

Client Relationship Summary

February 2023

Brook Capital (“BC”) is a registered Investment Adviser with the U.S. Securities and Exchange Commission (“the SEC”), with a number of **Investment Adviser Representatives** (“IARs”) who offer investment advisory services to retail investors. This summary sets out the variety of services we provide, how you pay for the services, and any conflicts that may exist. Depending on your needs and investment objectives, we can provide you with services in an Investment Advisory Account. The IARs of Brook Capital in their individual capacities, may also be representatives of a *separate and unaffiliated* Broker Dealer, and in that capacity may offer brokerage services. The services of the Investment Adviser and Broker Dealer are different. There are resources available to research investment advisers and other financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS).

What Investment Services and Advice can You Provide Me?

An Advisory relationship may be right for you if you would like a financial professional, who is a **fiduciary**, to provide you with ongoing investment advice, and whose obligations are determined by a **written Investment Management Agreement (“IMA”)**.

- An advisory relationship begins after conversations by phone, email, or in person to determine your risk tolerance, investment objectives, financial and family situation.
- The initial consultations may include a financial plan that takes into consideration your tax, insurance requirements, as well as retirement, and estate planning needs. We will discuss your investment goals and design a strategy utilizing one or more of our portfolios to achieve your stated goals.
- Our portfolios are internally designed and may include a range of investment options such as bonds, stocks, exchange traded funds (ETFs), real estate investment trusts (REITs), mutual funds, and on occasion, insurance products. We do not offer proprietary products.
- We will monitor your accounts and investment models on an ongoing basis, the frequency will depend on the complexity and type of account. Where a limited consulting or financial plan service is sought, the monitoring of any accounts will be limited accordingly.
- You may choose to open a **discretionary account** (here we can buy and sell without asking you in advance). You may limit such discretion by imposing *reasonable limits* as to the type of securities bought or sold. You may also choose a **non-discretionary account** (where you decide what investments to buy and sell, and we may give you advice. There are options to place the trades yourself).
- We recommend a minimum account size of \$100,000.

What are Your Legal Obligations to Me when Acting as my Investment Adviser

• Our entire investment advisory relationship with you is covered by the **fiduciary** standard. The word fiduciary is derived from the Latin word *fiducia* which means trust. A fiduciary relationship is one of special trust and confidence. Accordingly, we will strive to use our expertise to act in your best interests.

How Else Does Your Firm Make Money and What Conflicts of Interest do You Have?

• Where our interest conflicts with yours, we will strive where possible to eliminate these conflicts, or tell you about them so you can understand whether or not to agree to them.

What Fees Will I Pay?

- **Asset-based fee accounts:** In these accounts, you will pay an ongoing fee at the beginning of each quarter, based on the value of the cash and investments in your advisory account. The type of investments we select on your behalf or how often trades are made does not affect the amount of fees you pay. The asset-based fee reduces the value of your account. The fee is charged even if there are no trades made in the account for that quarter. BC does not charge commissions, or any other type of fees in these accounts.
- **Transaction based fee accounts:** For some advisory accounts you may pay a transaction fee or commission when an investment is bought or sold. NO asset-based fees are charged for these accounts.
- **Transaction fees:** You may pay fees to a broker dealer or bank who holds or custodies your assets. Sometimes you may pay an additional transaction fee for investments that are bought and sold outside our portfolios. See details in Form ADV, Part 2A

- On occasion, an asset-based fee account may cost more than a transaction-based fee account, but you may prefer the former, to allow someone making the investment decisions for you, and you may benefit from ongoing advice. You may also prefer an asset-based fee account where the fees you pay are not tied to the number of times securities are bought and sold.
- Limited duration consultancy services, and financial planning fees are separately negotiated.
- Our fees vary and are negotiable and are set out in the **written advisory agreement**. The amount you pay will depend on the services you receive and the amount of assets in your account. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

- For example, advisers who invest in mutual funds may receive compensation from the mutual fund company called 12b-1 fees. BC has tried to ameliorate this conflict by refunding these fees in all asset-based fee accounts. There are also times when we receive revenues from uninvested cash balances held in money market funds. Brook Capital does not do principal trades (where investments are bought from a retail investor and sold to another retail investor).
- The more assets you have in an asset-based fee account, the more you will pay in fees. This may create an incentive to encourage you to increase the size of your account by transferring or rolling over your assets. BC has sought to ameliorate this conflict by providing reduced fees at various threshold amounts (breakpoints).

Do you or your Financial Professionals have Legal or Disciplinary History?

No.

Visit Investor.gov to research our firm or investment professionals. For additional information on our services, see our Form ADV II brochure which is sent to you at the time you open an account with us or upon request.

Comparison with Brokerage Accounts. *Because some of our IARs are also Broker Dealer Representatives (BDR), there are different ways you can get help with your investments. Depending on your needs and investment objectives, they can provide you with services in an Investment Account (IA), Brokerage account (BD), or both at the same time. If you open an account with a broker-dealer, you will pay a transaction fee or commission every time you buy or sell an investment. The BDR may recommend investments for your account, but the ultimate decision for your investment strategy and to buy or sell will be yours. At the point the sale/purchase is made the BDR has the responsibility to act in your best interest, but will not have an ongoing obligation to monitor or provide advice. If you pay a transaction fee in a brokerage account the more trades you make, the more fees the BDR makes. There is then, an incentive to encourage you to trade often.*

Questions You May Want to Ask

1. **Given my financial situation, why would I choose an advisory account and why?**
2. **How does your firm make money from my account and do you receive payment from other sources besides me?**
3. **Help me understand how these fees and cost might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me? Are there additional costs in connection to my account?**
4. **What are the most common conflicts of interest in my advisory accounts and how will you address those conflicts?**
5. **How will you choose investments to recommend for my account?**
6. **How often do you monitor my account's performance and offer investment advice?**
7. **What relevant experience do you have? For licenses, education and qualifications explain what they mean.**
8. **As a financial professional, do you have any disciplinary history? For what type of conduct?**
9. **Who is the primary contact person for my account? What are his/her legal obligations towards me? Who do I speak to about concerns about how this person is treating me?**

For additional information contact Brook Capital at 262-784-7205 or visit our website at Brookcapital.com