



# Form ADV Part 2A Wrap Fee Program Brochure

June 23, 2021

## Capital One Investing, Inc.

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This wrap fee program brochure provides information about the qualifications and business practices of Capital One Investing, Inc. If you have any questions about the contents of this brochure, please contact us by phone at (202) 539-1039 or by email at [investing@capitalone.com](mailto:investing@capitalone.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Capital One Investing, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Capital One Investing is a registered investment adviser with the SEC. Registration doesn't imply a certain level of skill or training.**

## **Item 2: Material Changes**

This Form ADV Part 2A Appendix 1, Wrap Fee Program Brochure (“Brochure”), dated June 23, 2021, includes a material changes since our last annual amendment dated March 31, 2021. Below is a summary of the material changes since United Income, Inc.’s last annual amendment:

- Effective June 23, 2021, United Income, Inc. changed its name to Capital One Investing, Inc.

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## **Item 4: Services, Fees and Compensation**

Capital One Investing, Inc. (“Capital One Investing,” the “Advisor,” the “firm,” “us,” “we,” “our”), a direct subsidiary of Capital One Financial Corporation, is an SEC-registered investment adviser that offers portfolio management and financial planning services to clients. Capital One Investing’s principal owner is Capital One Financial Corporation (“Capital One”).

Capital One Investing (formerly United Income, Inc. from inception to June 2021) was founded by Matt Fellowes in April 2016. Prior to Capital One Investing’s inception, Mr. Fellowes gained extensive knowledge about the financial industry through a breadth of experience, including as the Chief Executive Officer and founder of HelloWallet, the Chief Innovation Officer of Morningstar and a Fellow at The Brookings Institute. Mr. Fellowes applied such knowledge to create a solution to the observation that wealth management practices had been outpaced by medical and technological innovations. In response, he assembled a team of core leaders driven to find a solution – together they built the foundation of Capital One Investing.

United Income became an SEC-registered investment adviser in 2017, and, in 2019, Capital One acquired United Income in an effort to expand Capital One’s wealth management services and in June 2021 changed its name to Capital One Investing.

Through new technology, an expanding team of experienced wealth managers and a commitment to the highest ethical standards, we seek to unlock more effective ways for our clients to build wealth that endures throughout increasingly longer life spans. Our unified system of money management reflects a deeply held belief that financial decisions are interconnected, and new data and technology allows us to observe and understand these relationships in new ways. Our team of professionals uses our innovative technology to provide holistic wealth management advice, which includes integrated financial planning, investment management, tax reduction analysis and retirement management.

This Brochure describes the investment advisory services offered through the Capital One Investing Wrap Fee Program. Clients participating in the Capital One Investing Wrap Fee Program may invest via the Model Portfolio Strategy (the “Model Portfolios”), which are diversified model portfolios comprised primarily of exchange-traded funds (“ETFs”), managed in accordance with asset allocation models overseen by Capital One Investing. Alternatively, clients in the Capital One Investing Wrap Fee Program may have their assets invested in accordance with a custom portfolio strategy that is managed in accordance with the client’s specific preferences (the “Custom Strategies”). These services are discussed in greater detail below.

### **Advisory Services**

#### **Model Portfolios**

We are the sponsor and portfolio manager of the Model Portfolios. For clients investing in the Model Portfolios, we utilize data and technology to analyze the complex interactions between the various decisions clients currently face and are expected to face in the future – from how to invest, to when to retire, to planning an estate. We then translate that understanding into a personalized, comprehensive financial plan and investment strategy that aspires to help clients simplify financial management.

Our innovative technology is built into our proprietary engine, which analyzes information our clients provide through our online application and uses such information to create a risk-adjusted, integrated financial plan that estimates future spending needs, manages investments, identifies tax reduction strategies and provides personalized retirement management insights. We recognize that each person’s financial needs are likely to evolve throughout his or her life span; as such, our proprietary engine is built with logic that considers reasonably foreseeable future life events when creating the client’s financial plan, and it modifies the financial plan to account for updates and/or life events relevant to the financial plan. Clients may access and/or modify their account any time by logging into our online application or by contacting one of our wealth managers. Our wealth managers leverage our proprietary technology to provide day-to-day investment

management and to implement personalized investment strategies. Our technology enables us to provide the Capital One Investing Wrap Fee Program as the most cost-effective program we offer.

All Model Portfolios are managed on a discretionary basis, in accordance with the terms set forth in the advisory agreement between each client and Capital One Investing. In order to create an integrated financial plan tailored to each client, we collect information on each client's financial circumstances (e.g., income, current investments, assets and liabilities) and investment goals, as well as factors relevant to determining each client's risk tolerance. Our proprietary engine then analyzes such information by running market simulations that seek to identify a financial plan that:

- Has the highest chance of success;
- Minimizes lifetime taxes;
- Provides for the earliest possible retirement date;
- Maximizes Social Security benefits; and
- Maximizes the potential to reach the respective client's financial goals.

