



**Z3 CAPITAL PARTNERS, LLC**

**FORM ADV PART 2A**

**BROCHURE**

**Item 1 – Cover Page**

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This brochure provides information about the qualifications and business practices of Z3 Capital Partners, LLC. If you have any questions regarding the contents of this brochure, please do not hesitate to contact our Chief Compliance Officer, James Hadaway by telephone at 513-832-5477 or by email at [james.hadaway@dinsmorecomplianceservices.com](mailto:james.hadaway@dinsmorecomplianceservices.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.

Z3 Capital Partners, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Z3 Capital Partners, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

June, 2025

## **Item 2 – Material Changes**

Form ADV Part 2A requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure since the last annual update of the disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Z3 Capital Partners, LLC is a newly registered investment adviser and this brochure was initially filed as part of that registration. Accordingly, there are no material changes to report.

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## Item 4 - Advisory Business

### A. Description of the Advisory Firm

Z3 Capital Partners, LLC ("Z3" or the "Firm") is a limited liability company organized in the State of Virginia. Z3 is an investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). Z3 is owned by Scot Morris and Alicia Borghi.

### B. Types of Advisory Services

Z3 provides personalized discretionary investment management and financial planning services to individuals, including high net worth individuals, and entities, including, but not limited to, family offices, trusts, estates, private foundations, as well as businesses and business owners.

#### Investment Management and Financial Planning Services

Z3 offers investment management services on a discretionary basis. All investment advice provided is customized to each client's investment objectives and financial needs. The information provided by the client, together with any other information relating to the client's overall financial circumstances, will be used by Z3 to determine the appropriate portfolio asset allocation and investment strategy for the client. Z3 provides investment management services to clients through a wrap fee program (the "Z3 Capital Partners Wrap Fee Program"). See Z3 Capital Partners' Form ADV Part 2A, Appendix 1 for additional information regarding the Z3 Capital Partners Wrap Fee Program.

The securities utilized by Z3 in the Z3 Capital Partners Wrap Fee Program client accounts consist of equity securities, registered mutual funds, exchange traded funds (ETFs), closed end funds, and fixed and variable annuities/insurance products, if we determine such investments fit within a client's objectives and are in the best interests of our clients.

In addition, financial planning services may also be provided, depending upon our agreement with the client and the needs of the client. In providing financial planning services, Z3 focuses upon specific areas of planning, such as retirement planning, educational planning, estate planning, cash flow planning, tax planning and insurance needs and analysis. The focus of the planning services and recommendations delivered are specific to each client's needs, goals, objectives and financial situation. Financial planning services are only made available to clients receiving investment management services. Z3 does not charge investment management services clients an additional fee for any provided financial planning services.

Z3 cannot provide any guarantees or promises that a client's financial goals and objectives will be met.

**Note for IRA and Retirement Plan Clients:** When Z3 provides investment advice to you regarding your retirement plan account or individual retirement account, Z3 is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way Z3 makes

money creates some conflicts with your interests, so Z3 operates under a special rule that requires Z3 to act in your best interest and not put Z3's interest ahead of yours.

**Note Regarding Tax or Legal Advice:** In providing services, Z3 does not offer or otherwise provide tax or legal advice. Z3 will, at a client's direction and approval, work with a client's existing tax or legal professionals to assist in the provision of the services. Fees charged by any tax, legal or other third-party professionals are the responsibility of the client. Z3 may refer professionals; however, there is no compensation to Z3 for these referrals, and clients are under no obligation to use the referred service providers.

### **C. Client-Tailored Advisory Services**

Clients may impose reasonable restrictions on the management of their accounts if Z3 determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for Z3's management efforts.

### **D. Information Received From Clients**

Z3 will not assume any responsibility for the accuracy or the information provided by clients. Z3 is not obligated to verify any information received from a client or other professionals (e.g., attorney, accountant) designated by a client, and Z3 is expressly authorized by the client to rely on such information provided. Under all circumstances, clients are responsible for promptly notifying Z3 in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance.

