedule.

United Capital charges a minimum cost for its services as described in the above Cost of Services schedule. At United Capital's discretion, the minimum cost may be waived.

United Capital typically combines the assets from "related accounts" to reduce the combined rate charged to Clients, this is also known as "householding." The Client's IAR reserves the right to determine whether Client accounts are "related" for purposes of aggregation. A determination of the related accounts is part of the Cost of Services negotiation between the Client and IAR. The Client should be aware that there may be certain restrictions on the aggregation of investments for ERISA, trusts, and IRA Client accounts.

In those instances where the majority of a Client's account is invested in fixed income securities, the Client's IAR reserves the right to offer a reduced Cost of Services.

For accounts where United Capital is the investment adviser exercising discretion, the Cost of Services schedule is typically applicable to all assets under management, including cash and cash equivalents. The actual Cost of Services negotiated with the Client may determine that cash and/or cash equivalents are not included to be included in the total Cost of Services. When cash and cash equivalents are not included, this creates a conflict of interest as United Capital earns more fees when those assets are invested in securities it acquires. This conflict can be addressed by the Client and IAR pre-determining the amount of cash that will not be included with billing, or a pre-determination by the Client and IAR that a specific cash amount will be not be subject to United Capital's advisory services, or by United Capital billing on all assets under management.

United Capital has acquired certain Client relationships through its business acquisitions and recruiting efforts. To accommodate such transitions, the costs United Capital charges these Clients is typically determined by the prior investment adviser relationship. Based on arrangements accompanying the transitions, this may mean that some Clients may be paying higher or lower rates than United Capital's current Cost of Services schedule referenced in this brochure. Some Clients receive reimbursement or credit for transfer costs associated with moving their accounts from one institution or custodian to another during a transition from another investment advisory firm. In some circumstances, United Capital may, where appropriate, absorb the costs, waive advisory costs or pay certain expenses related to the transfer of Client accounts. In certain circumstances, account transfer costs may also be paid for by the new account custodian (see the Soft Dollar section of this brochure under Item 12 below, for more information about the custodian payment of transition costs). Payment for such expenses must be approved by an authorized officer or agent of United Capital.

#### **Terminated Accounts**

If United Capital's management services are terminated by written notice by either party, any unearned pre-paid costs will be refunded to the Client on a pro-rata basis. United Capital will begin the process of removing it from access to the account upon notification by or to the Client; however, a reasonable amount of time will be needed to liquidate and/or transfer assets, including time for required recordkeeping, and processing, and the rules and conditions imposed by mutual fund companies, stock exchanges, or securities issuers.

#### **Investment Management Costs**

United Capital charges its Clients an annual management Cost of Services based on an agreed upon percentage of the Client's assets under management. These investment management costs are payable quarterly. The method for billing these costs may vary based on the local regional offices, or IARs, historical method and is agreed upon under the terms of the Agreement or supporting documentation if there were changes made after the Client signed the Agreement.

United Capital typically bills its investment management costs in advanced based on the value of the assets in the Client's account at the end of the previous quarter. In certain situations, as agreed upon in

the agreement, United Capital may bill costs in arrears, based on average daily balance of the account during the prior quarter, rather than in advance, or other methods.

For new accounts and for new assets added after the start of a quarter, accounts will either be billed when the assets are available to be managed by United Capital, or in arrears, after the end of the quarter. United Capital typically does not charge a pro-rated amount for new money, less than \$20,000, added during a quarter. Additionally, United Capital does not typically credit any pre-paid costs for account withdrawals of less than \$20,000. The dollar threshold for crediting and debiting costs may change over time, at United Capital's discretion.

United Capital's annual investment management Cost of Services includes costs for the following services: review, selection, monitoring and replacement services for a variety of securities, including but not limited to exchange traded funds, exchange traded notes, mutual funds, individual securities, bonds and sub-managers, and related services.

United Capital relies on a number of different resources to price securities held in Client accounts, including multiple portfolio accounting systems (primarily Envestnet, Orion and Tamarac), pricing services and custodians. As a result, Clients may receive different statements displaying a different valuation of the same security, based on the source of the data. Additionally, different Clients with the same security may pay different costs depending on the valuation source of the securities in their specific account.

There are certain costs that Clients may incur, which are not included as part of the annual Cost of Services for investment management services charged by United Capital. The investment management Cost of Services does not typically include costs charged by managers, sub-managers or costs assessed to cover manager research expenses. These costs range from 0% to 1% of the Client's assets under management and are billed annually. These costs may be charged by United Capital for their management of strategies, as well as by third parties not affiliated with United Capital. United Capital may have an incentive to recommend its own strategies that have a manager cost associated rather than a non-affiliated manager, or into a strategy without additional costs, since it gets paid more when recommending its own strategies that have a supplemental cost. The amount that United Capital is paid when Clients invest in its strategies is based on an estimate of the costs, which include third-party research, third-party expense, reporting fees, and strategy implementation and trading costs. The supplemental cost charged for investing in certain investment strategies does not include custody fees, as described in the next paragraph.

In addition to, and separate from, United Capital's Cost of Services and supplemental investment manager costs, Clients may be charged the following costs from their account custodian: national securities exchange costs, charges for transactions with respect to assets not executed through the custodian; short term redemption costs; costs charged to shareholders of mutual funds and exchange traded funds by the fund manager; odd-lot differentials; American Depository Receipt costs; costs associated with exchanging currencies; or other costs required by law. Administrative costs for retirement accounts and any platform (technology) costs are paid directly by the Client, unless other arrangements have been made. Additionally, the Client will be charged for non-standard service costs incurred as a result of any special requests made by the Client, such as overnight courier or wiring costs. Financial Guidance services costs, along with initial consultation costs may be charged in addition to investment management costs.

Generally, United Capital imposes a minimum account size of \$100,000 and, in the case of sub-managed assets a sub-manager may impose their own minimum account requirements. Any exceptions to account minimums are considered accepted by United Capital once the management of Client assets begins. Upon giving notice to United Capital, or by contacting their account custodian directly, Clients may make additions to or withdrawals from their investment management accounts. United Capital reserves the right to terminate any account falling below its stated account minimum. Account minimums are imposed for various reasons, including, but not limited to the diminishing impact on the smaller allocations within a broadly diversified portfolio, the impact of a smaller portfolios transaction costs on the total expense to manage the portfolio, limitations on securities that may be purchased for smaller dollar amounts, amongst other reasons.

United Capital's responsibility for advising Client accounts begins at the earlier of the "Effective Date" agreed to in the Agreement, or the date when the Client's assets (cash and/or securities) have been credited to the Client's account at the custodian and sub-custodian, if applicable. However, in no event shall costs begin accruing prior to the date the Client signs the Agreement.

Where provided in its Client Agreements, and upon written notice, United Capital reserves the right to amend its Cost of Services schedules at any time.

Clients should be aware that the costs charged by United Capital may be higher or lower than those charged by others in the industry and that it may be possible to obtain the same or similar services from other advisers at lower or higher rates.

Clients should also be aware that Investment Professionals ("IPs" or Solicitors) not affiliated with United Capital recommending these advisory services may receive compensation as a result of Clients' contracting with United Capital for such services. The IP recommending services may, therefore, have a financial incentive to recommend that a Client use United Capital's services over the services offered by other investment advisers. In certain instances, where Clients are referred to United Capital by an IP not affiliated with it, the Cost of Services charged to Clients may be negotiated and may be different from the rate charged if the Client were referred by an affiliated IP.