The client will then review and accept the recommended financial plan or contact a wealth manager with any questions. We manage each client's assets in accordance with the accepted financial plan. Clients' Model Portfolio assets are held in a brokerage account established by the client with Apex Clearing Corporation (the "Custodian"), a non-affiliated, registered broker-dealer and member of FINRA and SIPC.

Once the client has entered into an advisory agreement with Capital One Investing, accepted a financial plan and established a separate brokerage account with the Custodian, we will:

- Manage the account(s) in accordance with the financial plan;
- Monitor the account(s) for alignment with targeted asset allocation;
- Provide around-the-clock access to account information, accessible at any time through our online application;
- Send monthly updates on the status of attaining the client's financial goals (generally provided electronically, but paper communications are available upon request);
- Provide insight into how the client can attain his/her financial goals;
- Utilize our proprietary technology to analyze the account on an ongoing basis;
- Engage our wealth managers to review the client's account(s) regularly;
- Seek to consult each client directly to discuss account performance at least annually; and
- Adjust the financial plan to reflect changes likely to impact a client's financial goals.

**Clients must notify us promptly when their financial situation, goals, objectives, personal circumstances or needs change.** Clients may notify us of such changes through our online application or by contacting us directly. In certain situations, Model Portfolio clients will be able to make investment decisions other than those recommended by Capital One Investing via the client interface. Clients should understand that in doing so, they could impact our ability to create and implement a comprehensive financial plan that maximizes the ability to attain their financial goals.

**Fractional Shares:** Shares of securities purchased or sold on Client's behalf and/or held in the Client's Account may be either whole shares (e.g., 2.0 shares) or fractional shares (e.g., 2.5 shares). Fractional shares allow us to set allocations based on dollar amounts rather than share amounts. Fractional shares generally are unrecognized and illiquid outside of clients' accounts, and as a result, may not be transferable to another custodian. Accordingly, in the event of a liquidation or transfer of the assets in a client's account, Capital One Investing may instruct the Custodian to sell fractional shares as necessary and transfer the proceeds with the other assets in the account. As a result of such transactions, clients may incur significant tax liabilities for which each client will be solely responsible. Each client should appreciate these ramifications and consider consulting a tax or legal advisor to discuss the tax implications of liquidating or transferring assets.

## Custom Strategies

This section describes the investment advisory services offered to clients with assets invested in Custom Strategies. The Custom Strategies are intended to provide investment advice to clients who are in the process of transitioning to the Model Portfolios. This allows clients to gradually transfer to the Model Portfolios while still receiving continuous advice regarding the investment of funds based on their individual needs.

Custom Strategy clients work with industry professionals (“Legacy Teams”) who have joined Capital One Investing’s growing team of professionals located in multiple offices throughout the country. In many cases, Custom Strategy clients had preexisting advisory relationships with these professionals, and became clients of Capital One Investing when the Legacy Team joined Capital One Investing. The Custom Strategies allow clients to preserve the continuity of these relationships, while also allowing the Legacy Teams to leverage Capital One Investing’s team of professionals and innovative technology to provide investment services tailored to each client.

Capital One Investing’s goal is to create a seamless transition that expands the team of professionals dedicated to providing investment services tailored to each client’s needs, in furtherance of the client’s financial goals – all without increasing the fee rate. This allows Capital One Investing’s extended team of professionals to work with our Legacy Teams to learn about each client’s individual preferences and identify how we can help each client attain his or her financial goals through a wide range of investment services such as: gathering additional information needed to analyze a client’s portfolio and providing investment recommendations based on such analysis; identifying ways to save money and improve returns; discussing current and future assets in an effort to unify the client’s investment strategy; utilizing knowledge gained through our proprietary technology to provide informed insight into suitable investment opportunities; and managing the tax implications of exiting positions to transition to the Model Portfolios.

The Custom Strategies are managed on a discretionary basis, though clients may impose reasonable restrictions on certain securities, types of securities or industry sectors. Our investment recommendations are not limited to any specific product or service and will generally include advice regarding the following securities:

- ETFs and other exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Interests in vehicles investing in real estate
- Interests in vehicles investing in oil and gas

Investments in securities involve varying degrees of risk. Capital One Investing considers each client’s investment objectives, risk tolerance and liquidity in determining if the recommended investment’s degree of risk is suitable and in the client’s best interest.

## Fees and Compensation

The defining feature that differentiates a wrap fee program from a non-wrap fee program is that the wrap fee program offers investment management and brokerage services for one, bundled fee. Fees assessed as part of a wrap fee program may be more or less than unbundled fees assessed for services received from a non-wrap program. Clients and prospective clients are encouraged to read the SEC’s Investor Bulletin: Investment Adviser Sponsored Wrap Fee Programs (dated December 07, 2017) to learn more about wrap fee programs, and for questions to consider when determining if a wrap program is the best option for his or her individual needs.

