



2nd Market Capital Advisory Corporation

## FORM ADV – PART 2A DISCLOSURE BROCHURE

March 2021

**This Brochure provides information about the qualifications and business practices of 2<sup>nd</sup> Market Capital Advisory Corporation, (the “Advisor”). If you have any questions about the contents of this Brochure, please contact Robin Sherman at 608-833-7793 or [rsherman@2ndmarketcapital.com](mailto:rsherman@2ndmarketcapital.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.**

**Registration as an Investment Advisor does not imply a certain level of skill or training.**

**Additional information about 2<sup>nd</sup> Market Capital Advisory Corporation (CRD No. 111562), including a copy of its Form ADV Part 1, is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

### **2<sup>ND</sup> MARKET CAPITAL ADVISORY CORPORATION**

650 N. High Point Road

Madison, WI 53717

608-833-7793

[www.2ndmarketcapital.com](http://www.2ndmarketcapital.com)

## **MATERIAL CHANGES**

The summary of material changes identifies, and briefly discusses, the material changes to 2nd Market Capital Advisory Corporation's Form ADV Disclosure Brochure since its last amendment in March 2020. To see all changes since the last annual update, please review the entire disclosure brochure.

### **Investment Advisory Services**

We previously served as Investment Advisor to 6 pooled investment vehicles: Corsaires Dividend Growth, LLC, Corsaires Real Estate Dividend, LLC, Corsaires Horizon 2012, LLC, Bande de Corsaires High Yield Portfolio, LLC, Corsaires Grand Moisson, LLC and Corsaires High Income Value Equities, LLC (Corsaires Funds). All Corsaires Funds terminated in 2020 in accordance with the provisions of their operating agreements.

## TABLE OF CONTENTS

MATERIAL CHANGES .....	2
TABLE OF CONTENTS .....	3
ADVISORY BUSINESS .....	4
FEEES AND COMPENSATION .....	4
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	5
TYPES OF CLIENTS .....	5
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	5
DISCIPLINARY INFORMATION .....	6
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	6
CODE OF ETHICS.....	6
BROKERAGE PRACTICES.....	7
REVIEW OF ACCOUNTS.....	7
CLIENT REFERRALS AND OTHER COMPENSATION .....	7
CUSTODY.....	8
INVESTMENT DISCRETION.....	8
VOTING CLIENT SECURITIES .....	8
FINANCIAL INFORMATION .....	8
REQUIREMENTS FOR STATE REGISTERED ADVISORS.....	8
ADDITIONAL INFORMATION .....	9
Privacy Notice .....	9
Form ADV Part 2B Brochure Supplement .....	11

## **ADVISORY BUSINESS**

### **Our Firm**

2nd Market Capital Advisory Corporation ("the advisor") was formed in 1991 and is an investment advisor registered with the State of Wisconsin and other states in which its activities require it to be registered. Ross Bowler is the sole shareholder of 2<sup>nd</sup> Market Capital Advisory Corporation.

### **Investment Advisory Services**

We provide investment advisory services for general securities with a specific focus on real estate equities.

2<sup>nd</sup> Market Capital Advisory may provide sub-advisory services to other registered investment advisors.

### **Our Assets under Management**

As of December 31, 2020, 2<sup>nd</sup> Market Capital Advisory managed approximately \$31,200,000 in assets on a discretionary basis. We generally do not manage accounts on a non-discretionary basis.

## **FEES AND COMPENSATION**

The specific manner in which fees are charged by 2<sup>nd</sup> Market Capital Advisory Corporation is established in a client's written agreement with us. The basic fee schedule, which is negotiable, includes: a management fee of 2% per annum of the account value, payable quarterly in arrears; and for clients meeting certain tests concerning net worth and/or assets under management, a percentage (typically 10% to 20%) of the current Adjusted Portfolio Value less the Net Portfolio Value at the preceding anniversary, calculated and paid annually in arrears on the account anniversary.

We will obtain written authorization from the client to deduct advisory fees from the client's account held with a qualified custodian. Each time a fee is directly deducted from a client's account, we will send the qualified custodian notice of the amount of the fee to be deducted from the client's account and will concurrently send the client an invoice itemizing the fee. Itemization will include the formula used to calculate the fee, the amount of assets under management the fee is based on and the time period covered by the fee. An account may be terminated within five business days of opening without penalty. After five business days, an account may be terminated, however any asset management fees (or pro-rata thereof) due will be paid to us.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, such as fees charged for custodial fees, wire

transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to our fee, and we do not receive any portion of these commissions, fees, and costs.

