

# JQR Capital Management, LLC Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of JQR Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (860) 325-0330 or by email at: [JQR@JQRCapital.com](mailto:JQR@JQRCapital.com). 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 JQR Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). JQR Capital Management, LLC's CRD number is: 173950.*

2 Park Place, Rachel Cornish Suite  
Granby, CT, 06035  
(860) 825-0330  
[www.JQRCapital.com](http://www.JQRCapital.com)  
[JQR@JQRCapital.com](mailto:JQR@JQRCapital.com)

*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of JQR Capital Management, LLC on 02/08/2017 are described below. Material changes relate to JQR Capital Management, LLC's policies, practices or conflicts of interests.

- JQR Capital Management, LLC has updated the Investment Advisory Contract termination clauses in Item 5, Section A: Fee Schedule.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

JQR Capital Management, LLC (hereinafter “JQR Capital”) is a Limited Liability Company organized in the State of Connecticut.

The firm was formed in October 2014, and the principal owner is James Quackenbush Rice.

### B. Types of Advisory Services

#### *Portfolio Management Services*

JQR Capital offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. JQR Capital creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

JQR Capital evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. JQR Capital will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

JQR Capital seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of JQR Capital’s economic, investment or other financial interests. To meet its fiduciary obligations, JQR Capital attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, JQR Capital’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is JQR Capital’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

### ***Adviser Proposed Investment Strategies and/or Modules:***

We implement a time-tested and highly-disciplined process that is well suited to investors who value taking calculated risks in reaching for their ambitious goals. We guide our clients through the following steps as part of our complete investment advisory service: (1) prioritize investment goals, (2) assess investment needs, (3) gauge risk tolerance, (4) document investment policy, (5) allocate risky assets, (6) select individual securities (active and signature service levels), and (7) report portfolio performance. Taxable accounts are currently rebalanced on an annual basis. Tax-deferred accounts may be rebalanced more frequently – depending on ongoing research findings. Asset allocations and investment selections will be made based on back-tested quantitative strategies which use automated fundamental inputs that generate model portfolios. These are designed to maximize your utility (determined by your individual risk tolerance) at each rebalance date. Past performance is no guarantee of future results and at some point in your investment life you will likely suffer a loss. Back-testing typically does not include the effects of brokerage commissions, investment fees, and taxation costs. Each of these effects would reduce your net investment return. Although we take great caution in designing our back tests to eliminate behavioral biases, there is still the potential for using human hindsight to guide our research.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

### **C. Client Tailored Services and Client Imposed Restrictions**

JQR Capital offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent JQR Capital from properly servicing the client account, or if the restrictions would require JQR Capital to deviate from its standard suite of services, JQR Capital reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. JQR Capital does not participate in any wrap fee programs.

### **E. Assets Under Management**

JQR Capital has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$ 1,049,386	\$ 4,815	December 2017

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Advisory Fees*

The following are the fees charged by JQR Capital Management, LLC for services provided on an annualized basis.

Assets Under Management	Passive Service Level	Active Service Level	Signature Service Level
\$0 - \$10,000	1.00%	1.25%	1.50%
\$10,000 - \$100,000	0.75%	1.00%	1.25%
\$100,000 - \$1,000,000	0.50%	0.75%	1.00%
\$1,000,000 - \$10,000,000	0.25%	0.50%	0.75%
\$10,000,000 - \$∞	0.00%	0.25%	0.50%

**Passive Service Level:** Invests solely in exchange traded funds and is eligible for 1 conference call, video conference, or personal meeting per year.

**Active Service Level:** Invests solely in actively managed mutual funds and is eligible for 1 conference call, video conference, or personal meeting per quarter.

**Signature Service Level:** Invests solely in actively managed mutual funds, individual bonds, and individual stocks. This level is eligible for 1 conference call, video conference, or personal meeting per month.

The final fee schedule is attached as Exhibit II of the Investment Advisory Contract. The Investment Advisory Contract remains in effect unless terminated by either party. Either party may terminate the Investment Advisory Contract at any time with written notice to the counterparty and such termination will take immediate effect. In addition, the Client may revoke discretionary authority at any time with written notice to JQR Capital. Any fees prepaid by the Client to JQR Capital will be refunded, in full, within 30 days of the

termination date. Any unpaid fees due to JQR Capital by the Client must be paid, in full, within 30 days of the termination date.

Investment advisory fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in arrears (at the end of the quarter) calculated using an average daily balance for each account.

JQR Capital will not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of Client.