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

Z3 is a newly registered adviser. Therefore, as of the date of filing this Brochure, Z3 did not have assets under management.

## **Item 5 - Fees and Compensation**

### **A. Investment Management Services Fees**

In providing investment management services pursuant to the Z3 Capital Partners Wrap Fee Program, Z3 Capital Partners charges an annual investment management services fee that is agreed upon with each client and set forth in an agreement executed by Z3 Capital Partners and the client. The Z3 Capital Partners Wrap Fee Program investment management fee is based on a percentage of the value of assets under management and is generally paid quarterly in advance. When a client's account is opened, the Z3 Capital Partners Wrap Fee Program investment management services fee is billed for the remainder of the current quarterly billing period and is based on the client's initial contribution to the client account. Subsequent quarterly Z3 Capital Partners Wrap Fee Program investment management services fees will be based on the client's account value as of the last business day of the previous calendar quarter. If cash or securities, or a combination thereof, amounting to at least \$100,000 are deposited to or withdrawn from a Z3 Capital Partners Wrap Fee Program client's account on an individual business day in the first two

months of the quarter, Z3 Capital Partners will (i) assess investment management services fees to the deposited assets based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid Z3 Capital Partners Wrap Fee Program investment management services fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. No additional Z3 Capital Partners Wrap Fee Program investment management services fees or adjustments to previously assessed Z3 Capital Partners Wrap Fee Program investment management services fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter.

For purposes of Z3 Capital Partners Wrap Fee Program investment management services fee calculation, Z3 Capital Partners utilizes third party sources, such as pricing services and custodians. For purposes of fee calculation, the asset value of Z3 Capital Partners Wrap Fee Program client accounts include cash and cash equivalents, as well as margined securities. Z3 Capital Partners does not reduce Z3 Capital Partners Wrap Fee Program investment management fees for margin borrowing, regardless of whether the assets are in cash or other securities. Z3 Capital Partners has a financial incentive to recommend that clients borrow money for the purchase of additional securities for the client's Z3 Capital Partners Wrap Fee Program account managed by Z3 Capital Partners or otherwise not liquidate some or all the assets Z3 Capital Partners manages. Z3 Capital Partners addresses this conflict of interest by this disclosure and working to ensure that any recommendation to a client regarding the use of margin is suitable for the client.

Following is the Z3 Capital Partners Wrap Fee Program asset based fee:

<b>FEE SCHEDULE</b>	
<b><u>Market Value of Assets</u></b>	<b><u>Maximum Rate</u></b>
Up to \$500,000	2.00%
\$500,000 up to \$1,000,000	1.75%
\$1,000,000 up to \$5,000,000	1.50%
\$5,000,000 up to \$10,000,000	1.00%
Above \$10,000,000	negotiable
The percentage for the highest range of Managed Asset value achieved applies to all Managed Assets, not just Managed Assets within that range.	

Z3 Capital Partners' policy is to include all related client accounts, specifically the accounts of direct family members sharing the same residence address, for purposes of determining a client's market value of assets.

Notwithstanding the foregoing, Z3 and the client may choose to negotiate an annual investment management services fee that varies from the schedule set forth above. Factors upon which a different annual investment management services fee may be based include, but are not limited to, the size and nature of the relationship, the services rendered, the nature and complexity of

the products and investments involved, time commitments, and travel requirements. The investment management services fee charged by the Firm will apply to all of the client's assets under management, unless specifically excluded in the client agreement. As provided above in Item 4, the investment management services fee includes any financial planning services provided to a client. Although Z3 believes that its fees are competitive, clients should understand that lower fees for comparable services may be available from other sources and firms.

The investment advisory agreement between Z3 and the client may be terminated at will by either Z3 or the client upon written notice. Z3 does not impose termination fees when the client terminates the investment advisory relationship, except when agreed upon in advance.

### **B. Payment of Fees**

Z3 generally deducts its investment management services fee from a client's investment account(s) held at his/her custodian. Upon engaging Z3 to manage such account(s), a client grants Z3 this limited authority through a written instruction to the custodian of his/her account(s). The client is responsible for verifying the accuracy of the calculation of the investment management services fee; the custodian will not determine whether the fee is accurate or properly calculated.

