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## Form ADV, Part 2A Brochure

January 14, 2018

This brochure provides information about the qualifications and business practices of FMD Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 888-823-8111 or [info@fmdcapital.com](mailto:info@fmdcapital.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.

Any reference to or use of the terms "registered investment adviser" or "registered," does not imply that FMD Capital Management, LLC or any person associated with FMD Capital Management, LLC has achieved a certain level of skill or training.

Additional information about FMD Capital Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 - MATERIAL CHANGES

The purpose of this page is to inform you of any material changes since the previous version of this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

FMD Capital Management, LLC (“FMD”) reviews and updates our brochure at least annually to make sure that it is still current. Below is a summary of the significant changes made since the initial filing of the brochure. This summary does not include all changes made to the brochure.

- August 2015 - added **Flexible Growth and Income Report**, a subscription-based newsletter under Advisory Services Offered.
- August 2015 - added **Flexible Growth and Income Report**, a subscription-based newsletter under Fees and Compensation.
- January 2017 – removed Opportunistic Growth Portfolio from investment management services and fees.
- January 2017 – updated account minimums and lowered advisory fees.

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

FMD Capital Management, LLC ("FMD," "we," "our", or "us") is a privately owned limited liability company headquartered in Irvine, CA. FMD is registered as an investment adviser with the California Department of Corporations. David and Michael Fabian originally founded FMD in January 2013 as Fabian Capital Management, LLC and changed the name to FMD Capital Management, LLC in October 2013.

### Advisory Services Offered

FMD offers the following services to advisory clients:

#### Investment Management Services

FMD provides continuous and regular investment supervisory services on a discretionary basis. FMD has the ongoing responsibility to select and make recommendations, based upon the objectives of the client, as to specific securities or other investments that we purchase or sell in client accounts. FMD specializes in managing portfolios using exchange traded funds (ETF), mutual funds, and closed-end funds. We also use equities, fixed-income assets, and cash in managing client accounts.

FMD may offer investment advice on any investment held by the client at the start of the advisory relationship. We may also occasionally offer advice regarding additional types of investments if appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry.

FMD's investment committee makes all client investment decisions and formally meets at least once a week. Committee membership includes David and Michael Fabian.

FMD offers two different portfolio types for managing client accounts:

1. Strategic Income
2. Dynamic CEF Income

#### Subscription Newsletter

In September 2015, FMD began publishing a subscription-based newsletter – **The Flexible Growth and Income Report** (FGIR). This newsletter is edited by David and Michael Fabian. The FGIR is published weekly via email/online only and subscribers are billed monthly in advance. The newsletter is impersonal and does not provide individualized advice or recommendations for any specific subscriber.

### Tailored Services and Client Imposed Restrictions

FMD manages client accounts based on the investment strategy chosen by the client, as discussed below under **Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss**. FMD applies the strategy for each client, based on the client's individual circumstances and financial situation. We make

investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our recommendations may be limited if the client does not provide us with accurate and complete information. It is the client's responsibility to keep FMD informed of any changes to their investment objectives or restrictions.

Clients may also request other restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or does not want FMD to buy or sell certain specific securities or security types in the account. FMD reserves the right to not accept and/or terminate management of a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

### **Wrap Fee Programs**

FMD does not manage accounts as part of a wrap or bundled fee program.

### **Assets Under Management**

FMD manages client assets in discretionary accounts on a continuous and regular basis. As of December 31, 2017, the total amount of assets under our management was \$12,311,693.

## **ITEM 5 - FEES AND COMPENSATION**

### **Fee Schedule**

#### *Investment Management Services*

FMD charges advisory fees for investment management services. FMD's advisory fees are charged based on a percentage of the client's total assets under management, according to the following schedules:

#### *Strategic Income Portfolio*

<u>Assets Under Management</u>		<u>Annual Fee</u>
<u>From</u>	<u>To</u>	
\$250,000	\$499,999	1.00%
\$500,000	\$999,999	0.90%
\$1,000,000	\$1,999,999	0.75%
\$2,000,000+		Negotiable

#### *Dynamic CEF Income Portfolio*

<u>Assets Under Management</u>		<u>Annual Fee</u>
<u>From</u>	<u>To</u>	
\$250,000	\$499,999	1.15%
\$500,000	\$999,999	0.95%
\$1,000,000	\$1,999,999	0.75%
\$2,000,000+		Negotiable

Once the client reaches a breakpoint, we bill all assets under management in the portfolio at the lower rate. Lower fees for comparable services may be available from other sources. FMD Capital Management fees are negotiable.