Please refer to "Brokerage Practices" for further description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

In addition to the advisory fees noted above, 2<sup>nd</sup> Market Capital Advisory may provide sub-advisory services to other registered investment advisors for a negotiated fee, typically 90 basis points annually, calculated and paid quarterly based on the account balance as of the close of business on the last day of the quarter.

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

In some cases, we may enter into performance fee arrangements with certain "qualified clients" (as defined by Rule 205-3(d) under the Investment Advisers Act of 1940) that may provide compensation on the basis of a percentage of the current Adjusted Portfolio Value less the Net Portfolio Value at the preceding anniversary of the qualified client's account.

Performance-based fees may create an incentive to take greater investment risks than would be the case absent the performance-based fees. If we were to manage both accounts that are charged a performance-based fee and accounts that are charged a management fee as described above in the section, "Fees and Compensation," we would have an incentive to favor accounts for which we receive a performance-based fee.

### **TYPES OF CLIENTS**

We may provide investment advisory services to a variety of clients, including individuals, pension and profit-sharing plans, trust programs, corporations, charitable organizations, and other entities.

Our minimum account size is typically \$100,000.

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Investing in securities involves risk of loss that clients should be prepared to bear.

We invest primarily in the common and preferred shares of Real Estate Investment Trusts (REITs). In addition to the general risks of investing in the stock markets, REITs are affected by the real and perceived conditions in the commercial real estate and credit markets.

Our investment strategies are oriented toward value and growth of dividend income. We employ standard techniques of fundamental analysis in an effort to determine an issue's intrinsic value and this information is weighed, continuously, to compare and contrast against the issue's market pricing and the market pricing of its sector peers. Additional, ongoing consideration is given to evolving economic trends, the broader investment climate, and the relative return potentials of other investments. To mitigate risks, this process is continuous in the determination of whether to buy, hold, sell or pass on any given issue, sector or whole market.

Subject to applicable margin and other limitations, our clients may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of an underlying investment vehicle or a client's portfolio would be amplified.

### **DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that we believe are material to a client's evaluation of our business or the integrity of our management.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

2nd Market Capital Services Corporation (2MCSC) was formed in 1989 and provides investment research and consulting services to the financial services industry and the financial media. 2MCSC does not provide investment advice. 2MCSC is a separate entity but related under common ownership to 2nd Market Capital Advisory Corporation (2MCAC)

### **CODE OF ETHICS**

We have adopted a Code of Ethics for all of our supervised persons describing our high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All of our employees must acknowledge the terms of the Code of Ethics. We will provide a copy of our Code of Ethics upon request.

We routinely own and trade the same securities recommended to client accounts. This circumstance is communicated to clients on an ongoing basis. As fiduciaries, we prioritize our clients' interests above those of our personnel to avoid conflict and adverse selection in trading these commonly held interests.

We do not affect any principal or agency cross securities transactions for client accounts. We do not cross trades between client accounts.

## **BROKERAGE PRACTICES**

We will consider the full range and quality of a broker's services including, among other things, execution capabilities, commission rate, financial responsibility and administrative resources, and responsiveness to obtain the best qualitative execution for the client.

We will seek to negotiate the lowest possible commission rate for client trades, but the most important factor will be obtaining the most favorable net price for the client under the circumstances.

We do not receive any soft dollar benefits in connection with client securities transactions.

Trades are aggregated when it is expedient and when the security in question has sufficient trading volume and market depth so as to be unaffected by the size of our order. In the absence of sufficient trading volume or market depth we do not aggregate trades and instead enter orders individually in an effort to effect best execution. There is no demonstrable difference in cost to the client between the two methods.

## **REVIEW OF ACCOUNTS**

Mr. Bowler reviews our client accounts at least annually. The review covers all activity occurring in a given account over the preceding year, as well as any positions currently held in the account, and will include account performance data, fees earned by us and our current strategy and outlook. All portfolios are monitored and reviewed continuously rather than periodically.

Clients will be sent reports not less frequently than quarterly summarizing all activity in the account during the reporting period and indicating any positions held in the account. At least quarterly, clients will be notified in writing to contact us if there are any changes to their financial situation or investment objectives.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

We do not have any arrangements, oral or in writing whereby we are paid cash or receive any economic benefit from a non-client in connection with giving advice or other advisory benefits to clients.

There may be occasions when we pay a percentage of the fee we receive from accounts that have been referred to us to the person making the referral (a "solicitor"). Such payments will be derived from a portion of our compensation and will be in written form and fully disclosed to the client.

