

## APEXUS CAPITAL LLC



## BACHE CAPITAL MANAGEMENT, INC.



December 2022

Apexus Capital LLC – for clients of the Broker Dealer

Bache Capital Management, Inc. – for clients of the Investment Advisor

### Important Client Best Interest and Dual Platform Disclosure Information

#### Broker Dealer and Investment Advisor

Inside this disclosure, you'll find important information regarding the scope and terms of your relationship with us which we encourage you to read and keep this for future reference.

If you have an account with Apexus Capital LLC ("Apexus"), this document provides information about your account with Apexus, a broker dealer registered with the Financial Industry Regulatory Authority ("FINRA") and with the Securities and Exchange Commission (the "SEC"), serviced by Daniel Nagy, CFA, a registered representative with Apexus and held at our clearing agent AXOS Clearing, LLC). If you have an account with Bache Capital Management, Inc. ("Bache"), a California registered investment advisor, this document provides information about your account with Bache held by our custodian Charles Schwab & Co., Inc. and managed by Daniel Nagy, CFA and Investment Advisor Representative with Bache. If you have any questions, please contact Mr. Nagy directly at 310-850-3868 or call Apexus at 310-850-3868 (also Daniel Nagy – Chief Compliance Officer) or Bache Capital Management, Inc., which Mr. Nagy owns, at 310-850-3868 (Daniel Nagy, CFA, President and Chief Compliance Officer). You may also contact AXOS Clearing LLC and/or Charles Schwab & Co., Inc. (see contact information below).

**FACT - MR. NAGY MAINTAINS AND SERVICES CLIENTS ON TWO PLATFORMS - A BROKER DEALER PLATFORM WITH APEXUS AND AN INVESTMENT ADVISORY PLATFORM WITH BACHE. CLIENTS MAY HAVE AN ACCOUNT ON EITHER OR BOTH PLATFORMS.**

**FACT - OUR RECOMMENDATION OF WHICH PLATFORM TO OPEN YOUR ACCOUNT MUST BE IN YOUR BEST INTEREST.**

We must have a reasonable basis to believe that our recommendation of which type of account (i.e. brokerage account with Apexus or advisory account with Bache) is appropriate for you is in your best interest at the time of the recommendation and does not place the financial or other interest of Apexus or Bache ahead of your interest. In general, when considering our recommendation of type of account(s) for you, we consider (a) your investment profile; (b) services and products provided in the account; (c) projected costs associated with the account; (d) alternative account types available; (e) services you request.

With regard to Individual Retirement Accounts ("IRAs"), in addition to the factors above, we consider (a) IRA fees and expenses; (b) level of services available; (c) ability to take penalty-free withdrawals; (d) application of required minimum distributions; (e) protections from creditors and legal judgements (f) holdings of employer stock or other equities; (g) any special features of an existing account.

**WHY THE BROKER DEALER?** – As a broker dealer, Mr. Nagy may access broker dealer markets that give him access to other broker's retail order flow, including bid wanted lists, which helps Mr. Nagy obtain better execution prices for his customers. As a broker dealer, Mr. Nagy may offer commission based accounts for those customers who wish to be charged commissions on their buy and sell transactions and pay no asset based management fees.

**WHY THE INVESTMENT ADVISOR?** – As an investment advisor representative, Mr. Nagy may offer asset investment management fee based accounts for those customers who do not wish to pay commissions on their buy and sell transactions but do wish to pay asset based investment management fees.

**WHAT IS THE BROKER DEALER PLATFORM?** – The broker dealer platform is when your account is opened and maintained by Apexus. Apexus customer accounts are held by its clearing agent, AXOS Clearing, LLC, located in Omaha, Nebraska. Mr. Nagy services these accounts as a Registered Representative with Apexus. When Mr. Nagy executes buy or sell transactions for your account at Apexus, he charges transaction based agency commissions or principal transaction mark-ups or mark-downs. However, your account is not charged any asset based investment management fees.

**WHAT IS THE INVESTMENT ADVISOR PLATFORM?** – The investment advisor platform is when your account is opened and maintained by Bache. Bache accounts are held by its custodian, Charles Schwab & Co., Inc. ("Schwab") Mr. Nagy services these accounts as an Investment Advisor Representative with Bache. When Mr. Nagy places orders for buy or sell transactions for your account at Bache, he does not charge your account any

transaction based agency commissions or principal transaction mark-ups or mark-downs (Note - the clearing agent – Charles Schwab & Co, Inc. charges a \$15 flat rate transaction service charge. Neither Apexus nor Bache receive any part of this charge. Bache will charge your account a monthly asset based investment management fee, and for certain qualified accounts, an annual performance based incentive fees.

**What is our capacity (i.e. broker dealer or investment advisor)?** If your account is with Apexus (i.e. account held by our clearing agent AXOS Clearing LLC with Apexus as introducing broker), our relationship with you is as your broker dealer. If your account is with Bache (i.e. account held by our custodian Charles Schwab & Co, Inc., with Bache as registered investment advisor), our relationship with you is as your investment advisor.