Our standard fee schedule may be negotiable based on several factors, which include but are not limited to “grandfathered” accounts, related accounts, and other structures that we may consider in special situations. We also manage some accounts for family and friends without charge.

### Subscription Newsletter

The Flexible Growth and Income Report is \$15 per month. Billed via credit card or direct debit and renews monthly until cancelled.

## **Billing Method**

### Investment Management Services

FMD’s advisory fees are payable monthly in advance at the beginning of each calendar month. We charge one twelfth of the annual fee each month based on the market value of the client’s portfolio as of the last day of the prior calendar month. The formula used for the calculation is as follows:  $(Annual\ Rate) \times (Total\ Assets\ Under\ Management\ at\ Month-End) / 12$ .

For new client accounts, the first payment is a pro-rata calculation. The calculation will take into consideration the number of days remaining in the month and the initial value of the portfolio. The formula used to calculate the initial advisory fee is as follows:  $(Result\ of\ Monthly\ Calculation) \times (Days\ Remaining\ in\ Month) / (Total\ Number\ of\ Days\ in\ Month)$ .

For advisory fee calculation purposes, a calendar month is a period beginning on the first day of the month and ending on the last day of the month. A day is any calendar day including weekends and holidays.

FMD may aggregate client accounts that have family or business relationships with each other for purposes of calculating the advisory fees applicable to each client.

It is up to the client whether they wish to have the advisory fees withdrawn directly from their TD Ameritrade account or pay by check. With client authorization, FMD will automatically withdraw FMD’s advisory fee from the client’s account at TD Ameritrade. TD Ameritrade withdraws advisory fees from the client’s account based on our instruction. All clients will receive brokerage statements from TD Ameritrade no less frequently than quarterly. The TD Ameritrade statement will show the deduction of the advisory fee for those clients who authorize the advisory fees to be withdrawn directly from their TD Ameritrade account.

For those clients who choose not to have advisory fees withdrawn directly from their TD Ameritrade accounts, payment of advisory fees is due upon receipt of FMD’s billing invoice. The invoice will include the account value, fee calculation, and amount due.

## **Other Fees and Expenses**

FMD's fees do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts from the assets in the account, which are in addition to the fees client pays to FMD.

In addition, any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to FMD for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds.

## **Termination**

Either party may terminate the agreement upon thirty (30) days written notice to the other party. The client may terminate the agreement by writing FMD at our office.

If FMD terminates the Account, the current management fee will be pro-rated to the notice date and refunded to client. If the client terminates the Account, FMD will not refund any portion of the current management fee but, at our discretion, may choose not to bill client for that portion of the following month's fee, which falls within the client's 30-day notice.

If either party terminates the investment advisory agreement, FMD will not liquidate any securities in the account unless authorized in writing by the client. In the event of client's death or disability, we will continue management of the account until an authorized party notifies us of client's death or disability and provides alternative instructions. Upon termination, we will send an invoice for all outstanding unpaid management fees owed to any client that pays separately (via invoice).

## **Other Compensation**

FMD does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

FMD does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **ITEM 7 - TYPES OF CLIENTS**

FMD offers discretionary investment advisory services to individuals, high net worth individuals, trusts and estates, and individual participants of retirement plans. In addition, we offer advisory services to pension and profit sharing plans and businesses.

## Account Requirements

Generally, FMD requires clients to maintain a minimum account size of \$250,000. Significant funds withdrawal may result in a request for additional fund deposits to continue with management of accounts. We generally combine family accounts to meet the account size minimum. FMD may reduce or waive the account minimum requirements at our discretion.

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis and Investment Strategies

#### *General Investment Strategies*

FMD generally uses diversification in an effort to optimize the risk and potential return of a portfolio. More specifically, we may utilize multiple asset classes, investment styles, market capitalizations, sectors, and regions to provide diversification. Each client's portfolio selection is determined in accordance with the clients' investment objectives, risk tolerance, and time horizon.

FMD's general investment strategy is to seek real capital growth proportionate with the level of risk the client is willing to take. FMD assists our clients to develop an Account Information and Investment Objectives Form. This statement typically outlines the client's investment experience, objectives, time horizon, risk tolerance, and any special considerations and/or restrictions the client chooses to place on the management of the account. FMD will then make portfolio recommendations that are consistent with the client's Account Information and Investment Objectives Form. We deal with any client restrictions on an account-by-account basis.

