

**FORM ADV PART 2A  
DISCLOSURE BROCHURE**

**Dhamma Capital, LLC**

**Mailing Address:**  
2872 Ygnacio Valley Rd. #455  
Walnut Creek, CA 94598

**Telephone:**  
925-385-8717

**Website:**  
DhammaCapital.com

This brochure provides information about the qualifications and business practices of Dhamma Capital, LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 925-385-8717. 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 Dhamma Capital, LLC (CRD #302037) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**FEBRUARY 2020**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

No material changes since the Initial Brochure dated June 2019.

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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

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## **Item 4: Advisory Business**

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### **Firm Description**

Dhamma Capital, LLC (“Dhamma Capital”) was founded in 2018 and began offering investment advisory services in 2019. Sunandan K. Clerk maintains controlling interest in Dhamma Capital.

Other professionals (e.g., lawyers, accountants, tax preparers, insurance agents, etc.) are engaged directly by the Client on an as-needed basis and may charge fees of their own. Conflicts of interest will be disclosed to the Client in the event they should occur. Under CCR Section 260.238(k), Dhamma Capital, its representatives or any of its employees will disclose to the Clients all material conflicts of interest.

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### **Types of Advisory Services**

#### ASSET MANAGEMENT

Dhamma Capital offers discretionary and non-discretionary asset management services to advisory Clients. Dhamma Capital will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

#### Discretionary

When the Client provides Dhamma Capital discretionary authority the Client will sign a limited trading authorization or equivalent. Dhamma Capital will have the authority to execute transactions in the account without seeking Client approval on each transaction.

#### Non-Discretionary

When the Client elects to use Dhamma Capital on a non-discretionary basis, Dhamma Capital will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, Dhamma Capital will obtain prior Client approval on each and every transaction before executing any transaction.

#### ERISA PLAN SERVICES

Dhamma Capital provides service to qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit-sharing plans, cash balance plans, and deferred compensation plans. Dhamma Capital may act as a 3(21) advisor:

***Limited Scope ERISA 3(21) Fiduciary.*** Dhamma Capital may serve as a limited scope ERISA 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions on a non-discretionary basis. As an investment advisor Dhamma Capital has a fiduciary duty to act in the best interest of the Client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using Dhamma Capital can help the plan sponsor delegate liability by following a diligent process.

1. Fiduciary services are:

- Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan’s investment policies and objectives. Client will make the final decision regarding the initial selection, retention, removal and addition of investment options. Dhamma Capital acknowledges that it is a fiduciary as defined in ERISA section 3 (21) (A) (ii).

- Assist the Client in the development of an investment policy statement (“IPS”). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
- Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5) and 404(a)-5.
- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
- Meet with Client on a periodic basis to discuss the reports and the investment recommendations.

2. Non-fiduciary services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands Dhamma Capital’s assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor’s definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, Dhamma Capital is not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) to the Plan participants. Dhamma Capital will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

Dhamma Capital may provide these services or, alternatively, may arrange for the Plan’s other providers to offer these services, as agreed upon between Dhamma Capital and Client.

3. Dhamma Capital has no responsibility to provide services related to the following types of assets (“Excluded Assets”):

- Employer securities;
- Real estate (except for real estate funds or publicly traded REITs);
- Stock brokerage accounts or mutual fund windows;
- Participant loans;
- Non-publicly traded partnership interests;
- Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to Dhamma Capital on the ERISA Agreement. Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

## FINANCIAL PLANNING AND CONSULTING

If financial planning services are applicable, a thorough review of all applicable topics including but not limited to, Wills, Estate Plans and Trusts, Investments, Taxes, Insurance Planning, and Retirement Income Planning, will be reviewed. If a conflict of interest exists between the interests of Dhamma Capital and the interests of the Client, the Client is under no obligation to act upon Dhamma Capital's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through Dhamma Capital. Financial plans will be completed and delivered inside of sixty (60) days contingent upon timely delivery of all required documentation. Under CCR Section 260.235.2, it requires that the conflict of interest, which exists between the interests of the investment advisor and the interests of the client when offering financial planning services, be disclosed.

## SEMINARS AND WORKSHOPS

Dhamma Capital holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given.

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

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written Client consent.

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### **Wrap Fee Programs**

Dhamma Capital does not sponsor any wrap fee programs.