The Capital One Investing Wrap Fee Program fee is assessed as one, bundled fee. We receive a portion of the fee. The fee covers Capital One Investing’s investment advisory services as well as trade execution costs and custody expenses. The advisory fee is set forth in the advisory agreement by and between each client and Capital One Investing. Clients should be

aware of the fact that similar or comparable advisory services may be available from other firms for a fee that is higher or lower than Capital One Investing’s fee.

## Model Portfolios

The standard advisory fee for assets in the Model Portfolios is calculated as an annualized rate of each corresponding tier of assets under management and is billed and payable monthly in arrears. The below table identifies the tiered fee structure:

Assets Under Management		Annualized Rate
\$0 to	\$1,000,000	0.99%
Next	\$1,000,000	0.89%
Next	\$3,000,000	0.79%
Next	\$5,000,000	0.69%
Above	\$10,000,000	0.59%

## Custom Strategies

Certain Custom Strategy clients came to Capital One Investing as the result of an acquisition or similar transaction that resulted in the Custom Strategy client’s advisory relationship being assigned to Capital One Investing. These clients are subject to the terms of investment advisory agreements that have been assigned to Capital One Investing. As a result, Custom Strategy clients are subject to the fee schedule included in the advisory agreement; however, Custom Strategy clients shall pay *no more than* an annualized rate of .99% of total assets under management (the “standard advisory fee”). The standard advisory fee acts as a ceiling, and no Custom Strategy clients shall be charged a fee above the standard advisory fee.

## Additional Information Regarding Fees

**Potential Additional Fees:** Additional fees that are not covered as part of the advisory fee may be assessed against the client’s account, such as: (a) certain charges imposed by the Custodian, including custodial printing fees for paper-based statements and documents, odd-lot differentials, paper checks, transfer taxes and wire transfer fees; (b) fees for services outside the scope of the advisory agreement; (c) any other fees outlined in the Client’s agreement with their Custodian; (d) any taxes or fees imposed by exchanges or regulatory bodies in connection with transactions effected on the client’s behalf; and (e) for assets invested in a mutual fund or an ETF (each, a “fund”), the client, as a shareholder of such fund, will pay a proportionate share of the such fund’s fees and expenses, including management fees, Rule 12b-1 fees, sub-transfer agency fees and shareholder servicing fees, if applicable (please see the relevant fund’s prospectus or other disclosure document for a description of its fees and expenses). Clients should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services Capital One Investing provides. Each of the foregoing additional fees, expenses and charges may be separately charged to the client’s account or reflected in the price paid or received for a given security or, in the case of a fund, reflected in the net asset value of the fund.

**Calculation:** Fees are deducted directly from the client’s custodial account(s). Unless otherwise set forth in the client agreement, the fee is assessed monthly in arrears and is based on the previous month’s average account balance. The fee is prorated for each contribution and withdrawal made during the applicable month. Fees for partial periods will be charged on a pro rata basis based on the number of days the services were provided during the relevant billing period.

THE CUSTODIAN WILL PROVIDE CLIENTS WITH AN ACCOUNT STATEMENT AT LEAST QUARTERLY. THE ACCOUNT STATEMENTS REFLECT THE FEE ASSESSED ON THE ACCOUNT(S). CLIENTS ARE URGED TO REVIEW THE ACCOUNT STATEMENTS TO

CONFIRM THAT THE FEE IS CONSISTENT WITH INFORMATION PROVIDED BY CAPITAL ONE INVESTING AND/OR THE FEE SCHEDULE INCLUDED IN THE ADVISORY AGREEMENT.

Potential Conflicts of Interest: Clients are not assessed fees on a trade-by-trade basis. Fees for such brokerage services are contemplated as part of the bundled fee. As such, Capital One Investing financially benefits if the fees paid for brokerage services as part of the bundled fee are more than the actual fees generated by trading activity, which creates a financial incentive to limit trading activity. Some of our wealth managers receive a higher compensation for enrolling clients in the Capital One Investing Wrap Fee Program than they would for enrolling the same clients in one of our other programs. As a result, such wealth managers have a financial incentive to recommend the Capital One Investing Wrap Fee Program over other services offered by Capital One Investing.

Limited Negotiability of Advisory Fees: Advisory fees are negotiable under certain circumstances and at the sole discretion of Capital One Investing. Advisory fee discounts, which are not generally available to our advisory clients, are offered to employees of Capital One Investing and their spouses and any of their children that qualify as a dependent for federal income tax purposes.