Client portfolios with a similar investment objectives and asset allocation goals may own different securities. Timing and tax factors also influence FMD's investment decisions. Clients who buy or sell securities on the same day may receive different prices.

Each portfolio maintains a target asset allocation. Generally, FMD reviews each client's portfolio every quarter to evaluate the extent to which the actual allocation matches the target allocation. When we consider the variance excessive, FMD takes appropriate actions (buys and sells) in order to bring the actual allocation within acceptable range of the target allocation.

#### *Investment Portfolios*

FMD offers two different portfolio types for managing client accounts. Based on the client's personal situation as described in the client's Account Information and Investment Objectives form, we will generally recommend managing the client's assets following one of the two portfolios. Our methods of analysis and investment strategies for each portfolio are as follows:

### *Strategic Income Portfolio*

FMD manages assets for income investors utilizing a combination of both fundamental and technical analysis. The primary objective is to produce a steady income stream for clients using multiple asset classes, with a secondary objective of capital appreciation. FMD will use any or all of the following investments within a client's income portfolio: exchanged-traded funds, fixed-income assets, and closed and open-ended mutual funds. FMD monitors and analyzes the long-term trends in U.S. Treasury bonds, interest rates, and stock indexes for a macro picture on economic trends both in the U.S. and abroad.

### *Dynamic CEF Income Portfolio*

FMD manages assets for aggressive income investors utilizing a combination of both fundamental and technical analysis. The primary objective is to maximize total return through income and capital appreciation. FMD may use both leveraged and/or non-leveraged closed-end funds containing fixed-income and/or equity securities in an attempt to achieve its primary objective. FMD monitors and analyzes the average premium or discount of a closed-end fund over a trailing twelve-month period and seeks to identify funds that may be undervalued compared to their historical norm. FMD monitors closed-end fund earnings in an attempt to identify funds with high levels of net-investment income and undistributed net-investment income. FMD monitors the closed-end fund's management team in an effort to select funds that will yield superior performance over time. FMD also monitors the prevailing interest rate and stock indexes for a macro picture on economic trends both in the U.S. and abroad.

### *Methods of Analysis for Selecting Securities*

#### *Charting Analysis*

Charting analysis involves the use of patterns in performance charts. FMD uses this charting technique to search for patterns in an effort to predict favorable conditions for buying and/or selling a security.

#### *Technical Analysis*

The profitability of technical analysis depends upon the accurate forecasting of major price moves or trends in the securities traded by FMD. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernible trends and similar periods will presumably occur in the future.

Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may under perform other trading methods when fundamental factors dominate price moves within a given market. Accordingly, no assurance is given that the decisions based on computer-generated information will produce profits for a client's account.

### *Specific Investment Strategies for Managing Portfolios*

FMD may use tactical asset allocation, cash as a strategic asset, long-term holding, short-term trading, and/or defensive strategies in the construction and management of client portfolios.

#### *Tactical Asset Allocation*

FMD may use a tactical asset allocation strategy in the shorter term to deviate from a client's long-term strategic asset allocation target in an effort to take advantage of what we perceive as market pricing anomalies or strong market sectors or to avoid perceived weak sectors. Once FMD achieves the desired short-term opportunities or perceives that opportunities have passed, we generally return a client's portfolio to the original strategic asset mix.

#### *Cash as a Strategic Asset*

FMD may use cash as a strategic asset and may at times move or keep client's assets in cash or cash equivalents.

#### *Long-term Holding/Short-term Trading*

FMD does not generally purchase securities for clients with the intent to sell the securities within 30 days of purchase. However, price fluctuations and other factors may cause us to sell a security for a client when the client has held the position for less than 30 days.

#### *Defensive Strategies*

If FMD anticipates poor near-term prospects for equity markets, we may adopt a defensive strategy for clients' accounts by investing substantially in fixed income securities and/or money market instruments. FMD invests client accounts and determines allocations using our discretion. Actual allocation will vary over time in accounts. Account allocations are likely to vary significantly compared to the overall equity markets as well as compared to any particular benchmark.

There can be no assurance that any such strategy will prove profitable or successful.

### **General Risk of Loss Statement**

Prior to entering into an agreement with FMD, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
4. That clients should only commit assets that they feel are currently unneeded and available to FMD for investment on a long-term basis. This is typically a minimum of five to seven years.

## Specific Security Risks

### General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

### Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks that usually tracks a specific index or sector. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market index or that fall into a particular sector. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

### Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads).

Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any *personal capital gains* when the investor sells shares, the investor may have to pay taxes each year on the *fund's capital gains*. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit, and cannot use losses to offset these gains.

### Closed-end Fund

Closed-end funds generally do not continually offer their shares for sale. Rather, they sell a fixed number of shares at one time, after which the shares typically trade on a secondary market, such as the New York Stock Exchange or the NASDAQ Stock Market. Risk factors pertaining to closed-end funds vary from fund to fund. The following list of risk factors provides a review of those associated with generalized closed-end fund investing. Not every risk factor in this list will pertain to each closed-end fund.

#### Valuation Risk

Common shares may trade above (a premium) or below (a discount) the net asset value (NAV) of the trust/fund's portfolio. At times, discounts could widen or premiums could shrink, and could either dilute positive performance or compound negative performance. There is no assurance that discounted funds will appreciate to their NAV.

#### Interest Rate Risk

Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the bonds and/or other income-related instruments in a fund's portfolio will decline in value because of increases in market interest rates. The prices of longer-maturity securities tend to fluctuate more than shorter-term security prices.

#### Credit Risk

One or more securities in a trust/fund's portfolio could decline or fail to pay interest or principal when due. Income-related securities of below investment grade quality are predominately speculative with respect to the issuer's capacity to pay interest and repay principal when due and, therefore, involve a greater risk of default.

#### Concentration Risk

A trust/fund that invests a substantial portion of its assets in securities within a single industry or sector of the economy may be subject to greater price volatility or adversely affected by the performance of securities in that particular sector or industry.

#### Reinvestment Risk

Income from a trust/fund's bond portfolio will decline when the trust/fund invests the proceeds from matured, traded, or called bonds at market interest rates that are below the portfolio's current earnings rate. A decline in income could affect the common shares' market price or their overall returns.

### Leverage Risk

The use of leverage may lead to increased volatility of a trust/fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the trust/fund's portfolio, which may lead to increased market price declines. Fluctuations in interest rates on borrowings or the dividend rates on preferred shares that take place from changes in short-term interest rates may reduce the return to common shareholders or result in fluctuations in the dividends paid on common shares. There is no assurance that a leveraging strategy will be successful.

### Foreign Investment Risk

Investment in foreign securities (both governmental and corporate) may involve a high degree of risk. Trusts/funds invested in foreign securities are subject to additional risks such as, but not limited to, currency risk and exchange-rate risk, political instability, and economic instability of the countries from where the securities originate. In regards to debt securities, such risks may impair the timely payment of principal and/or interest.

### Alternative Minimum Tax (AMT)

A trust/fund may invest in securities subject to the alternative minimum tax.

### Fluctuating Dividends in Actively Managed Portfolios

The composition of the trust/fund's portfolio could change, which, all else being equal, could cause a reduction in dividends paid to common shares. Certain closed-end funds invest in common stocks. There is no guarantee of dividends from these common stocks. Fluctuations in dividend levels over time, up and down, are to be expected.

### Cash and Cash Equivalents

Client accounts may hold cash or invest in cash equivalents, which are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

## **ITEM 9 - DISCIPLINARY INFORMATION**

FMD does not have any disciplinary information to disclose.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Principals or supervised persons at FMD Capital Management are not, nor have applications pending to register as a broker-dealer or a registered representative of a broker-dealer; nor as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. FMD does not recommend or select other investment advisers for clients.

David Fabian is licensed by the California Department of Insurance (License #0H86066). David Fabian may sell insurance products to advisory clients and receive commissions on the sale of insurance products. The insurance commissions are separate from and in addition to any advisory fees that a client may pay to FMD for investment advisory services. Clients are under no obligation to act upon any insurance recommendations made by David Fabian. In all cases, we fully disclose insurance commissions to the client.

## ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

FMD believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. FMD's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

FMD's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. FMD's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, and adherence to applicable state and federal securities laws.

FMD prohibits all personnel from acting upon any material, non-public information, as defined under federal securities laws and our Code of Ethics insider trading policy.

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

### Personal Trading Practices

FMD and our personnel may purchase or sell securities for themselves, regardless of whether the transaction would be appropriate for the client account. FMD and our personnel may purchase or sell securities for themselves that we also recommend to clients. This includes related securities (e.g., warrants, options, or futures). This presents a potential conflict of interest as we may have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or to use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

1. The client receives the opportunity to act on investment recommendations prior to and in preference to accounts of FMD and our personnel.
2. FMD prohibits trading in a manner that takes personal advantage of price movements caused by client transactions.
3. If we wish to purchase or sell the same security as we recommend or take action to purchase or sell for a client, we will not do so until the custodian fills client orders. (except when the transaction meets our **de minimis policy** described below or when we are aggregating personal and proprietary trades with client trades as disclosed under **Aggregation with Client Orders** below) As a result of this policy, it is possible that clients will receive a better or worse price than FMD or any employee for the same security on the same day as a client or one or more days before or after the client's transaction.