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### **Client Assets under Management**

Dhamma Capital Client assets under management is \$11,253,111 as of December 31, 2019.

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## **Item 5: Fees and Compensation**

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### **Method of Compensation and Fee Schedule**

#### ASSET MANAGEMENT

Dhamma Capital offers direct asset management services to advisory Clients. Pursuant to CCR Section 260.238(j), lower fees for comparable services may be available from other sources. Total fees to Client will never exceed the safe harbor threshold of 3% of assets under management per year. Dhamma Capital charges an annual investment advisory fee of no more than 1.5% based on the total assets under management.

Accounts in the same household may be combined for a lower annual fee. The annual fee may be negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.). If margin is utilized, the fees will be billed based on the net asset value of the account. Fees are billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of the previous quarter. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. For accounts opened or closed mid-billing period, fees will be prorated based on the



day's services are provided during the given period. All unearned fees will be refunded to the Client. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

If Dhamma Capital is authorized or permitted to deduct fees directly from the account by the custodian:

- Dhamma Capital will provide the Client with an invoice concurrent to instructing the custodian to deduct the fee stating the amount of the fee, the formula used to calculate the fee, the amount of assets under management the fee is based on and the time period covered by the fee;
- Dhamma Capital will obtain written authorization signed by the Client allowing the fees to be deducted; and
- The Client will receive quarterly statements directly from the custodian which disclose the fees deducted.

#### ERISA PLAN SERVICES

The annual fees are based on the market value of the Included Assets and will not exceed 1%. The annual fee is negotiable and may be charged as a percentage of the Included Assets or as a flat fee. Fees may be charged quarterly or monthly in arrears or in advance based on the assets as calculated by the custodian or record keeper of the Included Assets (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets). If the services to be provided start any time other than the first day of a quarter or month, the fee will be prorated based on the number of days remaining in the quarter or month. If this Agreement is terminated prior to the end of the billing cycle, Dhamma Capital shall be entitled to a prorated fee based on the number of days during the fee period services were provided or Client will be due a prorated refund of fees for days services were not provided in the billing cycle.

The fee schedule, which includes compensation of Dhamma Capital for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. Client may elect to be billed directly or have fees deducted from Plan Assets. Dhamma Capital does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, Dhamma Capital will disclose this compensation, the services rendered, and the payer of compensation. Dhamma Capital will offset the compensation against the fees agreed upon under the Agreement.

#### FINANCIAL PLANNING AND CONSULTING

Dhamma Capital charges either an hourly fee or fixed fee for financial planning. Prior to the planning process the Client will be provided an estimated plan fee. Our fees will take into consideration factors such as the complexity of your financial profile, the depth of services to be provided through the engagement, assets that comprise your overall portfolio, whether you or our firm will implement the transactions on your account(s), time involved in the engagement, among others.

Services are completed and delivered inside of sixty (60) days contingent upon timely delivery of all required documentation.

### HOURLY FEES

Financial Planning Services are offered based on an hourly fee of \$500 per hour.

### FIXED FEES

Financial Planning Services are offered based on a flat fee between \$1,500 and \$5,000.

Fees for financial plans are billed 50% in advance with the balance due upon plan delivery. Client may cancel within five (5) business days of signing Agreement with no obligation and without penalty. If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to Dhamma Capital. Refunds will be calculated on the number of hours spent on the preparing the financial plan based the hourly rate of \$500 per hour. Dhamma Capital reserves the right to waive the fee should the Client implement the plan through Dhamma Capital.

### SEMINARS AND WORKSHOPS

Dhamma Capital does not charge a fee for attendance to these seminars.

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### **Client Payment of Fees**

Investment management fees are billed quarterly in advance, meaning that we invoice you before the billing period. Fees are usually deducted from a designated Client account to facilitate billing. The Client must consent in advance to direct debiting of their investment account.

Fees for financial plans are billed 50% in advance with the balance due upon plan delivery.

Dhamma Capital, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

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### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transaction fees, postage and handling margin interest and miscellaneous fees.

For more details on the brokerage practices, see Item 12 of this brochure.

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### **Prepayment of Client Fees**

Dhamma Capital does not require any prepayment of fees of more than \$500 per Client and six months or more in advance.

Fees for ERISA 3(21) services may be billed in advance.