**FACT – WE HAVE AN OBLIGATION THAT SECURITIES WE RECOMMEND, PLACE OR HOLD IN YOUR ACCOUNT ARE IN YOUR BEST INTEREST.**

We must exercise reasonable diligence, care and skill in making our recommendations. We must have a reasonable basis to believe our recommendation for your account is appropriate based on your account profile.

- Know the relevant product information (i.e. type of security, bond credit rating, yield to maturity, and if callable, yield to call, taxable or tax free).
- Consider the cost and benefit to hold, purchase or sell.
- Consider reasonably available alternatives, if any, we have for your account.
- Exercise heightened security when considering high risk or complex or structured investment alternatives.
- Disclose the basis for recommending rolling over your 401(k) into an IRA, including disclosure of risks and costs that may be associated with such a decision.
- Series of recommended transactions we make for your account must be in your best interest and not be excessive.

**FACT – WE MAY NOT PUT OUR INTERESTS AHEAD OF YOURS**

Mr. Nagy manages personal accounts (i.e. employee related accounts) at both Apexus and at Bache. This creates conflicts with your interest. We address these conflicts so that we do not put our interest ahead of yours.

- When we select which account to allocate a security purchase transaction, we use specially designed order management software which recommends the security based on suitability for each account and which ranks these recommendations on a round robin basis (i.e. accounts which have not received an allocation more recently are given priority over other accounts. No preference is given to employee related accounts.
- When we purchase or sell a security for both your account and for an employee related account concurrently, your account will receive the transaction execution prior to the employee related account.
- When we concurrently purchase or sell a security for both your account and for an employee related account, and there is more than one execution price, when possible, the prices will be averaged, and your account will receive the same transaction price as the employee related account. Otherwise, your account will receive the better execution price (i.e. higher price on sale transactions and lower price on purchase transactions).
- We will not purchase a security into your account and concurrently sell it from an employee related account, or vice versa (i.e. sell a security from your account and concurrently purchase it into an employee related account).

**HOW DOES THE BROKER DEALER PLATFORM WORK?** – If your account is with the broker dealer platform, Mr. Nagy will provide you the account agreement application forms to open a broker dealer account with Apexus, to be held at AXOS Clearing, LLC. The new account forms may include a Limited Trading Authorization Agreement, whereby you will grant Mr. Nagy the authority to execute orders for fixed income securities for your account without your prior consent. You are not required to sign such Limited Trading Authorization Agreement and such an authorization agreement may be terminated by you at any time. Or you may choose not to sign such an authorization agreement and choose instead to authorize or decline each transaction on a case by case basis. Under either arrangement, Mr. Nagy will be the broker of record for your account. When Mr. Nagy executes buy or sell orders for your account, he will charge you an agency commission or a principal mark-up (on a buy transaction) or a principal mark-down (on a sell transaction). He cannot and will not charge you both a commission and a principal mark-up or mark-down on any transactions. Your account will not be charged any asset based investment management fees. Mr. Nagy, Apexus and AXOS Clearing LLC will service your account in accordance with the terms of your account agreement(s). If you have any questions or concerns, you will be asked to contact Mr. Nagy (at his contact information below), or contact AXOS Clearing, LLC (at their contact information, also below).

Mr. Nagy works from his personal residence in Santa Monica, California. Apexus's main office is also at Mr. Nagy's personal residence address in Santa Monica, CA. When Mr. Nagy sends you written correspondence, he will use Apexus stationary, and he will mail it to you from Apexus's main office (also his personal residence) at 321 19<sup>th</sup> Street, Santa Monica CA 90402. Please direct all written correspondence regarding your Apexus account, including responses to correspondence from Mr. Nagy, to Apexus Capital LLC (see below for Apexus contact information). Please direct all emails regarding your Apexus account to Mr. Nagy's email with Apexus [dan@apexuscapital.com](mailto:dan@apexuscapital.com). You may also correspond about your account directly with Axos Clearing LLC (see below for AXOS Clearing LLC contact information).

Please do not direct any email correspondence regarding your Apexus and/or Bache account to Mr. Nagy at his personal email address.

**Mr. Nagy's contact information:**

Phone: 310-850-3868

Email: [dan@apexuscapital.com](mailto:dan@apexuscapital.com)

**Apexus Capital LLC contact information:**

321 19<sup>th</sup> Street, Santa Monica, CA 90402

Chief Compliance Officer – Mr. Daniel Nagy, CFA

Phone: 310-850-3868, Email: [dan@apexuscapital.com](mailto:dan@apexuscapital.com), FAX: 310-393-8280

**AXOS Clearing, LLC contact information:**

15950 West Dodge Road, Suite 300, Omaha, NE 68118

AXOS Clearing client services – 866-774-0218

Email: [client.services@axosclearing.com](mailto:client.services@axosclearing.com), Website: [www.axosclearing.com](http://www.axosclearing.com)