### **Investment Management Cost Payment**

For payment to United Capital for its management services, United Capital sends the custodian an invoice for quarterly cost debits, or Clients submit payment by check. Clients will receive a quarterly statement from the custodian showing the amount of management costs that have been debited from their account. By signing the United Capital Agreement, Clients are authorizing the debit of both the initial pro-rata and on-going quarterly costs.

### **Mutual Fund and ETF Costs**

If mutual funds are selected for inclusion in Client accounts United Capital manages, those mutual funds are either no-load funds or load-waived mutual funds. At times, mutual fund with a sales load may be transferred to United Capital as part of new assets included under United Capital's management. When this is the case, it is United Capital's position that the mutual funds should be sold as soon as practicable.

All mutual funds and ETFs pay management costs to their investment advisers, and certain funds and money-market accounts have other types of costs or charges, including 12b-1, administrative or shareholder servicing costs, early redemption, bank servicing or certain other costs, which may be deducted from the net asset value of the funds that may be held in Client accounts on a continuing basis. These costs are routinely charged to all fund or security shareholders or owners and are separate from and in addition to United Capital's management Cost of Services.

### **Mutual Fund Sub-Adviser Costs**

United Capital serves as the Sub-Adviser for the Ascendant Tactical Yield Fund. United Capital may also provide sub-adviser services to other funds in the future. When it provides sub-adviser services, United Capital is paid Sub-Adviser service fees from the adviser of the fund. For any clients of United Capital that invest in a fund that United Capital sub-advises, the fees paid to it for sub-advisory services are separate and distinct from the Cost of Services described and agreed to in your Agreement with United Capital.

As described above, mutual funds charge Shareholder fees to investors in connection with buying, selling or exchanging shares. These fees are paid directly from the mutual fund investment and are described in detail in the mutual fund's prospectus. In addition to the Shareholder fees, mutual funds charge on-going operating expenses such as investment management fees, possible distribution fees, and/or administrative fees, which are also described in detail in the mutual fund's prospectus and paid directly from your investment. When United Capital serves as Sub-Adviser to a mutual fund, it is paid a portion of the investment management fees assessed by the mutual fund.

If you invest in a mutual fund sub-advised by United Capital, while the Cost of Services fee you pay directly to United Capital will not change, the additional compensation that United Capital receives provides United Capital and its investment adviser representatives with an incentive to recommend the mutual fund over other services/products that may be more suitable for your investment needs. To help address this conflict of interest, Clients are not obligated to invest in any mutual fund for which United Capital serves as sub-adviser.

In certain instances, the mutual fund adviser may hire a financial intermediary to sell shares of the mutual fund. When the adviser hires an intermediary, the manager may, at its own expense and out of its own assets including profits from the mutual fund, provide additional cash payments to financial intermediaries who sell shares of a fund. United Capital, as sub-manager to the fund, may contribute payment to the fees paid to the intermediary. When contributions are made, they are made under the direction of an agreement between the adviser and United Capital.

#### **Other Costs**

For custodial services, United Capital utilizes the services of a number of firms to meet its Clients' needs. Custodial transaction costs (for transactions executed through the custodian's broker-dealer) may be paid by the Client or by United Capital as negotiated and stated in the United Capital Client Agreement. Custodians charge Clients other fees, beyond transaction costs. The additional costs charged to Clients by the custodian may include, but are not limited to, custodial and clearing agent services for Client accounts, maintenance of portfolio accounting systems, preparation and mailing of Client statements, account processing, systematic withdrawals, redemptions, retirement account custodial services (except for the retirement account termination cost), maintenance of a Client inquiry system, as well as execution of securities transactions in the Client's account. Additionally, a transaction cost is charged by the Securities and Exchange Commission (SEC) to sellers of securities that are traded on stock exchanges and subsequently assessed to Clients. These costs are from Section 31(b) of the Securities Exchange Act of 1934 and are charged to recover the costs associated with the government's supervision and regulation of the securities markets and securities professionals.

Separate from costs assessed by the custodian, some Clients of United Capital receive reports that display additional detailed performance information on their account/s. Such reports are provided to offer Clients additional insight about the way their accounts are performing and are provided in addition to the reports provided Clients through their account custodian. Notwithstanding, the performance information provided through reports, Clients should rely on the custodian statements for the most accurate account information. To produce these performance reports, United Capital may charge Clients. The cost covers the reporting system expense and United Capital's associated administration of the system. The payment of this Reporting Cost may be made paid by United Capital or by the Client, as negotiated.

Certain states require service providers to pay a Gross Receipt Tax (GRT) for services provided to residents of the state, including New Mexico. When United Capital is required to pay a GRT, it directly passes through such costs to Clients for whom it applies.

#### **Outside Activities of IAR's**

Certain IARs of United Capital may be registered with a broker-dealer not affiliated with United Capital, as an outside business activity, including Cetera Advisor Networks. These IARs, in their capacity as a registered representative of an unaffiliated broker-dealer, may perform securities transactions on a Client's behalf, if requested to do so by the Client, and may receive a commission for the transactions. Additionally, certain IAR's of United Capital may be appointed as a licensed insurance agent of an insurance agency, including United Capital Risk Management, Inc. ("UCRM"). UCRM is an affiliated entity of UCFA. In their capacity as an insurance agent, these IAR's may recommend that clients of UCFA purchase an insurance policy, and may receive commission for the transaction.

In these circumstances, Clients are under no obligation to effect securities transactions through the IAR's associated broker-dealer, or the IAR's insurance agency. Because of the potential for the IAR to generate a commission in addition to costs charged by United Capital, the IAR may have an incentive to recommend investment and insurance products based on the potential compensation received, rather than the Client's needs. To address this conflict, Clients are under no obligation to place any securities or insurance transaction through an IAR of United Capital. See also Item 10 "Other Financial Activities and Affiliations" below.

#### **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

United Capital generally provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, corporations, government entities, charitable institutions, foundations, endowments, and other investment advisers.

### **Minimum Account Size**

Generally, United Capital's investment management services are available for accounts with a minimum asset value of at least \$500,000, with typical individual account minimums of \$100,000. The IAR may from time to time make exceptions to the minimums, as the IAR deems appropriate. Account minimums are reviewed periodically and are subject to change. Upon giving notice to United Capital, or by contacting their account custodian directly, Clients may make additions to or withdrawals from their investment management accounts. If at any time the Client's account is less than the minimum account size designated, the Agreement may be subject to termination by United Capital after formal written notice is provided to the Client. United Capital's investment strategies are designed as long-term investment vehicles and asset withdrawals may impede the achievement of a Client's investment objectives or goals.

## **PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **Portfolio Manager Selection**

As described under the "General Description of the United Capital Wrap Program" above, United Capital provides investment management services to its Clients using a variety of asset classes and investment vehicles that typically include mutual funds, exchange traded funds ("ETFs"), equity securities, fixed income securities, and other related securities. Client accounts are generally invested in strategies, with similar accounts invested in the same securities. Accounts are also managed at a custom level, with security selection varying from one Client to another. United Capital IARs work with Clients to understand the Client's risk tolerance, investment objectives, and investment attribute preferences and to determine an appropriate asset portfolio construction. United Capital IARs determine an appropriate portfolio for each of their clients. Depending on how the Client assets are allocated, they are managed in different ways.

One way assets are managed is through centrally-managed strategies, with well-defined strategy mandates, or in custom investment portfolios. United Capital's Centrally Managed Investment Platform Subcommittee oversees these strategies to ensure the assets are managed as expected and according to the strategy mandates, where applicable.

The other way assets are managed is through local United Capital offices. For local office management, United Capital's Locally Managed Investment Subcommittee provides oversight of each IAR with respect to their investment portfolio decision-making.