Fees for financial plans are billed 50% in advance with the balance due upon plan delivery

If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to Dhamma Capital.

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### **External Compensation for the Sale of Securities to Clients**

Dhamma Capital does not receive any external compensation for the sale of securities to Clients, nor do any of the investment advisor representatives of Dhamma Capital.

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

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Dhamma Capital does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for Dhamma Capital to recommend an investment that may carry a higher degree of risk to the Client.

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

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### **Description**

Dhamma Capital is dedicated to providing its services to individuals, high net worth individuals, families as well as small businesses.

Client relationships vary in scope and length of service.

### **Account Minimums**

Dhamma Capital requires a household minimum of \$250,000 to open an account. In certain instances, the minimum account size may be lowered or waived.

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

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### **Methods of Analysis**

Security analysis methods may include fundamental analysis, technical analysis, charting, and cyclical analysis. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

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.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are twofold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

In developing a financial plan for a Client, Dhamma Capital's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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### **Investment Strategy**

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to Dhamma Capital. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with Dhamma Capital:

- *Market Risk:* The prices of securities held by mutual funds in which Clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.

- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the Client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- *Investment Companies Risk:* When a Client invests in open end mutual funds or ETFs, the Client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which Client invests.
- *Foreign Securities Risk:* Funds in which Clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- *Long-term purchases:* Long-term investments are those vehicles purchased with the intension of being held for more than one year. Typically, the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.

- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally, there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment’s return will not keep up with inflation.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Options Trading:* The risks involved with trading options are that they are very time sensitive investments. An options contract is generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a “book-entry” only investment without a paper certificate of ownership.
- *Trading on Margin:* In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the Client will be required to deposit additional cash or make full payment of the margin loan to bring account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.
- *Leveraged Risk:* The risks involved with using leverage may include compounding of returns (this works both ways – positive and negative), possible reset periods, volatility, use of derivatives, active trading and high expenses.
- *Hedge Funds Risk:* The risks involved with hedge funds are that they may invest in unregistered investments that are not subject to the SEC’s registration and disclosure requirements. They may have risky investment strategies, which may include speculative investment and trading strategies. Both unregistered and registered hedge funds are illiquid investments and are subject to restrictions on transferability and resale. The tax structure of investments in hedge funds may be complex.
- *Private Equity/Placement Risk:* Because offerings are exempt from registration requirements, no regulator has reviewed the offerings to make sure the risks associated with the investment and all material facts about the entity raising money are adequately disclosed. Securities offered through private placements are generally illiquid, meaning there are limited opportunities to resell the security. Risk of the underlying investment may be significantly higher than publicly traded investments.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

Dhamma Capital and its management have not been involved in any criminal or civil action.

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**Administrative Enforcement Proceedings**

Dhamma Capital and its management have not been involved in administrative enforcement proceedings.

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**Self-Regulatory Organization Enforcement Proceedings**

Dhamma Capital and its management have not been involved in legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Dhamma Capital or the integrity of its management.

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

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**Broker-Dealer or Representative Registration**

Dhamma Capital is not registered as a broker-dealer and no affiliated representatives of Dhamma Capital are registered representatives of a broker-dealer.

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**Futures or Commodity Registration**

Neither Dhamma Capital nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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**Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

There are no outside material relationships to disclose.

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**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

Dhamma Capital does not select or recommend other investment advisors.

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

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**Code of Ethics Description**

The affiliated persons (affiliated persons include employees and/or independent contractors) of Dhamma Capital have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Dhamma Capital affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of Dhamma Capital. The Code reflects Dhamma Capital and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

Dhamma Capital's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of Dhamma Capital may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Dhamma Capital's Code is based on the guiding principle that the interests of the Client are our top priority. Dhamma Capital's officers, directors, advisors, and other affiliated persons

have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

Dhamma Capital will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

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### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

Dhamma Capital and its affiliated persons do not recommend to Clients securities in which we have a material financial interest.

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### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Dhamma Capital and its affiliated persons can buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide Dhamma Capital with copies of their brokerage statements.

The Chief Compliance Officer of Dhamma Capital is Sunandan K. Clerk. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Dhamma Capital does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons can buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide Dhamma Capital with copies of their brokerage statements.