ERISA Accounts: If Capital One Investing is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act (“ERISA”), and regulations under the Internal Revenue Code of 1986 (the “Code”), we will be subject to specific duties and obligations under ERISA and the Code that include, among other things, restrictions concerning certain forms of compensation. In that case, to avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

Termination: Either party can terminate an advisory agreement for any reason, upon thirty days prior written notice. If a client terminates its relationship with Capital One Investing during a quarter, we will either (i) refund a prorated portion of the prepaid management fee based on the number of days left in the quarter, or (ii) for fees assessed in arrears, we will assess a prorated fee commensurate with the number of days the advisory agreement was in effect during the relevant billing period.

## **Item 5: Account Requirements and Types of Clients**

In order to receive the services offered under the Capital One Investing Wrap Fee Program, the minimum account size is \$100,000 (for Custom Strategies) and \$300,000 (for Model Portfolios); however, the minimum account size is negotiable. The types of clients to whom Capital One Investing generally provides investment advice under the Capital One Investing Wrap Fee Program includes individuals, trusts, estates, charitable organizations and corporations.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **Advisory Business**

Capital One Investing is the sponsor and sole portfolio manager of the Capital One Investing Wrap Fee Program. We do not recommend or select other portfolio managers to manage Capital One Investing Wrap Fee Program client accounts.

As discussed in Item 4, advisory services offered via the Model Portfolios include integrated financial planning, investment management, tax reduction analysis and retirement management, and such services are tailored to each client’s individual needs. In order to provide advisory services tailored to each client’s need, we collect information about each client’s financial circumstances, investment objectives and risk tolerance. Our proprietary engine analyzes such data through simulations designed to identify each client’s optimized financial plan, which – upon the client’s acceptance – is then carried out by the proprietary technology and our wealth managers. Clients may impose reasonable restrictions on investing in certain securities or types of securities.

Additionally, advisory services offered via the Custom Strategies include custom investment advice tailored to the client's specific circumstances as the client transitions to the Model Portfolios. As discussed further in Item 4, Legacy Teams work with clients in the Custom Strategies provide a range of services, which may include: gathering additional information needed to analyze a client's portfolio and providing investment recommendations based on such analysis; identifying ways to save money and improve returns; discussing current and future assets in an effort to unify the client's investment strategy; utilizing knowledge gained through our proprietary technology to provide informed insight into suitable investment opportunities; and managing the tax implications of exiting positions to transition to the Model Portfolios.

## Performance-Based Fees and Side-by-Side Management

Capital One Investing does not charge clients any performance-based fees. Conflicts of interest associated with side-by-side management (i.e., the management of performance based-fee accounts alongside accounts that are not charged a performance-based fee) are not applicable to Capital One Investing.

## Methods of Analysis, Investment Strategies and Risk of Loss

### Model Portfolios

Capital One Investing invests in global asset classes to provide diversification. We focus on factor strategies such as value, quality, momentum and low-volatility with the goal of outperforming the market. Using capital market assumptions, including correlation analysis and projected financial performance of asset classes, we create a diversified but personalized portfolio based on each client's time horizon, risk tolerance, spending needs, current asset allocation, income sources and financial goals.

Targeted Asset Allocation: To determine the targeted asset allocation, we consider: current investment holdings, including holdings under Capital One Investing's management and holdings that are not under Capital One Investing's management; whether holdings are in taxable or non-taxable investment accounts; and other sources of income or other assets, such as real estate, Social Security Income, rental income, annuities or expected inheritances. This provides context and a further understanding of the client's asset class diversification. In order to create a risk-adjusted financial plan, clients assign a risk tolerance to each one of their spending needs, which also translates to a targeted asset allocation between equity and fixed income. Capital One Investing selects investments that we believe capture the asset class well and are low-cost relative to other investments in the same asset class, including ETFs, stocks, bonds and mutual funds. Clients may place reasonable restrictions on transactions in certain securities or certain types of securities.

Spending Curve Analysis and Methodology: Academic, data-driven research about behavioral spending patterns of the aging U.S. population informs our withdrawal projections for each client. Recent literature has been unambiguous about the fact that spending patterns vary systematically as households age, so we customize client spending projections to account for the fact that spending patterns evolve over time. Namely, health care costs have become an increasingly important factor to proactively manage as longevity continues to increase. We feel that this is a much more accurate approach, compared to the widely used standard of taking a share of income and assuming that it is constant throughout retirement.

Tax Drawdown Methodology: Capital One Investing utilizes account drawdown strategies derived from our research into academic literature that discusses how to achieve tax efficient withdrawals and effectively manage clients' required minimum distributions for different account types (Roth IRA, Traditional IRA, and Taxable Accounts). This includes helping clients avoid short-term capital gains during portfolio rebalancing and withdrawals, and identifying the appropriate timing of rebalancing to minimize taxes on client accounts. We understand the importance of tax efficient withdrawals for our clients and take very seriously the role that account-sequencing can play in increasing our clients' lifetime investment returns.