Both investment subcommittees (for Centrally Managed and Locally Managed Assets) report to the United Capital Investment Oversight Committee, which has the primary responsibility for establishing and maintaining United Capital's investment management services.

Each of the United Capital Investment Committees are comprised of a core voting groups. Members of the Committees are generally required to have both a high school and college education or equivalent experience. In addition, all personnel who provide investment financial guidance are required to have financial, analytical or portfolio management experience, or to have passed the Uniform Investment Adviser Law Examination (Series 65 or Series 66), or other relevant qualifying examinations, or to have obtained a professional designation such as Chartered Financial Analyst or CERTIFIED FINANCIAL PLANNER™, or other valid educational background or professional designations as permitted by regulations.

Generally, Client assets are managed in set strategies where multiple accounts are invested in the same securities at the same allocation. Client assets may also be managed on a custom and/or non-discretionary basis. All Clients have the ability to request reasonable restrictions on how their account is allocated, but United Capital may not be able to accommodate all restrictions based on specific mandates of particular strategies. If United Capital cannot accommodate a requested restriction, the Client will be notified and given the option to withdraw their request, or the Client can work with their IAR to find an investment solution that meets the Client's expectations. If United Capital is unable to accommodate a Client's requested restrictions, the Client will need to find another firm to help meet their financial objectives.

Certain equity, fixed income, commodity, and balanced strategies/models are managed by the United Capital Investment Management Department, under the oversight of United Capital's Centrally Managed Investment Platform Subcommittee. These strategies/models are made available to United Capital IARs for use with their IAR clients, if the IAR feels this is in their client's best interest. The Centrally Managed Subcommittee oversees the United Capital Investment Management Department. Members of this



committee are generally required to have a college education and either the Chartered Financial Analyst, Certified Financial Planner, or Series 65 designations, as noted above.

Unless the Client specifically directs otherwise in their Client Agreement, the Client grants United Capital authority to:

- use its discretion in determining the types of securities bought and sold, along with the percent allocation
- direct trades to the custodial agent
- reallocate the Client's portfolio to keep it in line with the Client's investment goals and risk tolerances
- rebalance the Client's account periodically to conform to the asset allocation expectations of the individual account
- replace the custodial agent if deemed necessary, after obtaining the Client's consent
- select the broker-dealer for execution of securities transactions
- vote proxies on behalf of the Client
- act as the Client's agent and attorney-in-fact to receive prospectuses, periodic reports, transaction confirmations, proxy materials, Part 2 of any Sub-Manager Form ADV, and other communications from issuers of securities, as applicable, and
- deduct investment management costs directly from the Client's account

The frequency and timing of transactions in Client accounts may vary significantly, depending on the investment options chosen. Certain investment strategies offered by United Capital are created to limit the amount of trading activity. Other strategies are tactical and adjust depending on micro and macroeconomic indicators. When there is significant activity, the potential that a wash sale is generated, negating the taxable advantage of realizing investment losses from sale of securities. Other strategies attempt to improve the taxable consequence of the assets invested, through the use of tax loss harvesting and other tax management strategies. When deploying tax loss harvesting and other tax management strategies, United Capital does not guarantee the ability to reduce the taxable consequence from managing assets. Further, attempts to reduce the taxable consequence of a portfolio may cause a disparity in the performance of the managed account, because certain assets may not be sold, when they might have been if taxes weren't considered. **Clients are urged to work with their IAR to help choose the investment strategy that best meets their goals and objectives.**

Other than its authority to request the deduction and payment of agreed upon management costs from the Client's account, United Capital does not take custody of Client assets.

When executing transactions in Client accounts, as noted above, United Capital is typically provided with the discretion to select the broker-dealer for execution of securities transactions. When deciding the appropriate method for executing transactions, United Capital may choose to:

- execute all Client transactions at the same time in a block transaction,
- stage transactions, and/or
- submit each Client's transaction independently.

When trades are placed in a "block" all Client shares as part of that block are aggregated and provided an average execution price. At times, because of the size of a transaction, United Capital, at its discretion, may choose to stage transactions. Staging transactions means that United Capital, or its trading agent, will submit the transactions for execution at varying times and/or days. This is done to minimize the price movement of the security attributable to the transaction.

#### **Sub-Manager Limited Discretion, Provided to United Capital**

For certain strategies, on a limited discretionary basis, United Capital outsources a portion of the investment selection to independent professional asset managers, who are not affiliated with United Capital, who serve as sub-advisers ("Sub-Manager" or "Sub-Adviser").

A Sub-Manager's responsibility varies and may include the authority to:

- exercise discretion to determine the types of securities bought and sold, along with the percentage allocation
- apply their discretion on when to buy and sell
- apply their discretion on the timing of transactions
- select the broker-dealer for execution of securities transactions, if appropriate

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ADV Part 2A.Appendix 1.Wrap Fee Program.version.06.15.2018

- vote proxies and
  - take other portfolio management actions that United Capital delegates or deems appropriate
- United Capital has also hired third-party non-affiliated advisers to provide research to assist with the investment management of Client assets. These non-affiliated advisers do not have any authority to exercise discretion over the management of United Capital's Client assets.

When working with Sub-Advisers, their activities are overseen by the United Capital Investment Sub-Committee for either Centrally Managed or Locally Managed Assets.

As part of the discretionary investment management agreement the Client executes with United Capital, the Client appoints United Capital as a limited power of attorney for the Client's assets that are invested through Sub-Managers. The limited power of attorney grants United Capital the right to receive certain documents from the Sub-Manager on the Client's behalf, including but not limited to prospectuses, shareholder reports, privacy notices, proxies and Part 2A of the Sub-Manager's Form ADV, and other documents. This limited power of attorney granted by the Client may be rescinded at any time upon written notice to United Capital from the Client.

Upon request, United Capital will provide Clients with information about any Sub-Manager participating with United Capital to provide Client services. This information may include content provided by a Sub-Manager explaining its investment style, or an explanation from United Capital describing the Sub-Manager's investment style. Additionally, United Capital will provide Clients with a copy of the Sub-Managers Form ADV Part 2 upon request.

#### **Sub-Adviser and Consulting Services, Provided by United Capital**

United Capital provides customized investment adviser consulting services to other investment advisers and/or to broker-dealers. When providing these services, United Capital charges a fee, individually negotiated for each consultation. These services may differ from the financial advisory services provided to individual Clients of United Capital. The specific services provided to the third-party adviser and/or broker dealers are documented in an agreement executed with each firm.

#### **Advisory Business**

See above "Investment Management: Wrap Fee versus Non-Wrap Fee Accounts" " section for a description of the difference between United Capital's Wrap and Non-Wrap programs.

#### **Methods of Analysis**

The United Capital Investment Committees are responsible for overall supervision of Client assets under United Capital's management, including determining which sub-managers to use. The United Capital Investment Sub-Committees for Centrally and Locally Managed Assets include supervised persons of United Capital. The United Capital Investment Committee for Locally Managed Assets regularly review the portfolios constructed by United Capital IARs.

The United Capital Centrally Managed Investment Platform Subcommittee is responsible for providing fiduciary oversight for United Capital's menu of investment strategies that are centrally-managed. Each portfolio manager(s) is responsible for asset allocation and security selection within strategies under their management, subject to the guidelines of each strategy's Investment Policy Statement or strategy mandate. Within the guidelines of the Investment Policy Statement or strategy mandate, each portfolio manager(s) has the latitude to utilize a wide variety of investment approaches.