The Chief Compliance Officer of Dhamma Capital is Sunandan K. Clerk. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

Dhamma Capital may recommend the use of a particular broker-dealer such as TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., Member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member or may utilize a broker-dealer of the Client's choosing. Dhamma Capital will select appropriate brokers based on a number of factors including but not limited to their relatively low



transaction fees and reporting ability. Dhamma Capital relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by Dhamma Capital.

Dhamma Capital participates in the TD Ameritrade Institutional program. TD Ameritrade is an independent SEC-registered broker-dealer and is not affiliated with Dhamma Capital. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Dhamma Capital receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14).

- *Directed Brokerage*

In circumstances where a Client directs Dhamma Capital to use a certain broker-dealer, Dhamma Capital still has a fiduciary duty to its Clients. The following may apply with Directed Brokerage: Dhamma Capital's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among Clients and conflicts of interest arising from brokerage firm referrals. The firm may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money.

- *Best Execution*

Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

- *Soft Dollar Arrangements*

Dhamma Capital does not receive soft dollar benefits.

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### **Aggregating Securities Transactions for Client Accounts**

Dhamma Capital is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of Dhamma Capital. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

## **Item 13: Review of Accounts**

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by the Chief Compliance Officer of Dhamma Capital. Account reviews are performed more frequently when market conditions dictate. Reviews of Client accounts include, but are not limited to, a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability

criteria, reviewing target bans of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

Financial plans generated are updated as requested by the Client and pursuant to a new or amended agreement, Dhamma Capital suggests updating at least annually.

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**Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

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**Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by Dhamma Capital's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

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

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**Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, Dhamma Capital participates in TD Ameritrade's institutional customer program and Dhamma Capital may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Dhamma Capital's participation in the program and the investment advice it gives to its Clients, although Dhamma 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 Dhamma 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 Dhamma Capital by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Dhamma Capital's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Dhamma Capital but may not benefit its Client accounts. These products or services may assist Dhamma 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 Dhamma Capital manage and further develop its business enterprise. The benefits received by Dhamma 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, Dhamma 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 Dhamma Capital or its related persons in and of itself creates a conflict of interest and may indirectly influence the Dhamma Capital's choice of TD Ameritrade for custody and brokerage services.

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**Advisory Firm Payments for Client Referrals**

Dhamma Capital does not compensate for Client referrals.

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**Item 15: Custody****Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by Dhamma Capital.

Dhamma Capital is deemed to have constructive custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of Dhamma Capital.

If Dhamma Capital is authorized or permitted to deduct fees directly from the account by the custodian:

- Dhamma Capital will provide the Client with an invoice concurrent to instructing the custodian to deduct the fee stating the amount of the fee, the formula used to calculate the fee, the amount of assets under management the fee is based on and the time period covered by the fee;
- Dhamma Capital will obtain written authorization signed by the Client allowing the fees to be deducted; and
- The Client will receive quarterly statements directly from the custodian which disclose the fees deducted.

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**Item 16: Investment Discretion****Discretionary Authority for Trading**

If applicable, Client will authorize Dhamma Capital discretionary authority, via the advisory agreement, to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. If applicable, Client will authorize Dhamma Capital discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. If, however, consent for discretion is not given, Dhamma Capital will obtain prior Client approval before executing each transaction.

Dhamma Capital allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to Dhamma Capital in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. Dhamma Capital does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

Dhamma Capital does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, Dhamma Capital will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because Dhamma Capital does not serve as a custodian for Client funds or securities and Dhamma Capital does not require prepayment of fees of more than \$500 per Client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Dhamma Capital has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

### **Bankruptcy Petitions during the Past Ten Years**

Dhamma Capital has not had any bankruptcy petitions in the last ten years.

## **Item 19: Requirements for State Registered Advisors**

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### **Principal Executive Officers and Management Persons**

The education and business background for Sunandan Clerk can be found in the Part 2B of this Brochure.

### **Outside Business Activities**

The outside business activities for Sunandan Clerk can be found in the Part 2B of this Brochure.

### **Performance Based Fee Description**

Dhamma Capital does not receive any performance-based fees.