The custodian of the client's accounts provides each client with a statement, at least quarterly, indicating separate line items for all amounts disbursed from the client's account(s), including any fees paid directly to Z3.

Clients may make additions to and withdrawals from their account at any time, subject to Z3's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets at any time on notice to Z3, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Z3 may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g. contingent deferred sales charges) and/or tax ramifications.

### **C. Clients Responsible for Fees Charged by Financial Institutions**

The Z3 Capital Partners Wrap Fee Program fee covers Z3's investment management services, custody and commissions for securities transactions effected through RJA. The number of transactions made in clients' accounts, the size of the accounts, and the securities used to construct a portfolio, as well as the commissions charged for each transaction, determines the relative cost of the Z3 Capital Partners Wrap Fee Program versus paying for execution on a per transaction basis and paying a separate fee for investment management services. Participants in the Z3 Capital Partners Wrap Fee Program may pay a higher or lower aggregate fee than if the



investment management and brokerage services are purchased separately. Z3 does not charge its clients higher investment management services fees based on their trading activity, but clients should be aware that Z3 may have an incentive to limit its trading activities in client accounts because Z3 is charged for executed trades. Z3 addresses this conflict of interest by this disclosure and by its policies and procedures which work to ensure that accounts are managed in accordance with clients' goals and objectives without consideration of trading costs incurred by Z3. Transaction fees or "trade away" fees imposed for trades placed away from RJA, are not covered by the Z3 Capital Partners Wrap Program Fee. Refer to Z3's Form ADV Part 2A, Appendix 1 for additional information. In addition, please see Item 12 of this brochure regarding brokerage practices.

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

As noted in Item 5(B) above, Z3's advisory fees generally are paid in advance. Upon the termination of a client's advisory relationship, Z3 will issue a refund equal to any unearned investment management services fee for the remainder of the quarter. The client may specify how he/she would like such refund issued (i.e., a check sent directly to the client or a check sent to the client's custodian for deposit into his/her account).

#### **E. Outside Compensation for the Sale of Securities or Other Investment Products to Clients**

Z3 does not buy or sell securities and does not receive any compensation for securities transactions in any client account, other than the investment advisory fees noted above. However, as further described in Item 10, certain personnel of Z3, in their individual capacities, are licensed as insurance professionals. Such persons earn commission-based compensation for selling insurance products to clients.

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

Z3 does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Z3's fees are calculated as described in Item 5 above.

### **Item 7 - Types of Clients**

Z3 offers investment advisory services to individuals, including high net worth individuals, and entities, including, but not limited to, family offices, trusts, estates, private foundations, as well as businesses and business owners. In addition, for an asset-based fee, Z3 may contract directly with third-party broker-dealers and insurance carriers to maintain current client financial profiles and to provide ongoing account suitability analysis for client accounts held at those third-parties.

Z3 generally imposes a minimum initial investment of \$500,000 to open an account. However, Z3 does reserve the right to accept or decline a potential client for any reason in its sole discretion.

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

### **A. Methods of Analysis and Risk of Loss**

Z3 begins each client relationship with a deep understanding of the client's financial condition, risk tolerance, investment objectives, tax considerations, and liquidity needs. Through personalized investment planning, Z3 constructs a comprehensive picture of each client's goals before implementing an investment strategy. This customized approach ensures that recommended portfolios and strategies are aligned with the client's overall investment plan and risk profile.

Z3 primarily employs fundamental analysis to guide its investment decisions. This includes reviewing third-party research, publicly available financial documents, and corporate communications. The firm typically implements long-term investment strategies that align with clients' financial goals but may incorporate shorter-term trading when appropriate based on market conditions or client-specific objectives. Z3's structured investment framework, the Financial House, segments portfolios into three tiers: the First Floor (income and growth), the Second Floor (growth), and the Attic (high-growth opportunities). This tiered system provides a disciplined structure that seeks to balance risk and return across varying market environments.