Tax-Loss Harvesting: Capital One Investing utilizes tax-loss harvesting for certain taxable accounts. Tax-loss harvesting is a strategy designed to help our clients lower their taxes while maintaining their portfolios' expected risk and return profile. The strategy harvests previously unrealized investment losses to offset taxes due on a client's other realized capital gains. The proceeds are then invested in securities with closely correlated risk and return characteristics. Clients are responsible for all

tax consequences resulting from any rebalancing or reallocation of their accounts. We are not tax professionals and do not give tax advice.

Cyclical Analysis: Capital One Investing's portfolios are subject to change based on new or updated information from the client as well as changes in current and projected financial market analysis. For instance, the projections of asset class performance in our capital market assumptions are periodically updated. In addition, our clients may receive inheritances, have new health spending needs, or change their charitable preferences, which can adjust the strategies we employ to help our clients reach their financial goals. Accounts are subject to interval-based updating and may be rebalanced to accommodate changes likely to impact the client's financial goals.

Overlay Strategies: Certain clients investing via the Model Portfolios may elect to apply an overlay strategy to their portfolios. For example, clients may opt to apply the Capital One Investing's Home Bias Strategy, which is designed to reduce exposure to international investments and to attain inflation protection by overweighting domestic investments relative to the weight of international investments. The Home Bias Strategy aligns with Capital One Investing's core investment-selection methodology as it seeks low-cost ETFs that capture an asset class; however, as opposed to following a global, market-capitalization weighting scheme (i.e., 56% domestic investments and 44% international investments), the Home Bias Strategy overweights domestic investments relative to the weight of the international investments (i.e., 70% domestic investments and 30% international investments). While the strategy still targets a globally diversified portfolio with varying exposure to value, quality, momentum, defensive-equity and small-cap stocks, as well as bonds with varying durations and credit ratings, this strategy takes on slightly higher risk due to reduced global diversification. Alternatively, clients may select Capital One Investing's Factor Rotation Strategy, which is designed to reduce volatility and downside capture when the market is trending downward and to use signals to systematically adjust equity allocation in an effort to capture investment returns. The Factor Rotation Strategy aligns with Capital One Investing's core investment-selection methodology as it seeks low-cost ETFs that capture an asset class; however, the Factor Rotation Strategy is designed to take a dynamic approach that focuses solely on U.S. Large-Cap Equity funds. Accounts are managed in accordance with each client's targeted asset allocation while the Factor Rotation Strategy is simultaneously applied to the portion of the allocation that is comprised of U.S. Large-Cap Equity funds. The overlay strategies may not be appropriate for all clients or circumstances, and interested clients should contact Capital One Investing to discuss further with a wealth manager. Separate disclosures on the methodology and risks associated with these overlay strategies will be provided to participating clients.

## Custom Strategies

Capital One Investing's core investment approach is to seek investments in global asset classes that provide diversification; we focus on factor strategies such as value, quality, momentum and low-volatility – our goal is to build an integrated financial plan that preserves wealth and to employ a strategy that outperforms the market so our clients can build wealth.

Capital One Investing's Legacy Teams are primarily responsible for creating, implementing and monitoring the investment strategies and methodologies employed for accounts enrolled in the Custom Strategies and for accounts that receive Retirement Consulting Services. As such, we use several methods of analysis and a broad universe of investment strategies to enable the Legacy Teams to tailor such strategies to serve our clients' unique, but diverse needs. Such methodologies and strategies are supervised by Capital One Investing's Investment Strategy Committee and the senior managers of Capital One Investing's Wealth Operations and Wealth Management teams. Additionally, Capital One Investing has created a centralized Investment Team comprised of industry professionals who work with the Legacy Teams to carry out day-to-day advisory services such as advice based on investment research and insights into portfolio allocation methodology.

Our Investment Team uses correlation analysis and projected financial performance of asset classes to identify suitable investment recommendations. The Legacy Teams and Investment Team work together to make such determinations based on each client's time horizon, risk tolerance, current asset allocation, income source(s), fixed and variable expenses and financial goals.

Our investments are selected from diversified asset classes across the globe. Capital One Investing selects investments that we believe capture the asset class well and are low-cost relative to other investments in the same asset class. This includes low-cost ETFs as well as stocks, bonds and mutual funds.

**Individual Holdings Strategy:** Certain Custom Strategies clients may be able to invest in the Individual Holdings Strategy (“IHS”), which is designed to allow for exposure to individual U.S. equity stocks, while utilizing ETFs for international markets replication. This strategy utilizes a combination of sampling and optimization techniques to select individual equity stocks across each sector of the S&P 500 index to implement U.S. equity exposure, and ETFs to implement international equity exposure. Portfolio constituents are monitored for cross-correlation with the intent of limiting concentration risks.