#### **Leveraged and Inverse ETFs**

United Capital may, at times, purchase in Client accounts leveraged and inverse Exchange Traded Funds and Exchange Traded Notes (combined "ETFs") where it believes it is warranted, based on the invested portfolio's objective. These securities carry certain specific risks to investors. Leveraged ETF shares typically represent interest in a portfolio of securities that track an underlying benchmark or index and seek to deliver multiples of the performance of the index or benchmark. An inverse ETF seeks to deliver the opposite of the performance of the index or benchmark they track. Like traditional ETFs, some leveraged and inverse ETFs track broad indices, some are sector-specific, and others are linked to commodities, currencies, or some other benchmark. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments. Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time, over weeks or months or years, can differ significantly

from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets and thus may pose substantial risk for an investor.

### **Performance Based Fees**

United Capital does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client).

### **Risk and Tax Disclosure**

Investing in securities involves risk of loss that Clients should be prepared to bear. Investment performance can never be predicted or guaranteed and the value of a Client's account or portfolio holding will fluctuate due to market conditions and other factors. For all accounts United Capital manages, there is a risk that the investments selected will underperform comparable indices.

Certain strategies that United Capital may implement may exhibit higher turnover, which might have certain negative implications, including but not limited to reduced investment performance versus comparable indices, additional brokerage and transaction costs, and may, in some instances, create additional tax liability for Clients.

To implement investment management, if a Client's account initially contains securities invested rather than a cash deposit, all or a portion of the Client's securities may be sold either at the initiation of, or during, the course of management of their account. United Capital is not responsible for market risk that may result in losses in a Client's account during the in-kind transfer of securities from one institution to another. The Client is responsible for any tax liabilities arising from such transactions and is encouraged to seek the financial guidance of a qualified tax professional. **Except as noted for above, as an outside business activity for some supervised persons, United Capital, its affiliates and associated persons do not provide tax preparation, tax filing or legal financial guidance for services it provides to Clients.**

**Clients are urged to consult with a tax professional for any and all tax advice.**

### **Proxy Voting**

Unless directed otherwise, by signing the discretionary investment management service's Agreement, the Client has appointed United Capital as its agent and attorney-in-fact to vote proxies presented by the issuers of any securities held in the Client's accounts under United Capital's supervision.

United Capital, in its sole discretion, may delegate proxy voting to third parties, including a proxy-voting service or the Sub-Managers for securities held in Client accounts in the specific asset class they are sub-advising. The Client authorizes United Capital, and any third-party to which United Capital has delegated proxy voting, to receive all shareholder communications related to such proxy voting distributed by the issuers of such securities. United Capital may stop using the services of third-party voting services at its sole discretion. If Clients would like to elect how to vote a proxy for a specific issue or for all of their securities managed by United Capital, they should contact their local IAR, or call United Capital at 949.999.8500 during regular business hours and ask for the Investment Operations Department or write to United Capital, Investment Operations Department, 620 Newport Center Drive, Suite 500, Newport Beach, CA, 92660. Any requests made to vote a specific security a certain way will be made on a best efforts basis. United Capital cannot control the timing, guarantee or provide assurance that a vote can be overrode if it was already submitted for the specific request.

If United Capital is not voting proxies for the Client, the Client maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets.

United Capital's Proxy Voting Policies is summarized below. To receive a copy of United Capital's Proxy Voting Policy and Procedures or to find out how United Capital or its designee, if any, voted specific Client securities, Clients should call United Capital at 949.999.8500 during regular business hours and ask for the Investment Operations Department or write to United Capital, Investment Operations Department, 620 Newport Center Drive, Suite 500, Newport Beach, CA, 92660.

### **Proxy Voting Policy Summary**

United Capital has adopted Proxy Voting Policies and Procedures ("Procedures") that are designed to fulfill its duties of care and diligence to its Clients. These Procedures are designed to ensure that Client securities are voted in the best interests of United Capital's Clients and address material conflicts that may arise between United Capital's interests and those of its Clients. The primary policy of United Capital is to "vote in the best interest of the Client through the use of third-party Proxy voting and research provider services, where analysis and review is conducted on the proxy proposal. The Procedures contain guidelines that focus on the best interests of the Clients, including election of Directors, auditor ratification, executive compensation, authorized shares, shareholder rights, merger/acquisitions, shareholder proposals, governance and environment/social. The Client reserves the right and opportunity to vote proxies themselves, or to address the voting issue through other objective means, such as voting in a manner consistent with pre-determined voting policy or receiving an independent third-party voting recommendation. United Capital is not obligated to vote every proxy; there may be instances when refraining from voting is in the best interests of the Client. United Capital may vote securities differently for different Clients and may use a proxy voting service or delegate the proxy voting to Sub-Managers.

### **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

IARs act as the primary point of contact for United Capital's Clients, gathering information to understand their individual risk tolerance and financial objectives. Based on their assessment of Clients financial needs and risk tolerance, IARs select appropriate strategies or customized investments for Clients. After selecting a particular strategy or investment option, IARs provide appropriate outlet for processing transactions (which may include outside service agents) with the necessary information to execute transactions. The information provided typically includes but is not limited to the Clients:

- Name
- account number/s
- how the Clients assets should be distributed (percent allocation) into one or more strategies and
- any reasonable restrictions form the Client on how they would like their assets to be invested

The IAR notifies trading division (which may include outside service agents) about requested changes to the percent allocation and/or changes to reasonable restrictions requested by the Client.

### **CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients of United Capital may at times desire to speak with the portfolio managers of the United Capital Wrap Program. Clients are expected to speak with their IAR with questions about the management of their assets. Clients may request to speak with the portfolio manager, which will be granted on a case by case by case basis. Client should be aware that a Potolio Manger may not be able to address information about the Clients individual investment objectives. Client's should rely on their IAR for discussions about their investment objectives.

### **ADDITIONAL INFORMATION**

#### **Disciplinary Information**

Investment advisers and their management persons are required to disclose all material facts regarding any legal or disciplinary events that might be material to a Client, or a prospective Client's evaluation of United Capital's advisory business or the integrity of United Capital's management. United Capital has no reportable disciplinary information.

#### **Other Financial Industry Activity and Affiliations**

Certain IARs of United Capital are licensed as registered representatives of Cetera Advisor Networks ("CAN"), a broker-dealer not affiliated with United Capital,. When acting as a registered representative, these individuals offer brokerage services and receive commissions for those brokerage transactions. Brokerage services provided by a registered representative are different from advisory services offered through United Capital. For a brokerage relationship, the standard of care is based on suitability, with the premise being that the recommended security is appropriate for a Client at the time of purchase and adheres to the Client's investment objectives and risk tolerance. Commissions earned are for a specific transaction and usually involve an upfront amount and may include a smaller ongoing commission (referred to as 12b-1 fees or trails). For an advisory relationship, fiduciary duty is mandated under Section 206 of the Investment Advisers Act of 1940, where the standard of care is higher than that of a brokerage relationship. A fiduciary standard requires investment advisers to place the clients' interests above their own. In an advisory relationship, the cost of services is typically generated throughout the advisory relationship based on the asset size of the account, or a negotiated flat cost for services. Because of the

potential for the IAR to generate a commission separate from, or in addition to fees charged by United Capital, the IAR may have an incentive to recommend investment brokerage products based on the compensation they may receive rather than taking into account the Client's interest. This conflict is mitigated by the broker-dealers oversight of brokerage products and sales activity of the registered representative. Further, Clients are under no obligation to conduct brokerage services through the IAR's associated broker-dealer when the IAR is acting as a registered representative.