### **Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons**

1. Neither Dhamma Capital nor its management have been involved in an arbitration claim alleging damages in excess of \$2,500 involving any of the following:
  - a) An investment or an investment-related business or activity;
  - b) Fraud, false statement(s) or omissions;
  - c) Theft, embezzlement or other wrongful taking of property;
  - d) Bribery, forgery, counterfeiting, or extortion;
  - e) Dishonest, unfair or unethical practices.
2. Neither Dhamma Capital nor its management have been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - a) An investment or an investment-related business or activity;

- b) Fraud, false statement(s) or omissions;
- c) Theft, embezzlement or other wrongful taking of property;
- d) Bribery, forgery, counterfeiting, or extortion;
- e) Dishonest, unfair or unethical practices.

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**Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities**

There are no material relationships with issuers of securities to disclose.

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**Material Conflicts of Interest Assurance**

All material conflicts of interest regarding Dhamma Capital, its representatives or any of its employees which could be reasonably expected to impair the rendering of unbiased and objective advice are disclosed as required under CCR Section 260.238(k).

Item 1 Cover Page  
**SUPERVISED PERSON BROCHURE**  
FORM ADV PART 2B

Sunandan K. Clerk, CFP®, CFA

**Dhamma Capital, LLC**

**Mailing Address:**  
2872 Ygnacio Valley Rd.  
#455  
Walnut Creek, CA 94598

**Telephone:**  
925-385-8717

**Website:**  
DhammaCapital.com

This brochure supplement provides information about Sunandan K. Clerk and supplements the Dhamma Capital, LLC brochure. You should have received a copy of that brochure. Please contact Sunandan K. Clerk if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Sunandan K. Clerk (CRD #6457600) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**FEBRUARY 2020**

## **Brochure Supplement (Part 2B of Form ADV)**

### **Supervised Person Brochure**

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#### **Principal Executive Officer – Sunandan K. Clerk**

- Year of birth: 1977
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#### **Item 2 - Educational Background and Business Experience**

##### Educational Background:

- Texas Christian University; Master's in Business Administration

##### Business Experience:

- Dhamma Capital, LLC; Managing Member/Investment Advisor Representative; 06/2019 – Present
- Regal Investment Advisors LLC; Investment Advisor Representative; 03/2018 – 06/2019
- Consilium Wealth Management; VP Investments; 09/2017 – 01/2018
- Wells Fargo Clearing Services, LLC; Investment Advisor Representative; 06/2015 – 08/2017
- Wells Fargo Clearing Services, LLC; Registered Representative; 05/2015 – 08/2017
- Wells Fargo Advisors, LLC; Associate; 02/2015 – 05/2015
- Mechanics Bank; Portfolio Manager; 06/2010 – 02/2015
- Self-employed; 07/2009 – 06/2010
- YCMNET Advisors; Investment Analyst; 01/2007 – 07/2009

##### Professional Certifications

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Sunandan K. Clerk has earned certifications and credentials that are required to be explained in further detail.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with Clients.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and Client scenarios designed to test one’s ability

to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;

- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their Clients. CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Chartered Financial Analyst (CFA): Chartered Financial Analysts designation is awarded by the CFA Institute. CFA certification requirements:

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute - the largest global association of investment professionals.

There are currently more than 154,000 CFA charterholders working in more than 165 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

### **High Ethical Standards**

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

### **Global Recognition**

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry.

### **Comprehensive and Current Knowledge**



The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

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**Item 3 - Disciplinary Information**

*Criminal or Civil Action:* None to report.

*Administrative Proceeding:* None to report.

*Self-Regulatory Proceeding:* None to report.

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**Item 4 - Other Business Activities Engaged In**

Sunandan K. Clerk does not have any outside business activities. Sunandan K. Clerk is a tax preparer (CRTP) registered with the California Tax Education Council. Clients are not solicited to use his tax prep services. At this time, he spends no time on this activity.

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**Item 5 - Additional Compensation**

Sunandan K. Clerk does not receive any performance-based fees. He does not receive any additional compensation for performing advisory services.

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**Item 6 - Supervision**

Since Sunandan K. Clerk is the sole owner and investment adviser representative of Dhamma Capital he is solely responsible for all supervision and formulation and monitoring of investment advice offered to Clients. He will adhere to the policies and procedures as described in the firm's Compliance Manual. He can be reached at 925-385-8717.

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**Item 7 - Requirements for State-Registered Advisors**

*Arbitration Claims:* None to report.

*Self-Regulatory Organization or Administrative Proceeding:* None to report.

*Bankruptcy Petition:* None to report.

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