**HOW DOES THE INVESTMENT ADVISOR PLATFORM WORK?** – If your account is with the investment advisor platform, Mr. Nagy will provide you the account agreement application forms to open an investment management account with Bache, to be held at Schwab. The new account forms will include a Bache Capital Management, Inc. - Investment Management Agreement, whereby you will grant Mr. Nagy authority to manage your account, including entering orders for fixed income or other types of securities for your account without your prior consent. Mr. Nagy will be the Investment Advisor Representative for your account. When Mr. Nagy places buy or sell orders for your account, he will not charge you any agency commissions or principal mark-ups or mark-downs. However, your account will be charged asset based management fees and certain qualified accounts may be charged an annual performance based incentive fee in accordance with the terms of your Bache Investment Management Agreement. Schwab will charge your account a \$15 per transaction service charge. Mr. Nagy, Bache and Schwab will service your account in accordance with the terms of your account agreement(s). Bache will also open an account at Apexus (custodian AXOS Clearing, LLC) for the benefit of your account. This will be a Delivery Versus Payment (“DVP”) account. It will be a Bache institutional DVP account with Apexus (held by AXOS Clearing LLC), with your Schwab account as the subaccount. None of your assets will be held at this DVP account. When Mr. Nagy places fixed income securities purchase or sell orders on your behalf, he may direct the transaction to the Apexus DVP account for delivery to your Bache - Schwab sub-account. For example, Mr. Nagy places an order and receives an execution of the purchase of a fixed income security and orders it to be placed it into your account with Bache – Schwab. The transaction will be placed into the Apexus DVP account for Bache, with further credit to your Bache – Schwab subaccount. You will not be charged any commission, mark-up or mark-down by Apexus, AXOS Clearing, LLC or Mr. Nagy on this transaction. AXOS Clearing, LLC will deliver the fixed income securities to Schwab for your account. Your Schwab account will be charged the transaction proceeds (the cost of the fixed income securities purchased). Your total cost will be the amount of the principal and accrued interest, if any, on the fixed income securities purchased (without Apexus commission, mark-up or any AXOS Clearing, LLC transaction service charge), plus Schwab's flat rate \$15 transaction service charge. Neither, AXOS Clearing, LLC, Bache nor Mr. Nagy receives any compensation related to Schwab's \$15 transaction service charge. While you will not be charged any commissions or transaction fees other than Schwab's \$15 transaction service charge, you will charged monthly and/or annual asset based management fees in accordance with your Bache Investment Management Agreement. To allow Apexus to monitor activity in your account at Bache, included in your account application forms will be a Schwab Change of Address Form, which is also used by Schwab for designation of interested parties. When you sign this form, you will authorize duplicate statements and confirms for your Schwab account to be provided to Apexus's Compliance Department as an interested party. These statements and confirms will become part of Apexus's account records and may be provided to regulatory authorities, including FINRA. To satisfy Apexus's obligations under the Patriot Act regarding Anti-Money Laundering (“AML”) and Customer Information Program (“CIP”), included in your account application forms will be a pre-written letter from you to Apexus, for you to sign, stating that you have:

1. Signed an investment management agreement with Bache, with Mr. Nagy as your Investment Advisor Representative;
2. Authorized Bache to open an account for you at Schwab and a DVP account for your benefit at Apexus;
3. Authorized Bache to enter fixed income buy and sell orders into both of these accounts on your behalf.

Mr. Nagy works from his personal residence at 321 19<sup>th</sup> Street, Santa Monica, CA 90402. When Mr. Nagy sends written correspondence to you, he will use Bache stationary, and he will mail it from his personal residence address. He does not work at Bache's main office in Pasadena, California. You may direct written correspondence regarding your Schwab account, including responses to correspondence from Mr. Nagy, to Mr. Nagy at his personal residence.

Please direct all emails regarding your Schwab account to Mr. Nagy's email for Bache – Schwab accounts - [dan@apexuscapital.com](mailto:dan@apexuscapital.com).

You may also direct questions regarding your Schwab account directly to Bache and/or to Schwab (see Bache and Schwab contact information below).

Please do not direct email correspondence to Mr. Nagy regarding your Schwab account to his personal email address.

**Mr. Nagy's contact information:**

Phone: 310-850-3868, Email: [dan@apexuscapital.com](mailto:dan@apexuscapital.com)

321 19<sup>th</sup> Street, Santa Monica, CA 90402

FAX: 310-393-8280

**Bache Capital Management, Inc. contact information:**

321 19<sup>th</sup> Street, Santa Monica, CA 90402

Chief Compliance Officer – Daniel Nagy

Phone: 310-850-3868

Email: [dan@apexuscapital.com](mailto:dan@apexuscapital.com)

Website: [www.bachecapital.com](http://www.bachecapital.com)

**Charles Schwab & Co, Inc. contact information:**

Schwab Alliance customer service – 800-515-2157

Website: [www.schwab.com](http://www.schwab.com)

**QUESTIONS? - Contact:**

Mr. Daniel Nagy at 310-850-3868, email [dan@apexuscapital.com](mailto:dan@apexuscapital.com)

Bache – Daniel Nagy at 310-850-3868, email [dan@apexuscapital.com](mailto:dan@apexuscapital.com)

Schwab – Customer Service – 877-812-1817, website [www.schwab.com](http://www.schwab.com)

AXOS Clearing, LLC – Client Services – 866-774-0218, website, [www.axosclearing.com](http://www.axosclearing.com)