### ***Financial Planning Fees***

Clients may terminate the agreement without penalty for a full refund of JQR Capital's fees within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

### ***Fixed Fees***

The negotiated fixed rate for creating client financial plans is \$2,500. Fees are charged in arrears upon completion.

### ***Hourly Fees***

The negotiated hourly fee for these services is \$250. Fees are charged in arrears upon completion.

## **B. Payment of Fees**

### ***Payment of Asset-Based Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in arrears.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check and wire.

Fixed financial planning fees are paid in arrears upon completion.

Hourly financial planning fees are paid in arrears upon completion.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and

distinct from the fees and expenses charged by JQR Capital. Please see Item 12 of this brochure regarding broker-dealer/custodian.

#### **D. Prepayment of Fees**

JQR Capital collects its fees in arrears. It does not collect fees in advance.

#### **E. Outside Compensation For the Sale of Securities to Clients**

Neither JQR Capital nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

JQR Capital does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **Item 7: Types of Clients**

JQR Capital generally provides advisory services to Individuals.

#### ***Minimum Account Size for Portfolio Management***

There is an account minimum of \$1,000, which may be waived by JQR Capital in its discretion.

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

#### **A. Methods of Analysis and Investment Strategies**

##### ***Methods of Analysis***

JQR Capital's methods of analysis include fundamental analysis, quantitative analysis and modern portfolio theory.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

### ***Investment Strategies***

JQR Capital uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither JQR Capital nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither JQR Capital nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither JQR Capital nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

JQR Capital does not utilize nor select third-party investment advisers. All assets are managed by JQR Capital.

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

### **A. Code of Ethics**

JQR Capital has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. JQR Capital's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

JQR Capital does not recommend that clients buy or sell any security in which a related person to JQR Capital or JQR Capital has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of JQR Capital may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of JQR Capital to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. JQR Capital will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of JQR Capital may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of JQR Capital to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, JQR Capital will never engage in trading that operates to the client's disadvantage if representatives of JQR Capital buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on JQR Capital's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and JQR Capital may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in JQR Capital's research efforts. JQR Capital will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

JQR Capital will require clients to use Folio Institutional and Interactive Brokers.

#### ***1. Research and Other Soft-Dollar Benefits***

While JQR Capital has no formal soft dollars program in which soft dollars are used to pay for third party services, JQR Capital may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). JQR Capital may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and JQR Capital does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. JQR Capital benefits by not having to produce or pay for the research, products or services, and JQR Capital will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that JQR Capital's acceptance of soft dollar benefits may result in higher commissions charged to the client.

#### ***2. Brokerage for Client Referrals***

JQR Capital receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

JQR Capital will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If JQR Capital buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, JQR Capital would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. JQR Capital would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for JQR Capital's advisory services provided on an ongoing basis are reviewed at least quarterly by James Q Rice, Chief Investment Officer with regard to clients' respective investment policies and risk tolerance levels. All accounts at JQR Capital are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by James Q Rice, Chief Investment Officer. There is only one level of review for financial planning, and that is the total review conducted to create the financial plan.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, JQR Capital's services will generally conclude upon delivery of the financial plan.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of JQR Capital's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. JQR Capital will also provide at least quarterly a separate written statement to the client.

Each financial planning client will receive the financial plan upon completion.

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

JQR Capital participates in the institutional advisor program (the "Program") offered by TD Ameritrade. TD Ameritrade offers to independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. JQR Capital receives some benefits from TD Ameritrade through its participation in the Program.

As part of the Program, JQR Capital may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between JQR Capital's participation in the Program and the investment advice it gives to its clients, although JQR Capital receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include 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 JQR 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 JQR Capital's 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 JQR Capital by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by JQR Capital's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit JQR Capital but may not benefit its client accounts. These products or services may assist JQR Capital in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help JQR Capital manage and further develop its business enterprise. The benefits received by JQR Capital or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, JQR 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 JQR Capital or its related persons in and of itself creates a conflict of interest and may indirectly influence the JQR Capital's choice of TD Ameritrade for custody and brokerage services.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, JQR Capital will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

JQR Capital provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, JQR Capital generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

## **Item 17: Voting Client Securities (Proxy Voting)**

JQR Capital will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

JQR Capital neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither JQR Capital nor its management has any financial condition that is likely to reasonably impair JQR Capital's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

JQR Capital has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

JQR Capital currently has only one management person: James Quackenbush Rice. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

### **C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

JQR Capital does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

See Item 10.C and 11.B.