## **CUSTODY**

We do not maintain or accept custody of client funds or securities other than client authorized direct deduction of fees from accounts held at qualified custodians.

Clients will receive statements not less frequently than quarterly from the qualified custodian that holds and maintains their investment assets. We urge clients to carefully review and compare the account statements they receive from their qualified custodians with the account statements we normally provide.

## **INVESTMENT DISCRETION**

We have discretionary authority regarding the securities that are to be bought and sold as well as the quantities of such securities and prices of such securities, for most clients. Such authority is provided in our agreement with each client. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client's account.

Investment guidelines and restrictions must be provided to us in writing.

## **VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, we do not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. We may provide advice to clients regarding the clients' voting of proxies.

## **FINANCIAL INFORMATION**

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.

Further, at no time will we accept prepayment of fees exceeding \$1,200 per client that are collected six or more months in advance.

## **REQUIREMENTS FOR STATE REGISTERED ADVISORS**

### **Principal Executive Officer**

Ross Bowler is the sole shareholder and Chief Executive Officer of 2<sup>nd</sup> Market Capital Advisory Corporation. Mr. Bowler, born 1959, received his B.S. from the University of Wisconsin in 1982. From 1984 through 2003, Mr. Bowler was licensed as a Registered Securities Principal and worked as a stockbroker for various investment firms. He is not currently affiliated with a Broker/Dealer. In 1991 he formed the investment advisor through which he provides a variety of financial services, including securities analysis, trading and portfolio management.

Mr. Bowler has successfully passed the FINRA Series 7 General Securities Representative Exam, Series 24 General Securities Principal Exam, and the NASAA Series 63 Uniform Securities Agent State Law Exam.

### **Other Business Activities**

Ross Bowler is the sole shareholder and President of 2<sup>nd</sup> Market Capital Services Corporation (2MCSC). 2MCSC was formed in 1989 and provides investment research and consulting services to the financial services industry and the financial media. Additionally, Mr. Bowler serves as Board President of 2<sup>nd</sup> Market Capital Economic Opportunity Foundation, Inc., a non-profit private foundation formed in 2018.

### **Performance-based fees**

In some cases, we may enter into performance fee arrangements with certain "qualified clients" (as defined by Rule 205-3(d) under the Investment Advisers Act of 1940) that may provide compensation on the basis of a percentage of the current Adjusted Portfolio Value less the Net Portfolio Value at the preceding anniversary of the qualified client's account. Performance-based fees may create an incentive to take greater investment risks than would be the case absent the performance-based fees.

If we were to manage both accounts that are charged a performance-based fee and accounts that are charged a management fee as described above in the section, "Fees and Compensation," we would have an incentive to favor accounts for which we receive a performance-based fee.

## **ADDITIONAL INFORMATION**

### **Privacy Notice**

We believe that protecting the privacy of current, former and prospective investors and their personal information is of the utmost importance and we are fully committed to maintaining the privacy of such information in our possession. In accordance with the new rules, we are providing current and prospective investors with the following information.

We collect nonpublic personal information about current and prospective investors from the following sources: information we receive from current and prospective investors on managed account agreements or subscription documents and related forms (for example, name, address, social security number, birth date, assets, income, investment experience) and information about investor's transactions with us. We restrict access of current, former and prospective investors' nonpublic information to our affiliates and their personnel, counsel, and auditors who need to know that information in order to (i) ensure compliance with applicable laws and regulations or (ii) provide products or services to the investors. Accordingly, we maintain physical, electronic, and procedural controls in keeping with federal standards to safeguard the nonpublic personal information about current, former, and prospective investors that is in our possession.

If at any time in the future it is necessary to disclose any of a client's personal information in a way that is inconsistent with this policy, we will give advance written notice of the proposed change so that its clients will have the opportunity to "opt out" of such disclosure.

# Form ADV Part 2B Brochure Supplement

Ross T. Bowler

2<sup>nd</sup> Market Capital Advisory Corporation

650 N. High Point Road  
Madison, WI 53717  
608-833-7793

March 2021

**This Brochure Supplement provides information about Ross Bowler that supplements the 2<sup>nd</sup> Market Capital Advisory Corporation Brochure. You should have received a copy of that Brochure. Please contact Robin Sherman, Chief Compliance Officer at 608-833-7793 or [rsherman@2ndmarketcapital.com](mailto:rsherman@2ndmarketcapital.com) if you did not receive 2<sup>nd</sup> Market Capital Advisory Corporation's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about Ross Bowler (CRD No. 1233866) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Ross Bowler is the sole shareholder and Chief Executive Officer of 2<sup>nd</sup> Market Capital Advisory Corporation. Mr. Bowler, born in 1959, received his B.S. from the University of Wisconsin-Madison in 1982. From 1984 through 2003, Mr. Bowler was licensed as a Registered Securities Principal and worked as a stockbroker for various investment firms. He is not currently affiliated with a Broker/Dealer. In 1991 he formed the investment advisor through which he provides a variety of financial services, including securities analysis, trading and portfolio management.