Key selection criteria include corporate ownership; balance sheet analysis; and technical charting. Active portfolio management is core to the firm's approach, incorporating ongoing financial monitoring, position sizing adjustments, and sector rotation based on valuation and market trends. All investment strategies involve risk. Clients may be subject to short-term market fluctuations that impact principal value. Z3 manages risk through diversification, active portfolio oversight, and a consistent application of its investment process. However, no strategy can guarantee success or protect against all market downturns. Clients are encouraged to consider both the potential rewards and risks when engaging Z3 Capital's advisory services.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client's portfolio size, tax sensitivity, desire for simplicity, income needs, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence Z3's investment recommendations.

Investing in securities involves a risk of loss. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.

### **B. Material Risks Involved**

Investing in securities involves a significant risk of loss which clients should be prepared to bear. Z3's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions will not always be profitable. Clients should be

aware that there may be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Generally, the market value of equity stocks will fluctuate with market conditions, and small-stock prices generally will fluctuate more than large-stock prices. The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities. Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective. Past performance of investments is no guarantee of future results.

Additional risks involved in the securities recommended by Z3 include, among others:

- *Stock market risk*, which is the chance that stock prices overall will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.
- *Sector risk*, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*, which is the risk that the value of a security will decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Non-diversification risk*, which is the risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- *Value investing risk*, which is the risk that value stocks not increase in price, not issue the anticipated stock dividends, or decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks, but may lag behind growth stocks in an up market.

- *Smaller company risk*, which is the risk that the value of securities issued by a smaller company will go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- *Foreign (non-U.S.) investment risk*, which is the risk that investing in foreign securities result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.
- *Exchange Traded Fund (ETF) risk*, which is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- *Management risk*, which is the risk that the investment techniques and risk analyses applied by Z3 may not produce the desired results and that legislative, regulatory, or tax developments, affect the investment techniques available to Z3. There is no guarantee that a client's investment objectives will be achieved.
- *Investment Companies ("Mutual Funds") risk*, when an investor invests in mutual funds, the investor will bear additional expenses based on his/her pro rata share of the mutual fund's operating expenses, including the management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying investments the mutual fund holds.
- *Cybersecurity risk*, which is the risk related to unauthorized access to the systems and networks of Z3 and its service providers. The computer systems, networks and devices used by Z3 and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by

us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or other compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issues of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions; and other parties. In addition, substantial costs may be incurred by those entities in order to prevent any cybersecurity breaches in the future.

- *Closed-End Funds risk*, Closed-end funds typically use a high degree of leverage. They may be diversified or non-diversified. Risks associated with closed-end fund investments include liquidity risk, credit risk, volatility and the risk of magnified losses resulting from the use of leverage. Additionally, closed-end funds may trade below their net asset value.

There also are risks surrounding various insurance products that are recommended to Z3 clients from time to time. Such risks include, but are not limited to, loss of premiums. Prior to purchasing any insurance product, clients should carefully read the policy and applicable disclosure documents.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk. Z3 does not guarantee the future performance of a client's portfolio, as investing in securities involves the risk of loss that clients should be prepared to bear.

Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser and the integrity of the adviser's management. Z3 has no information applicable to this Item.

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

#### Insurance Agent Activities

As mentioned above in Item 5, advisory persons of Z3 are licensed as insurance professionals. Such persons earn commission-based compensation for selling insurance products to clients. Insurance commissions earned by advisory persons who are insurance professionals are separate from and in addition to Z3's advisory fee. This practice presents a conflict of interest as an advisory person who is an insurance professional has an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on client needs. Z3 addresses this conflict through disclosure and strives to make recommendations which are in the best interests of its clients. Clients are under no obligation to

purchase insurance products through any person affiliated with Z3. Z3 clients should understand that lower fees and/or commissions for comparable services may be available from other insurance providers.