### De minimis Policy

Securities transactions by FMD and its personnel are generally subject to a pre-clearance policy that seeks to make personal trading consistent with our fiduciary duty to clients. However, FMD and our personnel are not required to pre-clear certain de minimis transactions that we believe would not adversely affect client interests or the securities markets when conducting small transactions in largely capitalized/frequently traded securities. FMD and our personnel are not required to pre-clear the following types of transactions:

#### *Equity Securities and Exchange Traded Funds*

The transaction is under \$10,000 and the security has a market capitalization of over \$2 billion and the security trades on the NYSE or other domestic exchange/financial market, including NASDAQ (excluding all options).

#### *Ban on Short-Term Trading Profits*

All personal and proprietary transactions that fall under the de minimis exemption above are subject to a 30-day ban on short-term trading profits, except when selling at a loss. We may make exceptions to the 30-day ban when the trade would not disadvantage any client.

#### Aggregation with Client Orders

FMD may aggregate orders for clients in the same securities in an effort to seek best execution, negotiate more favorable commission rates, and/or allocate differences in prices, commissions, and other transaction costs equitably among our clients. These are benefits of aggregation orders that we might not obtain if we placed those orders independently.

FMD may aggregate trades in like securities among client accounts as well as with accounts of FMD and our personnel, if we follow the policies described below. This presents a potential conflict of interest as we may have an incentive to allocate more favorable executions to our own accounts or the accounts of our personnel.

Our policies to address this conflict are as follows:

1. We will disclose our aggregation policies in this brochure;
2. We will not aggregate transactions unless we believe that the block trade is consistent with our duty to seek best execution (which includes the duty to seek best price) for our clients. The trade also needs to be consistent with the terms of our investment advisory agreement with each client that has an account included in the block;
3. No client account will be favored over any other client. This includes accounts owned directly or indirectly by our personnel. Each account in a block trade will participate at the average share price for all of our transactions in a given security on a given business day (per custodian);
4. Before entering a block trade, we will prepare a written statement (the "Allocation Statement") specifying the participating accounts and how we intend to allocate the order among those accounts;
5. If the block trade fills entirely, we will allocate shares among clients according to the Allocation Statement; if the order fills partially, we will allocate it pro-rata according to the Allocation Statement.
6. We may allocate the order differently than specified in the Allocation Statement if all client accounts receive fair and equitable treatment. In this case, we will explain the reasons for a different allocation in writing, which the CCO must approve;
7. If a block trade fills partially and we allocate it differently than the Allocation Statement specifies, no participating account may purchase or sell the security for a reasonable period following the execution of the block trade. This only applies when the participating account sells or receives more shares than it would have if the block trade were to fill completely;
8. Our books and records will separately reflect each block trade, and the securities held by, bought, and sold for each client account;
9. Funds and securities of clients participating in a block trade will be deposited with one or more qualified custodians. Clients' cash and securities will not be held collectively any longer than is necessary to settle the trade on a delivery versus payment basis. Following settlement, cash or securities held collectively for clients will be delivered out to the qualified custodian as soon as practicable;
10. We do not receive additional compensation or remuneration of any kind as a result of block trading; and
11. We provide individual investment advice and treatment to each client's account.

## ITEM 12 - BROKERAGE PRACTICES

### Factors Considered in Selecting Broker-Dealers for Client Transactions

FMD generally requires that clients open one or more custodian accounts in their own name at TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA (“TD Ameritrade”). The client will enter into a separate agreement with TD Ameritrade to custody the assets. FMD also requires that clients grant FMD limited power of attorney to execute client transactions through TD Ameritrade. FMD is independently owned and operated, and unaffiliated with TD Ameritrade.

TD Ameritrade may charge commissions (ticket charges) for executing our transactions. We do not receive any part of these separate charges. TD Ameritrade may provide us with access to their institutional trading and custody services, which are typically not available to TD Ameritrade retail investors. TD Ameritrade’s services include brokerage custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. FMD’s clients who choose to have their assets held at TD Ameritrade will not be charged separately for custody but are compensated by account holders through commissions or other transaction-related fees or securities trades that are executed through TD Ameritrade or that settle into TD Ameritrade.