Certain IARs of United Capital may serve as IARs with an investment adviser not affiliated with United Capital, including CAN. These IARs may choose to offer financial guidance and investment management services through a different investment adviser other than United Capital, or through United Capital. The decision as to which investment adviser is chosen for a specific service is made at the IARs discretion and is based on the specific needs of each individual Client and the availability of services through the different investment advisers. The compensation arrangement with different investment advisers may be different for the IAR, and as such, the IAR may have an incentive to choose one investment adviser over another. When the compensation arrangement is different, it presents a conflict of interest for the IAR when they choose one investment adviser over another, due to the affect the recommendation has on the incentive and compensation that the IAR receives. This conflict is mitigated because the different investment advisers have services that are distinct from one another.

### **United Capital Affiliations**

United Capital Risk Management ("UCRM"), an insurance agency located in Irving, Texas registered with various state insurance divisions, is a wholly-owned subsidiary of United Capital. Certain IARs of United Capital may affiliate with UCRM to offer fixed insurance products to Clients and prospects.

PFE Advisors, Inc. (d/b/a The PFE Group), a pension consulting firm located in suburban Boston, Massachusetts and registered as an investment adviser with the Securities and Exchange Commission, is a wholly-owned subsidiary of United Capital's parent company, UCFP. The PFE Group provides pension consulting services to its Clients as well as other non-advisory services such as educational workshops and employee benefit communications. The PFE Group and United Capital may refer clients to one another, whereby pension or profit sharing institutional Clients of United Capital may be referred to The PFE Group, and plan participants in pension and consulting plans of The PFE Group may be referred to United Capital for individual advisory services. No compensation is paid to United Capital or The PFE Group for such referrals. The PFE Group also provides sub-advisory services to United Capital (See additional information under Item 4.)

### **Affiliated Persons Activities**

Certain supervised persons of United Capital who serve as investment adviser representatives with it may separately serve as trustees for accounts that are not Client accounts of United Capital ("trustee-clients"). In such situations, when the supervised person is acting as trustee for a trust that is not a Client of United Capital, United Capital will not accept custody over trustee-clients' funds or securities. This exclusion does not include Client accounts of family members managed by investment adviser representatives employed with United Capital and who serve as trustee for a family account. Alternatively, there may be certain situations where an supervised person serves as the trustee for an account under United Capital's supervision that is not a family account. In this case, since the supervised person is a related party to United Capital, United Capital will not allow the supervised person to hold, directly or indirectly, the trustee-client's funds or securities. Nor will it permit the supervised person to obtain possession of them, in connection with advisory services that United Capital provides to such trustee-clients.

As an outside business activity, certain supervised persons of United Capital may sit on the board of private and public companies, non-profit organizations, and state and local government agencies. The boards that supervised persons sit on may include third parties that United Capital hires to help support the advisory services it provides to Clients and Client accounts.

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

United Capital has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at United Capital must acknowledge the terms of the Code of Ethics annually, or as required by any amendment of the Code of Ethics. Nevertheless, because the Code of Ethics in some circumstances

would permit supervised persons to invest in the same securities as Clients, there is a possibility that supervised persons holding securities might benefit from market or trading activity conducted in a Client's account. Supervised person trading is continually monitored under the Code of Ethics in an effort to prevent any potential conflicts of interest between United Capital and its Clients.

United Capital's Clients or prospective Clients may request a copy of its Code of Ethics by calling 949-999-8500 or writing to United Capital at 620 Newport Center Drive, Suite 500, Newport Beach, CA 92660.

It is United Capital's policy to not broker any principal or agency cross securities transactions for Client accounts. United Capital will also not broker trades between Client accounts.

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction. Under SEC Interpretation of Section 206(3) of the Investment Advisers Act, Release No. IA-1732, the SEC states: "We have concluded that if an investment adviser receives no compensation (other than its advisory cost), directly or indirectly, for effecting a particular agency transaction between advisory Clients, the adviser would not be "acting as broker" within the meaning of Section 206(3)". Based on this interpretation, United Capital does not act as "agent" with respect to Rule 206(3) and is not subject to the written disclosure requirements of the rule.

In certain instances, a United Capital portfolio manager may decide that a securities position to be liquidated in one Client's account may be a good purchase for another Client. When this occurs, the portfolio manager may conduct a needs analysis to determine whether another Client might benefit from owning the securities position. If such activity does take place, with one United Capital Client selling a position and a separate Client purchasing the same position, United Capital shall not be compensated or receive any financial benefit from doing so of any kind, from either party, except for its normal asset management cost.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory Client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another Client account. United Capital does not perform principal transactions.

United Capital may refer certain Clients, on a case-by-case basis, to entities offering alternative investments, including hedge funds. United Capital's CEO is related to a fund manager for one fund that it referred Clients to in the past. Some of those clients still have funds invested with the fund, and the CEO and his family members are limited partner investors in that fund. United Capital does not expect to refer clients to this fund in the future. If it does make such a referral, it will disclose the relationship and address any conflicts of interest to clients, in writing.

When investing its own corporate funds, United Capital, or its parent or affiliates, primarily use fixed-income deposits or money-market funds, United Capital does not intentionally invest in the same securities as its Clients or have its own proprietary account(s) alongside any Client accounts.

Certain supervised persons may have accounts managed by United Capital and/or may be invested in the same securities that are recommended to Clients or held in Client accounts. Supervised persons may also hold securities or trade for their own accounts contrary to financial guidance provided to Clients. If supervised persons have hired United Capital to manage their accounts on a discretionary basis, those accounts are traded along with other Client accounts and are not given any different or special treatment.

#### **Review of Investment Management Accounts**

United Capital's IARs, administrative and management personnel, and its Investment Committee members periodically and continuously monitor Client accounts for which it exercises discretionary investment management to identify situations that may warrant either a detailed review or specific action on behalf of a Client. Such reviews may include, but are not limited to, performance, client objectives, inactivity, high concentrations in individual securities, or changes in the Client's account information or financial situation. United Capital's Centrally Managed and Locally Managed Sub-Committee's review portfolios with respect to issues such as sub-manager performance results, the need for rebalancing or changes in sub-managers.

Annual or more frequent reviews are attempted to be conducted with the Client and their IAR to discuss changes in the Client's investment objectives, risk tolerance and changes to, or new reasonable restrictions on the management of their investments. Clients are asked to either meet in person or by telephone or online conference at which time their financial situation, condition, or investment objectives or goals are reviewed. If the Client and IAR do not meet for a considerable period of time, greater than a year, after reasonable effort is made by the IAR to do so, the Client's account will be managed based on previously communicated expectations.

### **United Capital National Accounts**

United Capital's National Accounts ("UCNA") (also referred to as "Team Adviser Services" or "Team Adviser Plan") provides investment advisory services to Clients using a dedicated team of IARs. When using the UCNA services, a Client's relationship is managed by a team of IARs. Investment management and support services for these Clients are provided remotely by telephone and email. United Capital attempts to meet once a year with each Client using the UCNA services to discuss the Clients' goals and objectives, and in an effort to make sure that the assets managed by United Capital are aligned with the Clients' objectives. Clients using the UCNA services are generally offered a more limited number of investment options than Clients using other United Capital investment management services. For Clients managed under the UCNA, United Capital charges a percent of the assets under management, negotiated with each client, based on the cost of services schedule referenced in Item 5 below. The account minimum for UCNA services may be reduced by United Capital and the fee rate may be adjusted on a case by case basis and are considered accepted upon the Client signing an investment adviser agreement.