#### Insurance Networking Agencies

Z3 has relationships with third-party insurance networking agencies that provide insurance and annuity education, comparisons, and solutions. These third-party insurance networking agencies have relationships with third party broker-dealers who provide clients access to and support for annuities, insurance, mutual fund, and 529 education products. Z3 may receive asset-based advisory fees from third party broker-dealers and insurance carriers to provide advisory consulting services to clients. The services provided by Z3 under these third-party relationships are limited to: serving as the client relationship manager and maintaining a complete financial profile for each client; providing ongoing account suitability analysis based on current client financial profiles; and providing investment analysis and required minimum distributions (RMDs) based on disclosed client assets. Z3 does not receive nor share in commissions or transaction-based compensation in these relationships. Any transaction or related fees incurred by clients at these third-party networking agencies and third-party broker dealers are not covered by the Z3 Capital Partners Wrap Fee Program fee.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions**

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

Z3 has a Code of Ethics (the “Code”) which requires Z3’s employees (“supervised persons”) to comply with their legal obligations and fulfill the fiduciary duties owed to the Firm’s clients. Among other things, the Code of Ethics sets forth policies and procedures related to conflicts of interest, outside business activities, gifts and entertainment, compliance with insider trading laws and policies and procedures governing personal securities trading by supervised persons.

Personal securities transactions of supervised persons present potential conflicts of interest with the price obtained in client securities transactions or the investment opportunity available to clients. The Code addresses these potential conflicts by prohibiting securities trades that would breach a fiduciary duty to a client and requiring, with certain exceptions, supervised persons to report their personal securities holdings and transactions to Z3 for review by the Firm’s Chief Compliance Officer. The Code also requires supervised persons to obtain pre-approval of certain investments, including initial public offerings and limited offerings.

Z3 will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Item 12 – Brokerage Practices**

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

Z3 participates in the RJA Ambassador Program custodial platform. Z3 will recommend that Z3 Capital Partners Wrap Fee Program clients establish brokerage accounts with RJA to maintain



custody of clients' assets and to effect trades for their accounts. Raymond James and Associates, Inc., member New York Stock Exchange/SIPC, is a "qualified custodian" as that term is described in Rule 206(4)-2 of the Advisers Act.

In recommending RJA, Z3 will consider a number of judgmental factors, including, without limitation: 1) clearance and settlement capabilities; 2) quality of confirmations and account statements; 3) the ability of the BD/Custodian to settle the trade promptly and accurately; 4) the financial standing, reputation and integrity of the BD/Custodian; 5) the BD/Custodian's access to markets, research capabilities, market knowledge, and any "value added" characteristics; 6) Z3's past experience with the BD/Custodian; and 7) Z3's past experience with similar trades. Recognizing the value of these factors, clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction.

In exchange for using the services of RJA, Z3 may receive, without cost, computer software and related systems support that allows Z3 to monitor and service its clients' accounts maintained with RJA. RJA also makes available to the Firm products and services that benefit the Firm but may not directly benefit the client or the client's account. These products and services assist Z3 in managing and administering client accounts. They include investment research, both RJA's own and that of third parties. Z3 may use this research to service all or some substantial number of client accounts, including accounts not maintained at RJA. In addition to investment research, RJA also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

RJA also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

RJA may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the Firm. RJA may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. RJA may also provide the Firm with other benefits such as occasional business entertainment of Firm personnel.

The benefits received by Z3 through its participation in the RJA custodial platform do not depend on the amount of brokerage transactions directed to RJA. In addition, there is no corresponding commitment made by Z3 to RJA to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of participation in the program. While as a fiduciary, we endeavor to act in our clients' best interests, our recommendation that clients maintain their assets in accounts at RJA will be based in part on the benefit to Z3 of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by RJA. The receipt of these benefits creates a potential conflict of interest and may indirectly influence Z3's choice of RJA for custody and brokerage services.

Z3 will periodically review its arrangements with the BD/Custodians and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its clients. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody; and
- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

Z3's clients may utilize qualified custodians other than RJA for certain accounts and assets, particularly where clients have a previous relationship with such qualified custodians.

#### Brokerage for Client Referrals



Z3 does not select or recommend BD/Custodians based solely on whether or not it may receive client referrals from a BD/Custodian or third party.