Mr. Bowler has successfully passed the FINRA Series 7 General Securities Representative Exam, Series 24 General Securities Principal Exam, and the NASAA Series 63 Uniform Securities Agent State Law Exam.

## **DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that we believe are material to a client's evaluation of Mr. Bowler.

## **OTHER BUSINESS ACTIVITIES**

Mr. Bowler is the sole shareholder and President of 2<sup>nd</sup> Market Capital Services Corporation (2MCSC). 2MCSC was formed in 1989 and provides investment research and consulting services to the financial services industry and the financial media. Additionally, Mr. Bowler serves as Board President of 2<sup>nd</sup> Market Capital Economic Opportunity Foundation, Inc., a non-profit private foundation formed in 2018.

## **ADDITIONAL COMPENSATION**

Mr. Bowler does not receive any economic benefit from third parties for providing investment advisory services to clients.

## **SUPERVISION**

Mr. Bowler is the sole shareholder and Chief Executive Officer of 2<sup>nd</sup> Market Capital Advisory Corporation and consequently is responsible for his own supervision.

Mr. Bowler and other individuals as designated, regularly review the accounts for which Mr. Bowler provides investment advisory services to monitor the suitability of recommendations and compliance with regulatory and internal procedures.

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

State registered investment adviser representatives are required to disclose all material facts regarding certain legal, disciplinary or financial events that would be material to the evaluation of the representative. Mr. Bowler is currently not subject to, nor has ever been subject to, any legal, disciplinary or financial events of this nature.

# Form ADV Part 2B Brochure Supplement

Dane M. Bowler

2<sup>nd</sup> Market Capital Advisory Corporation

650 N. High Point Road  
Madison, WI 53717  
608-833-7793

March 2021

**This Brochure Supplement provides information about Dane Bowler that supplements the 2<sup>nd</sup> Market Capital Advisory Corporation Brochure. You should have received a copy of that Brochure. Please contact Robin Sherman, Chief Compliance Officer at 608-833-7793 or [rsherman@2ndmarketcapital.com](mailto:rsherman@2ndmarketcapital.com) if you did not receive 2<sup>nd</sup> Market Capital Advisory Corporation's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about Dane Bowler (CRD No. 6495928) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Dane Bowler is the Chief Investment Officer of 2<sup>nd</sup> Market Capital Advisory Corporation. Mr. Bowler, born in 1988, received his B.S. from the University of Wisconsin-Madison in 2008 and earned his MBA with a focus on applied security analysis from the University of Wisconsin-Madison Business School in 2015. Mr. Bowler joined 2<sup>nd</sup> Market Capital Advisory in 2012 and has been registered with the firm since 07/2015.

Mr. Bowler has successfully passed the NASAA Series 65 Uniform Securities Agent State Law Exam.

## **DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that we believe are material to a client's evaluation of Mr. Bowler.

## **OTHER BUSINESS ACTIVITIES**

Mr. Bowler is the Director of Analytics at 2<sup>nd</sup> Market Capital Services Corporation (2MCSC). 2MCSC provides investment research and consulting services to the financial services industry and financial media.. Additionally, Mr. Bowler serves on the Board of Directors of 2<sup>nd</sup> Market Capital Economic Opportunity Foundation, Inc., a non-profit private foundation.

## **ADDITIONAL COMPENSATION**

Mr. Bowler does not receive any economic benefit from third parties for providing investment advisory services to clients.

## **SUPERVISION**

Mr. Bowler is supervised by Robin Sherman, 2MCAC's Chief Compliance Officer. Ms. Sherman's contact information may be found on the cover page of this brochure.

Ms. Sherman and other individuals as designated, regularly review the accounts for which Mr. Bowler provides investment advisory services to monitor the suitability of recommendations and compliance with regulatory and internal procedures.

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

State registered investment adviser representatives are required to disclose all material facts regarding certain legal, disciplinary or financial events that would be material to the evaluation of the representative. Mr. Bowler is currently not subject to, nor has ever been subject to, any legal, disciplinary or financial events of this nature.