FMD considers several factors in recommending TD Ameritrade to clients. Factors that FMD may consider may include ease of use, reputation, service execution, pricing and financial strength. FMD may also take into consideration the availability of the products and services received or offered.

#### *Directed Brokerage*

FMD will not allow clients to direct FMD to use a specific broker-dealer to execute transactions. Clients must use the broker-dealers that FMD recommends. Not all investment advisers require their clients to trade through specific brokerage firms. By requiring clients to use TD Ameritrade, FMD believes we may be able to more effectively manage the client’s portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio.

Since we require most of our clients to maintain their accounts with TD Ameritrade, it is also important for clients to consider and compare the significant differences between having assets custodied at another broker-dealer, bank or other custodian prior to opening an account with us.

### Aggregation and Allocation of Transactions

In some cases, FMD will recommend the purchase or sale of the same security for multiple clients at the same time. In those cases, FMD may combine purchase and sale orders for all clients with the same order. FMD will generally allocate the proceeds arising out of those transactions (and the related transactions expenses) on an average price basis among the various participants in the transactions.

FMD may also place orders for the same security for different clients at different times and in different relative amounts due to, among other things, differences in investment objectives, cash availability, size

of order, and practicability of participating in “block” transactions. The level of participation by different clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular client.

In addition, FMD and/or our related persons may buy or sell specific securities for our own accounts that are not deemed appropriate for another client at the time, based on personal investment considerations that differ from the considerations on which decisions as to investments for the client are made. Where execution opportunities for a particular security are limited, FMD attempts in good faith to allocate such opportunities among clients in a manner that is equitable to all our clients over time.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **Managed Account Reviews**

We manage portfolios on a continuous basis and generally review all positions in client accounts at least weekly. We offer account reviews to clients on an annual basis. Clients may choose to receive reviews in person, by telephone, or in writing. David Fabian and Michael Fabian conduct all managed account reviews. They conduct reviews as a team or individually based on each client’s relationship with FMD. These factors may include but are not limited to stated investment objectives, economic environment, outlook for the securities markets, and the merits of the securities in the accounts.

In addition, we may conduct a special review of an account based one or more of the following:

1. A change in the client’s investment objectives, guidelines and/or financial situation;
2. Changes in diversification;
3. Tax considerations;
4. Material cash deposits or withdrawals; and
5. Purchase or sale of a security in the account.

### **Account Reporting**

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. FMD may also provide additional reporting as agreed upon by FMD and the client on a case-by-case basis.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

### ***Outside Compensation***

FMD may refer clients to unaffiliated professionals for specific needs. FMD does not have any agreements with individuals or companies that we refer clients to, and we do not receive any compensation for these referrals.

FMD only refers clients to professionals we believe are competent and qualified in their field. However, it is ultimately the client’s responsibility to review the provider. We will generally provide the client with

the professional's contact information, and it is solely the client's decision whether to engage a recommended firm.

## **ITEM 15 - CUSTODY**

FMD has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (TD Ameritrade) holds clients' accounts. Clients will receive statements directly from the qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee. Clients should carefully review the account statements you receive from your qualified custodian.

## **ITEM 16 - INVESTMENT DISCRETION**

FMD has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. FMD will not contact clients before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority over their accounts when they sign the custodian paperwork.

Certain client-imposed conditions may limit FMD's discretionary authority, such as where the client prohibits transactions in specific security types or directs transactions through specific broker-dealers.

## **ITEM 17 - VOTING CLIENT SECURITIES**

### *Proxy Voting*

FMD does not accept or have the authority to vote client securities. FMD will not be deemed have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

### *Mutual Funds*

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

### *Class Actions*

FMD does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

## ITEM 18 - FINANCIAL INFORMATION

FMD does not require the prepayment of more than \$500 in fees per client, six months or more in advance. FMD does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

FMD has not been the subject of any bankruptcy petition at any time during the last 10 years.

## ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

### Educational and Business Background

**David Fabian**, Managing Partner and Chief Operations Officer, Chief Compliance Officer, B. 1981

*Education:* BS in Business Administration, Pepperdine University, Malibu CA, 2004

*Business Background:* After graduating cum laude from Pepperdine University with a degree in Business Administration in 2004, David worked for two years in finance for a NWP Services Corporation. In May 2007, David became Vice President of Operations at Fabian Wealth Strategies and held that role until March 2013.