#### Client Directed Brokerage

Generally, for Z3 Capital Partners Wrap Fee Program clients the Firm does not accept instructions to custody a client account at a specific broker-dealer other than RJA and/or direct some or all of his/her brokerage transactions to a specific broker-dealer other than RJA. In such instances a client would be disadvantaged because the Z3 Capital Partners Partners Wrap Fee Program fee does cover the cost of trades executed away from RJA.

#### Trade Errors

Z3's goal is to execute trades seamlessly and in the best interests of the client. In the event a trade error occurs, Z3 endeavors to identify the error in a timely manner, correct the error so that the client's account is in the position it would have been had the error not occurred, and, after evaluating the error, assess what action(s) might be necessary to prevent a recurrence of similar errors in the future.

Trade errors generally are corrected through the use of a "trade error" account or similar account at RJA. In all cases, Z3 will take the appropriate measures to return the client's account to its intended position.

### **B. Trade Aggregation**

To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's supervised persons may invest, the Firm will generally do so in a fair equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by the Firm.

## **Item 13 – Review of Accounts**

### **A. Periodic Reviews**

While Z3 Capital Partners Wrap Fee Program accounts are monitored on an ongoing basis, Z3's investment adviser representatives seek to have at least one annual meeting with each client to conduct a formal review of the clients' accounts. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made. As detailed above in Item 4, Z3 may provide targeted financial planning services to clients, and such services are only provided to investment management services clients. Therefore, as applicable to a client situation, any provided financial planning may be reviewed with investment management services clients as part of the investment management services account review process.

**B. Other Reviews and Triggering Factors**

In addition to the periodic reviews described above, reviews may be triggered by changes in an account holder's personal, tax or financial status. Other events that may trigger a review of an account are material changes in market conditions as well as macroeconomic and company-specific events. Clients are encouraged to notify Z3 of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

**C. Regular Reports**

Written brokerage statements are generated no less than quarterly and are sent directly from the qualified custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

Z3 may also determine to provide account statements and other reporting to clients on a periodic basis. Clients are urged to carefully review all custodial account statements and compare them to any statements and reports provided by Z3. Z3 statements and reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

**Item 14 – Client Referrals and Other Compensation****A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

Z3 does not receive benefits from third parties for providing investment advice to clients.

**B. Compensation to Non-Supervised Persons for Client Referrals**

Z3 does not enter into agreements with individuals or organizations for the referral of clients.

**Item 15 – Custody**

All clients must utilize a "qualified custodian" as detailed in Item 12. Clients are required to engage the custodian to retain their funds and securities and direct Z3 to utilize the custodian for the client's securities transactions. Z3's agreement with clients and/or the clients' separate agreements with the B/D Custodian may authorize Z3 through such BD/Custodian to debit the clients' accounts for the amount of Z3's fee and to directly remit that fee to Z3 in accordance with applicable custody rules.

The BD/Custodian recommended by Z3 has agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Z3. Z3 encourages clients to review the official statements provided by the custodian, and to compare such statements with any reports or other statements received from Z3. For more information about custodians and brokerage practices, see "Item 12 - Brokerage Practices."

**Item 16 – Investment Discretion**

For the provision of investment management services, clients provide Z3 with investment discretion on their behalf, pursuant to a grant of a limited power of attorney contained in Z3's client agreement. By granting Z3 investment discretion, a client authorizes Z3 to direct securities transactions and determine which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Clients may impose reasonable limitations in the form of specific constraints on any of these areas of discretion with the consent and written acknowledgement of Z3 if Z3 determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for Z3. See also Item 4(C), Client-Tailored Advisory Services.

**Item 17 – Voting Client Securities**

Z3 does not accept the authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for all and any securities maintained in client portfolios.

**Item 18 – Financial Information**

Z3 is not required to disclose any financial information pursuant to this item due to the following:

- a) Z3 does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of rendering services;
- b) Z3 is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts; and
- c) Z3 has never been the subject of a bankruptcy petition.