This strategy employs a systematic approach with a targeted tracking error on a rolling basis, and may be optimized and rebalanced on a regular basis (e.g., monthly) or in response to certain market conditions or events. This strategy does not select equities based on expected outperformance, nor do we hold a view on the long-term performance of any individual security represented in this strategy. Instead, it is designed to follow the underlying index, within a specified tracking error.

The IHS is intended for use in specific circumstances, and is not widely available to all clients. Interested clients should contact Capital One Investing to discuss further with a wealth manager. Separate disclosures on the methodology and risks associated with the IHS will be provided to participating clients.

## Risk of Loss

Investing in securities involves a risk of loss that clients should be prepared to bear. We cannot guarantee that our investments decisions will always be profitable, nor can we guarantee any certain level of performance. Further, past performance does not guarantee future results. Clients can lose some or all of the money invested, including principal, as the values of securities fluctuate. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

All investments carry some level of risk. Clients should understand that investment decisions made by Capital One Investing are subject to various market, currency, economic, political and business risks. The degree of risk also depends on the type of security. Volatility is generally a good indication of the degree of risk; volatile stocks are generally riskier. For example, if a client has funds that are needed to pay for a near-term expense, such clients should carefully consider the degree of risk inherent to certain types of investments as short term investments in highly volatile stocks are more likely to be exposed to loss of principal and less likely to realize a short-term benefit.

**To help clients understand the risks associated with certain types of investments, the following is a discussion of risks associated with investments commonly held in accounts in the Capital One Investing Wrap Fee Program:**

**Risks Associated with Investments in ETFs:** ETFs are subject to market risk, including loss of principal. An ETF’s net asset value is the value of each share of the fund’s underlying securities and cash as of the end of the trading day. Shares of ETFs can trade for more or less than the ETF’s net asset value. Risks associated with each ETF depend on the securities held in the fund. Some ETFs may hold more diverse types of securities than others. ETFs with a diverse strategy are generally less risky. ETFs that focus on certain types of investments, such as limiting the investment strategy to certain sectors or in only real estate, are inherently exposed to more risk than a more diversified fund. Risks associated with underlying securities and non-diversified strategies include, but are not limited to, the following:

- Sector-Specific Investment Strategy: Typically more volatile than a more diverse strategy.
- International Securities: Risk of currency fluctuations and volatility due to political and economic events.
- Emerging Markets: Typically more volatile than investments in more developed countries.
- Real Estate: Exposure to volatility due to changes in interest rates and factors that can impact property value such as environmental disasters and economic changes.
- Commodities and Futures: The risk of loss is substantial. Commodities trading is often dictated by the person or entity with access to borrowed capital, which gives the person the leverage to control larger positions and ultimately magnify returns.

Capital One Investing can select which ETFs to recommend, but it cannot control which underlying securities are held in an ETF.

**Risks Associated with Investments in Mutual Funds:** Mutual funds involve risks including loss of principal. When a mutual fund is not fully invested and maintains a portion of its portfolio in cash or cash equivalents, there is a risk that the market will

begin to rise and cause the mutual fund to miss capturing the full effect of changing market conditions. Some mutual funds may use leverage as part of their investment strategy. Using leverage can magnify a mutual fund's potential for gain or loss and, therefore, amplify the effects of market volatility on a mutual fund's share price. A mutual fund may be subject to the risk that its assets are invested in a particular sector or group of sectors in the economy, and as a result, the value of the mutual fund may be adversely impacted by events or developments in a sector or group of sectors.

The price of small or medium capitalization company stocks can be subject to more abrupt or erratic market movements than larger capitalization securities or than the market averages in general. A higher portfolio turnover will result in higher transactional and brokerage costs and can result in higher taxes when mutual fund shares are held in a taxable account. Mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by the client who owns the mutual fund. As a result, the cost of investing in some mutual funds may be higher than the cost of investing in other mutual funds.

Risks Associated with Investments in Common Stocks: The risks of investing in common stocks include, but are not limited to the following:

- Market Risk: Stock prices will fluctuate and can decline.
- Sector Risk: Events that impact a sector may also impact the securities classified under the same sector.

Risks Associated with Investments in Fixed Income: The risks of investing in fixed income securities include, but are not limited to the following:

- Credit Risk: If a credit agency (e.g., Moody's or Standard & Poor's) downgrades the rating on a municipal, government or corporate bond, the bond value can decline.
- Call Risk: If a callable, high coupon bond is called away from the investor in a low interest rate environment, the investor will have less attractive reinvestment options.
- Interest Rate Risk: Bond prices move inversely to interest rates; therefore, if interest rates rise, the price of bonds will decline.