David is currently the Chief Operations Officer and Managing Partner of FMD Capital Management, LLC. David is licensed by the California Department of Insurance (License #0H86066).

**Michael Fabian**, Managing Partner and Chief Investment Officer, B. 1983

*Education:* Michael Fabian has no formal education after high school.

*Business Background:* Between February 2002 and December 2007, Michael worked for Phillips Auto and TruSpeed Motorcars in business planning, sales, customer service and finance roles. Michael began his career at Fabian Wealth Strategies as the Director of Client Services in 2008. In 2011, Michael became Vice President of Portfolio Management at Fabian Wealth Strategies which he held until March 2013.

Michael is currently the Chief Investment Officer and Managing Partner of FMD Capital Management, LLC.

### Business Activities other than giving Investment Advice

FMD Capital Management and its supervised persons do not participate in any outside business activities, other than what is listed in Item 10.

### Performance-Based Fees

FMD Capital Management does not receive compensation for advisory services tied to performance-based fees.

No management person has been involved in an award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- An investment or an investment-related business or activity;
- Fraud, false statement(s), or omissions;
- Theft, embezzlement, or other wrongful taking of property;
- Bribery, forgery, counterfeiting, or extortion; or
- Dishonest, unfair, or unethical practices.

No management person has been involved in an award or otherwise being found liable in a civil, self-regulatory organization or administrative proceeding involving any of the following:

- An investment or an investment-related business or activity;
- Fraud, false statement(s), or omissions;
- Theft, embezzlement, or other wrongful taking of property;
- Bribery, forgery, counterfeiting, or extortion; or
- Dishonest, unfair, or unethical practices

There are no relationships or arrangements with any issuer of securities. All material conflicts of interest have been properly disclosed regarding FMD Capital Management, its representatives or employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

# Form ADV, Part 2B Brochure Supplement

**David Fabian**  
**Michael Fabian**

FMD Capital Management, LLC

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Suite 600  
Irvine, CA 92614  
888-823-8111  
<http://www.fmdcapital.com>

January 14, 2018

This brochure supplement provides information about David Fabian and Michael Fabian that supplements the FMD Capital Management, LLC brochure. You should have already received a copy of that brochure. Please contact David Fabian if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about David Fabian and Michael Fabian is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## David Fabian

### ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

**David Fabian**, Managing Partner and Chief Operations Officer, Chief Compliance Officer, B. 1981

*Education:*

BS in Business Administration, Pepperdine University, Malibu CA, 2004

*Business Background:*

After graduating cum laude from Pepperdine University with a degree in Business Administration in 2004, David worked for two years in finance for a NWP Services Corporation. In May 2007, David became Vice President of Operations at Fabian Wealth Strategies and held that role until March 2013.

David is the Chief Operations Officer and Managing Partner of FMD Capital Management. David is licensed by the California Department of Insurance (License #0H86066).

David's responsibilities within FMD Capital Management include: Operations management (re: trading, billing, account setup), technology coordinator, chief compliance officer, investment research, investment committee, client communication, and portfolio management.

### ITEM 3 - DISCIPLINARY INFORMATION

David Fabian has no disciplinary history to disclose.

### ITEM 4 - OTHER BUSINESS ACTIVITIES

David Fabian is licensed by the California Department of Insurance (License #0H86066). David Fabian may sell insurance products to advisory clients and receive commissions on the sale of insurance products. The insurance commissions are separate from and in addition to any advisory fees that a client may pay to FMD for investment advisory services.

David may also participate in free-lance writing assignments as an independent contractor related to general investment information, ETF education, and other fields of investment expertise. Compensation can be derived from individual articles, reports, or other material that is requested by the independent party. Any conflicts of interest pertaining to securities that are owned in accounts managed by FMD or its executives are fully disclosed.

### ITEM 5 - ADDITIONAL COMPENSATION

David Fabian's compensation comes from his regular salary and ownership of FMD. In addition, he may receive commission from the sale of insurance products and compensation for independent writing or consulting assignments.

## ITEM 6 - SUPERVISION

David Fabian, Managing Partner and COO supervises all FMD personnel.

## ITEM 7 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

David Fabian has not been involved in an award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- an investment or an investment-related business or activity;
- fraud, false statement(s), or omissions;
- theft, embezzlement, or other wrongful taking of property;
- bribery, forgery, counterfeiting, or extortion; or
- dishonest, unfair, or unethical practices.