### **Continuing Education & Product Training**

From time-to-time, United Capital organizes educational and training meetings for its associated persons. Certain product providers, non-affiliated managers and vendors are permitted to make presentations to its associated persons. The presentations may or may not provide continuing education credits, such as for insurance licensing. These providers may contribute to the cost of putting on these sessions at hotels or other meeting facilities. These products and services, how they benefit us, and the related conflicts of interest are described below. The availability to us of these products and services is not based on us giving particular investment financial guidance.

### **Soft Dollars and Other Benefits**

United Capital receives products and services from firms providing custodial services that benefit United Capital but that may not benefit all United Capital Clients. These services are typically offered to all investment advisers working with the custodian and do not have a specific cost tied to the benefit. Some of these products and services assist United Capital in managing and administering Client accounts. These products and services include software and other technology that provide access to Client account data (such as trade confirmations and account statements); services that facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts); research, pricing information and other market data; products and services that facilitate payment of United Capital costs from its Client accounts, and assist with back office functions, recordkeeping and Client reporting. Generally, many of these services may be used to service all or a substantial number of United Capital's Client accounts.

Third party service providers also make available to United Capital other services intended to help United Capital manage and further develop its business enterprise but that do not directly benefit its Clients. These services include consulting, offering publications and conferences on practice management, information technology, third-party research, business succession, regulatory compliance and marketing. In addition, third parties service providers may arrange and/or pay for these types of services rendered to United Capital by independent third parties. In certain instances, the third-party service providers discount or waive costs they would otherwise charge for some of these services or pay all or a part of the costs of other third parties providing such services to United Capital. Third party service providers may also contribute to educational events held by United Capital for its supervised persons. Further, occasionally, Client account custodians and other third-party vendors may make, on United Capital's behalf, charitable contributions to non-profit organizations. Likewise, these contributions benefit United Capital but do not benefit its Clients.

Account custodians may offer reduced transaction costs to associated persons of United Capital that custody their personal assets at the custodian. These transaction costs may be less than the costs that are typically made available through the custodian's retail service divisions.

United Capital, in some instances, enter into agreements where a service provider agrees to pay for the services of a third-party vendor. These services would include agreements with Charles Schwab & Co., Inc., Fidelity Brokerage Services, LLC, TD Ameritrade and other custodians. Further, in certain situations, United Capital inherited Client relationships that previously include a soft dollar arrangement. In these cases it is United Capital's policy to review the relationships for conflicts of interest, and if appropriate, to wind down any relationships of this nature as soon as practicable. Third party service providers may also refer Clients (see Fidelity Wealth Advisory Solutions Program, Schwab Advisor Network & TD Ameritrade AdvisorDirect Client Referrals below) or adviser partner candidates to United Capital.

To offset the costs of transitioning new Client assets, the Client's account custodian may agree to reimburse the Client for all or a portion of their account transfer fees. In order for the custodian to pay transaction costs, certain minimum asset transition thresholds may be required to be met. If the minimum asset transition amounts are not met, the reimbursement will not be made and the Client would be responsible for paying their transition expense. The payment of transition expense by a custodian creates a conflict of interest as the reduced expense may be a deciding factor to transition assets to United Capital. Thus, United Capital may have an incentive to recommend a custodian that will cover this expense over one that doesn't. To address this conflict of interest, prospective Clients can choose to not transfer their assets from their existing custodian or choose a different custodian than the one recommended by United Capital. Choosing a different custodian may restrict United Capital's ability to manage the Client's assets.

While as a fiduciary, United Capital seeks to act in its Clients' best interests, United Capital's recommendation that Clients maintain their assets in accounts at a particular custodian may be based in part on the benefit to United Capital, including 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. This may benefit United Capital more than individual Clients. United Capital may have an incentive to select or recommend a broker-dealer based on its interest in receiving these benefits, rather than the Client's interest in receiving the most favorable execution. It's possible that Clients would pay lower commissions by using a broker-dealer that does not provide any benefit to United Capital. A conflict of interest exists when the services provided by the vendor are based on the amount of Client assets that United Capital maintains with the third-party service provider. To address this conflict, United Capital will not compromise its best execution and fiduciary responsibility to its Clients.

### **Third Party Service Providers**

United Capital typically asks Clients to custody their assets with a specific custodian. United Capital's recommendation to its Clients to hold assets in custody with a particular firm is based on various factors, including, but not limited to:

- the historical place where the assets were held in custody prior to the Client becoming a Client of United Capital, and
- the services provided by the custodian to United Capital to help service the Client's assets (see "Soft Dollars" above).

Custodians that United Capital recommends to its Clients may also provide certain services that may benefit United Capital and its business in general, rather than benefit specific Clients. Such benefits include but are not limited to:

- Sharing in IAR recruitment expenses and other business growth initiatives; and
- Payment directly to vendors supporting United Capital's business including research providers, trade administration, portfolio accounting systems, Bloomberg terminals, supporting United Capital's management of Client assets.

United Capital receives additional benefits based upon its relationship with certain third-party service providers, including Fidelity Brokerage Services, LLC and their affiliated entities (combined "Fidelity"). As part of its relationship, Fidelity has paid in the past, and may in the future, a portion of the recruiting cost for certain business assets acquired by United Capital. These benefits may present a conflict of interest in that they provide United Capital with an incentive to recommend that its Clients custody their assets at Fidelity over other custodians that do not provide such benefits.

United Capital participates in the institutional adviser referral programs offered by Fidelity Investments, through the Fidelity Wealth Advisor Solutions® ("WAS") Program, by Charles Schwab & Co., Inc. ("Schwab") through the Schwab Advisor Network® ("the Service" or "SAN") and by TD Ameritrade Institutional ("TD")



from their AdvisorDirect program. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. Fidelity, TD and Schwab offer to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. United Capital receives some benefits from Fidelity, TD and Schwab through these programs.

United Capital does not have to pay for Schwab's services, or the benefits it provides to United Capital, as long as it keeps at least \$10 million of Client assets in accounts at Schwab. Beyond that, the services provided by Schwab are not contingent upon United Capital committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give United Capital incentive to recommend that Clients maintain their account with Schwab. This is a potential conflict of interest, but the \$10 million expectation for assets held in custody with them represents a very small portion of United Capital's total assets under management, equaling less than one percent of the firm's total asset under management.

While United Capital may recommend a custodian to Clients, Clients are not obligated to follow its recommendation. It is the Client's decision on where they custody their assets. If a Client chooses to custody their assets at a custodian other than what is recommended by United Capital, the firm may not be able to discretionarily manage the Client's assets, thus restricting the kinds of services it can make available.

### **Recruiting Expenses**

As a part of United Capital's business, the firm hires outside parties (recruiters) to help find investment adviser representatives interested in joining United Capital, or for using United Capital's platform services. The recruiters are typically paid a cost based on a percentage of the total revenue of the IAR or business referred to United Capital. At times, others may contribute to the recruiting expense United Capital might incur, including custodians of Client assets like Fidelity. When a third-party contributes to the recruiting expense, it presents a conflict of interest, as United Capital may have an incentive to refer the Client to the third-party custodian sharing the cost of the recruitment expense over another custodian.

### **Client Referrals**

United Capital's receives Clients primarily through referral from its IARs, who are associated persons. When Clients are referred to United Capital, the IAR is typically compensated through salary, bonuses and/or other incentives paid to them by United Capital. United Capital also pays its associated persons for helping to bring on new IARs and offices, through recruiting efforts. For those individuals that are responsible for growing the firm's business through recruiting efforts, some or all of their salary and incentive compensation is typically based on the addition of new business, which is tied to the growth of the firm's investment advisory revenue and/or assets.