Risks Associated with Borrowing Money (Margin Accounts): A margin account is an account where clients may borrow funds for the purpose of funding certain types of purchases. While Capital One Investing generally does not recommend margin in connection with our advisory services, we also do not expressly prohibit the practice, and there are limited circumstances where customers may request to use margin capabilities. Accordingly, before deciding to open a margin account, clients should carefully consider the following:

- If you do not have available cash in your account and use margin, you should understand that you will be borrowing money to fund purchases or expenses;
- You are using the securities that you own as collateral - if the securities decline in value, so does the value of the collateral, and as a result the custodian may take action, such as issue a margin call and/or sell securities in the account in order to maintain the required equity;
- Money borrowed is charged an interest rate that is subject to change over time;
- Because your advisory fee is based on the total market value of the securities in your account, if you have a margin debt balance (in other words you have borrowed and owe money to your custodian), your margin debit balance does not reduce the total market value. In fact, incurring margin debt results in a total market value in the account that is higher than it would be if you didn't incur margin debt, which results in a higher advisory fee; and

Please also review the margin disclosure document provided by your custodian for additional risks involved in opening and maintaining a margin account.

Individual Holdings Strategy Risks: The IHS does not fully replicate the underlying index, and thus involves a certain level of active risk. Additionally, while the IHS is built with the intent of minimizing market, country and sector risks, it will remain exposed to these factors particularly during volatile market conditions. In addition, the IHS also will have exposure to

idiosyncratic risk (e.g., company-specific risk), despite a portfolio construction objective to diversify the suite of portfolio constituents.

Capital Gains optimization and Tax-Loss Harvesting logic are not considered as part of the management of the IHS at this time. Additionally, this strategy likely will result in more frequent portfolio turnover than a strategy which utilizes solely EFTs, which in turn could result in increased tax costs.

Investing in securities in accordance with the IHS involves risk of loss that clients should be prepared to bear. Market movements could result in an outsized effect on the value of clients' portfolios.

Algorithm Risks: We use technology-based algorithmic programs to provide investment advisory services to clients in the Capital One Investing Wrap Fee Program. For example, we may use algorithms to help generate financial plans and goals-based asset allocations for recommended portfolios. Similarly, we may use algorithms to identify when/whether to rebalance a client's assets. There are limitations inherent in the use of an algorithm to manage client accounts. For example, there is a risk that an algorithm or related software may not perform within intended parameters, which may result in a recommendation of a portfolio that may be more aggressive or conservative than necessary, and trigger or fail to initiate rebalancing, which could have an adverse impact on portfolio performance or the client's ability to reach financial goals identified in a financial plan.

Unforeseen Risks: Securities markets are subject to unforeseen risks caused by political events, terrorism, fraud and certain events commonly referred to as acts of God, such as a fire, flood, earthquake, an infectious disease outbreak or any other serious public health concern. These unforeseen risks can negatively affect the performance of clients' investment portfolios.

Cybersecurity Risks: As the use of technology has grown, there are ongoing cybersecurity risks that make Capital One Investing and its clients susceptible to operational and financial risks associated with cybersecurity. To the extent that Capital One Investing is subject to a cyber attack or other unauthorized access is gained to its systems, Capital One Investing and its clients may be subject to substantial losses in the form of theft, misuse, improper release of or unauthorized access to confidential or restricted data. Cyber-attacks affecting Capital One Investing's service providers holding its financial or client data may also result in financial losses to Capital One Investing's clients, despite efforts to prevent and mitigate such risks under Capital One Investing's policies. While measures have been developed which are designed to reduce the risks associated with cybersecurity, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since Capital One Investing does not directly control the cybersecurity measures of its service providers and financial intermediaries with which it does business.

## **Voting Client Securities**

As of the date of this Brochure, Capital One Investing does not vote proxies on behalf of clients. Clients will not receive proxies or issuer solicitations from Capital One Investing. Clients should receive proxies and other issuer solicitations from the Custodian or the applicable transfer agent. Clients may contact us with questions about proxies or issuer solicitations, by calling us at (202) 539-1039 or by sending an email to [members@unitedincome.com](mailto:members@unitedincome.com).

## **Item 7: Client Information Provided to Portfolio Managers**

Capital One Investing is the sponsor and portfolio manager of the Capital One Investing Wrap Fee Program. No other portfolio manager has access to the Capital One Investing Wrap Fee Program client information.

## **Item 8: Client Contact with Portfolio Managers**

There are no restrictions on a client's ability to contact and consult with his or her wealth manager. Clients are encouraged to contact Capital One Investing's wealth managers. Clients who are unable to contact his or her wealth manager are encouraged to contact our Chief Compliance Officer at [uicompliance@capitalone.com](mailto:uicompliance@capitalone.com).

## **Item 9: Additional Information**

### **Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to evaluating Capital One Investing or the integrity of our management. We do not have any information to disclose concerning Capital One Investing, its management, or any of its employees that would be material to a client's or prospective client's evaluation of Capital One Investing's advisory business or the integrity of its management.