David Fabian has not been involved in an award or otherwise being found liable in a civil, self-regulatory organization or administrative proceeding involving any of the following:

- an investment or an investment-related business or activity;
- fraud, false statements, or omissions;
- theft, embezzlement, or other wrongful taking of property;
- bribery, forgery, counterfeiting, or extortion; or
- dishonest, unfair, or unethical practices

David Fabian has not been the subject of a bankruptcy petition.

## **Michael Fabian**

### **ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

**Michael Fabian**, Managing Partner and Chief Investment Officer, B. 1983

*Education:*

Michael Fabian has no formal education after high school.

*Business Background:*

Between February 2002 and December 2007, Michael worked for Phillips Auto and TruSpeed Motorcars in business planning, sales, customer service and finance roles. Michael began his career at Fabian Wealth Strategies as the Director of Client Services in 2008. In 2011, Michael became Vice President of Portfolio Management at Fabian Wealth Strategies which he held until March 2013.

Michael is the Chief Investment Officer and Managing Partner of FMD Capital Management.

Michael is the leader of the FMD investment committee, and works closely with clients to ensure they are well informed of his current investment approach. He also meets with every prospective client considering joining FMD to ensure their expectations and investment objectives are well understood, in addition to explaining the intricacies and benefits of working with an investment advisor.

Michael's responsibilities within FMD Capital Management include: Client communication and contact, investment committee, portfolio management, investment research, and account maintenance.

### **ITEM 3 - DISCIPLINARY INFORMATION**

Michael Fabian has no disciplinary history to disclose.

### **ITEM 4 - OTHER BUSINESS ACTIVITIES**

Michael Fabian's only business is providing investment advice through FMD.

### **ITEM 5 - ADDITIONAL COMPENSATION**

Michael Fabian's only compensation comes from his regular salary and ownership of FMD.

### **ITEM 6 - SUPERVISION**

Michael Fabian, Managing Partner and CIO supervises all FMD personnel.

### **ITEM 7 - REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Michael Fabian has not been involved in an award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- an investment or an investment-related business or activity;

- fraud, false statement(s), or omissions;
- theft, embezzlement, or other wrongful taking of property;
- bribery, forgery, counterfeiting, or extortion; or
- dishonest, unfair, or unethical practices.

Michael Fabian has not been involved in an award or otherwise being found liable in a civil, self-regulatory organization or administrative proceeding involving any of the following:

- an investment or an investment-related business or activity;
- fraud, false statements, or omissions;
- theft, embezzlement, or other wrongful taking of property;
- bribery, forgery, counterfeiting, or extortion; or
- dishonest, unfair, or unethical practices

Michael Fabian has not been the subject of a bankruptcy petition.

**FACTS****WHAT DOES FMD CAPITAL MANAGEMENT, LLC DO WITH YOUR PERSONAL INFORMATION?****Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?**

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- account balances and transaction history
- assets and risk tolerance

When you are *no longer* our customer, we continue to share your information as described in this notice.

**How?**

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons FMD Capital Management, LLC chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does FMD Capital Management, LLC share?	Can you limit this sharing?
<b>For our everyday business purposes -</b> as permitted by law	YES	NO
<b>For our marketing purposes -</b> to offer our products and services to you	NO	NO
<b>For joint marketing with other financial companies</b>	NO	We Don't Share
<b>For our affiliates' everyday business purposes -</b> information about your transactions and experiences	NO	We Don't Share
<b>For our affiliates' everyday business purposes -</b> information about your creditworthiness	NO	We Don't Share
<b>For nonaffiliates to market to you</b>	NO	We Don't Share

**Questions?**

Call 888-823-8111 or go to <http://www.fmdcapital.com>

**WHO WE ARE**

**Who is providing this notice?**

**FMD Capital Management, LLC**

**WHAT WE DO**

**How does FMD Capital Management, LLC protect my personal information?**

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

**How does FMD Capital Management, LLC collect my personal information?**

We collect your personal information, for example, when you

- seek advice about your investments
- enter into an investment advisory contract
- tell us about your investment or retirement portfolio
- tell us about your investment or retirement earnings
- give us your contact information

We also collect your personal information from other companies.

**Why can't I limit all sharing?**

Federal law gives you the right to limit only:

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

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

**DEFINITIONS**

**Affiliates**

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

- *FMD Capital Management, LLC has no affiliates*

**Nonaffiliates**

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

- *FMD Capital Management, LLC does not share with nonaffiliates so they can market to you*

**Joint Marketing**

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

- *FMD Capital Management, LLC does not jointly market*