To provide incentives to IARs to join United Capital, the firm may pay an IAR, or their former business, additional compensation when the IAR joins United Capital. IARs affiliate with United Capital, primarily, in two ways. One such way is when an IAR joins as a recruit and is then paid an upfront signing bonus in the form of a forgivable or non-forgivable loan. When a loan is paid, the amount is typically based on the expected revenue that the new IAR will generate after joining United Capital. The bonus paid is individually negotiated between the new IAR and United Capital.

A second way IARs join United Capital is when certain Clients are referred to United Capital as part of a partial or full sale of the IAR's practice to United Capital. When United Capital acquires any portion of the IAR's practice, the IAR, or their business, is paid additional compensation based on whether certain pre-determined asset transition thresholds are met. The additional compensation is paid in the form of upfront cash, forgivable loans or other loans, notes payable, or stock in United Capital or its parent company, or a combination thereof. The amount of the combined payment typically is a multiple of the expected revenue that will be generated from the assets that are transferred to United Capital. The amount is individually negotiated with each IAR, or the business, that sells assets to United Capital.

A transfer of purchase price, as described above, based on the percentage of Clients who transfer their business to United Capital, or the anticipated revenue that is expected to be generated from Clients who transfer, raises conflicts of interest, including the concern that the IAR has an incentive to recommend that Clients transfer their assets to United Capital over another investment adviser. United Capital believes that

Clients are not impacted financially by these arrangements because the advisory costs they have paid in the past do not increase when transitioning their business to United Capital.

United Capital also works with different affinity groups to market its services to their members. When working with affinity groups, United Capital may pay the group for providing access to their members. If the payment is based on a percentage of the costs earned by United Capital from its members, it is done so in accordance with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940.

United Capital may at times pay a small amount ("gifts") to Clients and third parties who refer Clients to it. These gifts are typically of nominal value and are not based on a percentage of the actual or anticipated earnings that United Capital would generate or expect to generate from any new Clients gained.

United Capital may pay individuals to contact Clients and or prospective Clients (combined "Clients") in an effort to invite the Clients to seminars or meetings. Clients are not charged for this service.

United Capital also receives referrals from third parties that are not affiliated with United Capital. The third parties may be paid a flat cost for referrals, or a percentage of the costs that the Client pays to United Capital. In these situations, in accordance with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940, a Joint Marketing and Selling Agreement is executed between United Capital and the third-party. United Capital initially and annual confirms that the third-party is not statutorily disqualified from providing investment adviser services. Additionally, the third-party will provide a Solicitor's Separate Written Disclosure Statement to the Clients at the time of the solicitation or referral disclosing the nature of the relationship with United Capital and the amount of referral fees paid.

#### **Schwab Advisor Network®, Fidelity Wealth Advisor Solutions & TD Ameritrade AdvisorDirect Referrals**

As disclosed in Section 12, United Capital participates in various referral programs, including the Fidelity WAS program, TD Ameritrade's institutional customer program "AdvisorDirect" and Charles Schwab & Co., Inc.'s Schwab Advisor Network®. These programs help investors find an independent investment adviser. Fidelity, Schwab and TD Ameritrade are broker-dealers independent of and unaffiliated with United Capital. As described below, United Capital pays Fidelity, Schwab and TD Ameritrade fees for client referrals. United Capital's participation in these referral programs raise conflicts of interest concerns described below.

United Capital may recommend Fidelity, TD Ameritrade and Schwab to Clients for custody and brokerage services. There is no direct link between United Capital's participation in these programs and the investment financial guidance it gives to its Clients, although United Capital receives economic benefits through its participation in the programs that are typically not available to Fidelity, TD Ameritrade or Schwab retail investors.

These benefits may include, but are not limited to, the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving United Capital participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to United Capital by third-party vendors. Fidelity, TD Ameritrade and Schwab has paid in the past, and may in the future, for business consulting and professional services received by United Capital's related persons. Some of the products and services made available by Fidelity, TD Ameritrade and Schwab through their respective programs may benefit United Capital but may not benefit its Client accounts. See the Brokerage Practices section above, under Item 12, for additional information about these benefits.

These products or services may assist United Capital in managing and administering Client accounts, including accounts not maintained at Fidelity, TD Ameritrade or Schwab, respectfully. The other services made available by Fidelity, TD Ameritrade and Schwab are intended to help United Capital manage and further develop its business enterprise.

As part of its fiduciary duties to Clients, United Capital endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by United Capital or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the United Capital's choice of Fidelity, TD Ameritrade or Schwab for custody and brokerage services.

The WAS, AdvisorDirect and Schwab Advisor Network® client referral programs have minimum eligibility requirements, in addition United Capital may have been selected to participate in these programs based on the amount and profitability to Fidelity, TD Ameritrade and Schwab, respectively, based on the assets in, and trades placed for, Client accounts maintained with each firm.

The Fidelity WAS Program, through which United Capital receives referrals, is directed from Fidelity Personal and Workplace Advisors LLC ("FPWA") (formerly Strategic Advisors, Inc.), a registered investment adviser and Fidelity Investments company. United Capital is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control United Capital, and FPWA has no responsibility or oversight for United Capital's provision of investment management or other advisory services.

The Fidelity companies providing services related to the WAS program, as well as TD Ameritrade and Schwab are independent of and unaffiliated with United Capital and there is no employee or agency relationship between them. TD Ameritrade's AdvisorDirect program, Fidelity's WAS program and Schwab's AdvisorDirect program were established as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. Neither Fidelity, TD Ameritrade nor Schwab supervise United Capital and have no responsibility for United Capital's management of Client portfolios or United Capital's other financial guidance or services.

United Capital pays Fidelity (paid to FPWA), TD Ameritrade and Schwab a fee for each successful Client referral from their respective programs. The specific compensation arrangement varies from one program to another and is disclosed to each client before or at the time that they initially establish a relationship with United Capital. The compensation arrangement between United Capital and each program is, generally, as follows:

- Fidelity – (a) an annual percentage of 0.10% of all fixed income and cash assets of and (b) an annual percentage of 0.25% of all other assets held in WAS-referred Client assets held at Fidelity after the referral is made to United Capital. In addition, United Capital has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. United Capital has also agreed to pay FPWA a one-time fee of 0.75% of assets if the referred client transfers custody of the assets it manages to a custodian other than an affiliate of FPWA. (This compensation arrangement is a revision to prior arrangements and is effective April 1, 2017).
- TD Ameritrade – 0.25% of referred client assets up to \$2 million; 0.10% of referred client assets over \$2 million up to \$10 million; 0.05% of referred client assets over \$10 million. United Capital is obligated to pay TD Ameritrade a minimum of \$10,000 per calendar year for participation in their program (This compensation arrangement is a revision to prior arrangements and is effective April 1, 2017).
- Schwab – 0.20% or 0.25% of any and all Client assets held under United Capital's management at Schwab.

United Capital has also agreed to pay Schwab a Non-Schwab Custody fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees United Capital generally would pay in a single year. Thus, United Capital has an incentive to recommend that client accounts be held in custody at Schwab. United Capital will also pay Fidelity, TD Ameritrade and Schwab the Solicitation Fee on any advisory fees received by United Capital from any referred Client's family members, including a spouse, child or any other immediate family member who resides with the referred Client and hired United Capital on the recommendation of such referred Client. Thus, United Capital has an incentive to recommend that client accounts be held in custody at the firm referring the client.

Fidelity, TD Ameritrade and Schwab charge the referral fees to United Capital quarterly and may increase, decrease or waive the fees charged to United Capital from time to time.