### **Other Financial Industry Activities and Affiliations**

Some of Capital One Investing's Investment Adviser Representatives ("IARs") hold licenses to sell fixed and variable insurance products. The IARs receive compensation for providing insurance-related services and are therefore incentivized to sell such insurance products. Any time a fiduciary is incentivized to sell a product, there is a potential conflict of interest as the fiduciary directly benefits from such recommendations and, as such, may make a recommendation that serves his or her own interests. Capital One Investing neither offers such insurance products nor provides compensation for such insurance-related services. Clients are not obligated to purchase insurance products from Capital One Investing's IARs with licenses to sell fixed and variable insurance products. The IARs with licenses to sell fixed and variable insurance products spend less than ten percent of their time providing such services.

### **Summary Description of Code of Ethics**

Capital One Investing has adopted a Code of Ethics, pursuant to SEC Rule 204A-1 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), which sets forth the high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Capital One Investing personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable state and federal securities laws. Consistent with our fiduciary duties, Capital One Investing has an obligation to adhere, not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports, as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement, and record-keeping provisions.

Capital One Investing's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information.

All employees are reminded that such information may not be used in a personal or professional capacity. A copy of Capital One Investing's Code of Ethics is available to our prospective and current clients upon request by sending an email to [investing@capitalone.com](mailto:investing@capitalone.com) or by calling our office at (202) 539-1039.

### **Personal Trading Practices**

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients; and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Capital One Investing and/or our employees are permitted to buy or sell for their personal accounts securities identical to or different from those recommended to our clients, and Capital One Investing employees may own securities which are also recommended to clients. This creates a potential conflict of interest. Accordingly, Capital One Investing has adopted policies

and procedures designed to ensure that such purchases and sales do not place Capital One Investing employees' interests ahead of our clients' interests. Capital One Investing and our employees are prohibited from engaging in principal transactions and agency cross transactions.

We aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average execution price, and transaction costs will be shared equally and on a pro rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro rata, with each account receiving the average price. Our employee accounts will be included in the pro rata allocation.

Capital One Investing has established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosures:

- No principal or employee of our firm will put his or her own interest above the interest of an advisory client.
- Principals and employees of Capital One Investing are prohibited from buying or selling securities for their personal portfolio(s) while in possession of material, non-public information relating to such securities.
- We maintain a list of all reportable securities held in our firm's and employees' investment accounts. These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his designee.
- We have established procedures for the maintenance of all required books and records.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- All of our principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Capital One Investing will provide its Code of Ethics to all supervised persons and will require each supervised person to acknowledge their receipt and understanding of the Code of Ethics.
- Capital One Investing's Code of Ethics requires all supervised persons to report violations of the Code of Ethics to senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

## Review of Accounts

For investments in the Model Portfolios, our proprietary technology reviews client accounts on an ongoing basis, under the supervision of our wealth managers. Account information is updated daily and made accessible through our online application. More in-depth reviews are conducted upon material changes likely to impact the client's financial plan.

For investments in Custom Strategies, the Legacy Teams periodically will meet with the client to review the account. During such reviews, Capital One Investing considers whether the client's investment objectives are still accurate and if the investment recommendations are consistent with the client's objectives. The Legacy Teams are primarily responsible for monitoring the accounts on an ongoing basis. Ad hoc reviews may be prompted by changes that materially impact the client's investment goals, including changes to the client's circumstances and financial plan, or the market, political or economic environment. The account may be rebalanced as the result of such reviews.

## Custodial Statements

For all Capital One Investing Wrap Fee Program accounts, the Custodian is responsible for providing trade confirmations and account statements to clients. The account statements must be provided to clients at least quarterly. Account statements include information on trades, contributions and withdrawals, fees and expenses and the account value as of the beginning and end of the relevant time period. **Clients are urged to compare information provided in the custodial statement against account information Capital One Investing communicates to the client.**

## **Client Referrals and Other Compensation**

Capital One Investing may, from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. Capital One Investing is aware of the requirements of Rule 206(4)-3 (the “Cash Solicitation Rule”) under the Investment Advisers Act of 1940. As such, all appropriate disclosures will be made, and all written agreements will be maintained by Capital One Investing as it relates to client referral activities covered under the Cash Solicitation Rule. Capital One Investing is currently under contract with an affiliated investment adviser representative (“solicitor”) who is compensated for referring new prospective clients to Capital One Investing. As compensation for each prospective client referral that results in the opening of a new investment advisory account, Capital One Investing will pay a fee based on the Account’s average annualized Capital One Investing advisory fee. Clients should understand that solicitors have an economic incentive to recommend the advisory services of Capital One Investing. This relationship is fully disclosed to the client prior to initiating a new account and does not result in the client paying any additional fees other than Capital One Investing’s investment management fees indicated in Item 4 herein.

## **Financial Information**

Capital One Investing does not have a financial condition reasonably likely to impair our ability to meet contractual commitments to clients. Capital One Investing has not been the subject of a bankruptcy petition at any time over the past ten years.