For accounts of United Capital's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from United Capital's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, United Capital may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. United Capital nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for United Capital's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

United Capital does not and will not charge Clients referred through WAS, AdvisorDirect or the Schwab Advisor Network® any fees or costs higher than its standard fee schedule offered to its Clients or otherwise pass Solicitation Fees paid to Fidelity, TD Ameritrade or Schwab to its Clients. For information regarding additional or other fees paid directly or indirectly to Fidelity, TD Ameritrade, please refer to the Fidelity WAS, TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form, or for Schwab, the associated separate written disclosure statement for the Schwab Advisor Network® program.

United Capital's participation in WAS, AdvisorDirect and Schwab Advisor Network® raises conflicts of interest. WAS, TD Ameritrade and Schwab will most likely refer clients to investment advisors that encourage their clients to custody their assets at their respective firms and whose client accounts are profitable to their firms. Consequently, in order to obtain client referrals from Fidelity, TD Ameritrade and Schwab, United Capital may have an incentive to recommend to Clients that the assets under management by United Capital be held in custody with Fidelity, TD Ameritrade and Schwab, and to place transactions for Client accounts with Fidelity, TD Ameritrade and Schwab. In addition, United Capital has agreed not to solicit Clients referred to it through WAS, AdvisorDirect or to the Schwab Advisor Network® to transfer their accounts from the referring custodian or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. United Capital's participation in WAS, AdvisorDirect and Schwab Advisor Network® does not diminish its duty to seek best execution of trades for Client accounts.

#### **Additional Services**

United Capital receives Additional Services through its participation in the TD Ameritrade Institutional, a Division of TD Ameritrade, Inc. ("TD Ameritrade") program, which includes economic support for portfolio back office services, paid to one or more third-party service provider supporting United Capital's business. The economic benefit provided to United Capital by TD Ameritrade through this program may not be offered to any other independent advisers that participate in the Additional Services Program. A specific benefit offered to United Capital through this program is a payment to United Capital's portfolio accounting system vendors (including but not limited to Envestnet), to cover support for portfolio back office services. Other benefits include event sponsorships, free trading for Clients, and access to TD Ameritrade's AdvisorDirect referral program through their branch offices which is disclosed above. This Additional Service is provided to United Capital by TD Ameritrade without any cost incurred by United Capital to refer Client assets to TD Ameritrade. These additional benefits are dependent upon United Capital meeting certain Client thresholds for assets held in custody at TD Ameritrade. TD Ameritrade provides the Additional Services in its sole discretion and at its own expense, and United Capital does not pay any fees to TD Ameritrade for the Additional Services. United Capital and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provisions of the Additional Services. TD Ameritrade has the right to terminate the Additional Services Addendum with United Capital, in its sole discretion, provided certain conditions are met. While United Capital does not have any obligation to refer Client's to TD Ameritrade for these Additional Services, United Capital has a conflict of interest in referring Clients to TD Ameritrade, because TD Ameritrade considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, United Capital's Client accounts when determining whether to provide or continue to provide Additional Services to United Capital. Additionally, United Capital has a conflict of interest because it has received this benefit because it has referred its Clients to TD Ameritrade and may expect to receive a similar or greater benefit in the future by continuing to increase the amount of assets referred to TD Ameritrade. Other custodians that United Capital refers Clients to do not provide economic support of this nature. United Capital's receipt of Additional Services does not diminish United Capital's duty to act in the best interest of its Clients, including seeking best execution of trades for Client accounts.

**Financial Information**

This item is meant to provide certain financial information or disclosures about United Capital's financial condition. United Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding. A copy of United Capital's balance sheet for its most recent fiscal year can be found in the accompanying pages.

**UNITED CAPITAL FINANCIAL ADVISERS, LLC**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

	DECEMBER 31,	
	2017	2016
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 6,402,875	\$ 10,922,382
Accounts receivable	4,182,373	3,611,572
Receivables - Acquisitions	3,128,685	2,947,761
Advances to Managing Directors	1,327,748	1,737,919
Prepaid expenses and other current assets	2,887,885	3,235,474
Forgivable Notes receivable	211,840	285,526
Total current assets	<u>18,141,406</u>	<u>22,740,634</u>
Non-current assets:		
Forgivable Notes receivable	195,495	310,057
Fixed assets, net	10,078,104	8,333,140
Intangible assets, net	115,337,844	98,644,665
Goodwill	71,703,519	64,700,031
Other assets	949,384	426,983
Total non-current assets	<u>198,264,346</u>	<u>172,414,876</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 216,405,752</u></b>	<b><u>\$ 195,155,510</u></b>
<b><u>LIABILITIES AND MEMBERS' CAPITAL</u></b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 16,361,547	\$ 15,596,672
Unearned Revenue	175,357	-
Current portion deferred rent	203,072	173,949
Current portion of subordinated notes payable	5,794,728	4,411,717
Payables - Acquisitions	5,617,597	2,152,484
Payable to Managing Directors	5,978,025	4,493,647
Deferred compensation plan payables	-	586,104
Interest payable	322,770	321,609
Total current liabilities	<u>34,453,096</u>	<u>27,736,182</u>
Non-current liabilities		
Deferred rent	1,336,449	1,329,320
Subordinated notes payable	18,608,621	10,329,735
Subordinated convertible notes payable, net	9,892,093	9,892,093
Payable to related parties	72,283,287	76,903,121
Payables - Acquisitions	5,702,702	18,632,622
Deferred compensation plan payables	621,132	316,949
Total non-current liabilities	<u>108,444,284</u>	<u>117,403,840</u>
<b>TOTAL LIABILITIES</b>	<b><u>142,897,380</u></b>	<b><u>145,140,022</u></b>
Members' Capital:		
Preferred shares	51,058,460	41,870,309
Common shares	22,449,912	8,145,179
<b>TOTAL MEMBERS' CAPITAL</b>	<b><u>73,508,372</u></b>	<b><u>50,015,488</u></b>
<b>TOTAL LIABILITIES AND MEMBERS' CAPITAL</b>	<b><u>\$ 216,405,752</u></b>	<b><u>\$ 195,155,510</u></b>

**FACTS****WHAT DOES UNITED CAPITAL FINANCIAL ADVISERS, LLC DO WITH YOUR PERSONAL INFORMATION?**

<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>■ Social Security number and client names</li> <li>■ Date of Birth and contact information</li> <li>■ Account holdings and activity</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons United Capital chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does United Capital share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes—</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	No
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness	No	No
<b>For nonaffiliates to market to you</b>	No	N/A

<b>Questions?</b>	Call 949-999-8500 or go to <a href="http://www.unitedcp.com">www.unitedcp.com</a>
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## Who we are

Who is providing this notice?

United Capital Financial Advisers, LLC ("United Capital")

## What we do

How does **United Capital** protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does **United Capital** collect my personal information?

We collect your personal information, for example, when you

- Execute an agreement or engagement for services
- Hire us for financial advice or investment management services
- Provide access to your financial resources that contain your personal information including, but not limited to your CPA, attorney, account custodian, other advisers, websites with your information.

Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

## Definitions

**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *In providing financial services to you, United Capital may share your information with its affiliates.*

**Nonaffiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *United Capital works with a number of non-affiliated companies to help service your account and in the process may share and/or receive pertinent private information about you.*

**Joint marketing**

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *United Capital does not provide your information to third parties for marketing purposes.*

## Other important information

In providing financial services and products to you, United Capital Financial Advisers, LLC collects certain non-public personal information about you. Our policy is to keep this information strictly safeguarded and confidential, and to use or disclose it only as necessary to provide our services or products to you, or as permitted by law. Our privacy policy applies equally to our former clients and customers. Protecting your privacy is important to us.