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**FORM ADV PART 2A BROCHURE**

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**MARCH 25, 2024**

This Brochure provides information about the qualifications and business practices of Modern Capital Management Co. ("MCMC") If you have any questions about the contents of this brochure, please contact us at [compliance@moderncap.com](mailto:compliance@moderncap.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.

We are a registered investment adviser with the SEC. However, registration of an investment adviser does not imply any level of skill or training. The oral or written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about MCMC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our IARD Number is 306631.

## **ITEM 2 – SUMMARY OF MATERIAL CHANGES**

The following material changes have been made to the brochure since our initial filing March 6, 2023:

Item 4 – Advisory Business

- Updated Assets under Management as of year-end 2023

Item 5 – Fees and Compensation

- Updated the firm's fee range

Item 7 – Types of Clients

- Updated Types of Clients to reflect the addition of non-profit clients

Item 10 – Other Financial Industry Activities or Affiliations

- Updated to reflect the firm's current affiliations with other common ownership companies

Item 15 – Custody

- Updated to reflect the firm's current custodial relationships

You may request our full Brochure by contacting us via email at [compliance@moderncap.com](mailto:compliance@moderncap.com).

You may also download a free copy via the Internet from the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### **ITEM 4 – ADVISORY BUSINESS**

Modern Capital Management Co ("MCMC") is a privately held company formed in 2019. The company is a wholly owned subsidiary of Modern Capital Inc. Bradley D. Atkins, CEO is the controlling shareholder of Modern Capital Inc.

In most cases, MCMC provides ongoing asset management advice to institutional clients, such as not for profit entities and registered investment companies, regarding the investment of their funds. Our advice is based on the specific needs of each client and is tailored to each client's particular risk tolerance, time horizon, liquidity needs and tax situation. We develop an Investment Policy Statement, Investment Management Agreement or similar governing document for each client which guides our investment process for each relationship.

MCMC serves as the Investment Advisor to a Registered Investment Company under the Investment Company Act of 1940, The Modern Capital Tactical Income Fund (MCTDX and MCTOX). When serving as the Investment Advisor to a registered fund, we utilize the fund's filed prospectus to execute our asset management services.

As of December 31, 2023, MCMC managed \$42,478,800 on a discretionary basis and no assets on a non-discretionary basis.

#### **ITEM 5 – FEES AND COMPENSATION**

Modern Capital Management Co ("MCMC") will generally charge a yearly advisory fee between 0.25% - 2.00% of assets under management as agreed upon in the Investment Management Agreement or similar governing document executed at the beginning of the client/advisor relationship and updated as appropriate. This fee is negotiated for each client relationship based upon the complexity of the client's situation, as a result, there is no standard "fee table." These fees are generally paid monthly or quarterly in advance and can be deducted from the client's account or invoiced directly to the client at their choosing. In some cases, and only at the written express request of the client, we may bill on a semi-annual or annual basis, although we have not yet done so up to this filing period.

Advisory contracts that terminate during a billing period that are subject to an advisory fee will receive a refund (or account credit) for any fees paid in advance of the billing period. Accounts that are billed in arrears of the billing will also receive a or final invoice (or account deduction) for any fees due that were to be paid in arrears. Any partial billing period fee that is due or to be refunded will be calculated using a pro rata calculation of the agreed-upon fee, the average daily asset value, and the number of days in the billing period.

Clients invested in closed-end funds, insurance contracts, REITS, ETFs, BDCs or mutual funds (including the Modern Capital Tactical Income Fund, an affiliate of MCMC) will incur fees such as sales charges, management fees and other internal fees commonly associated with these investment vehicles. Such fees are specifically stated and disclosed in the current prospectus or offering document for each investment product. It is worth noting that closed-end funds, insurance contracts, REITS, ETFs, BDCs or mutual funds exist which may offer similar strategies to those recommended or managed by MCMC and these funds may offer lower fees and expenses. Clients are free to purchase these investments at the custodian, broker dealer or insurance company of their choice.

Depending upon the platform utilized at the client's chosen custodian, there may be

brokerage fees or commissions that are paid for transactions at the custodian. Please see ITEM 12 – BROKERAGE PRACTICES for more information on how brokerage fees work.

MCMC trades the Modern Capital Tactical Income Fund (MCTDX and MCTOX) through an affiliated broker dealer. This means the fund generates additional trading revenue to the principal of MCMC. This presents a conflict of interest as there is an incentive to recommend MCTDX or MCTOX to our clients.

MCMC may allow employees and contractors of the firm to invest with us. Such investors will generally not be charged an asset management fee.

#### **ITEM 6 – PERFORMANCE-BASED FEES**

Modern Capital Management Co ("MCMC") does not currently have any clients who are charged performance-based fees.

#### **ITEM 7 – TYPES OF CLIENTS**

Modern Capital Management Co ("MCMC") works exclusively with "qualified clients" and institutional clients, such as the trust that has appointed us the Investment Advisor to The Modern Capital Tactical Income fund. We also work with non-profit such as our client base of credit unions. Any accounts we work with that involve an individual investor are ancillary to an institutional client, such as funding a deferred compensation arrangement.

MCMC generally has an account minimum of one million dollars US (\$1,000,000) which can be waived.

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

##### **Methods of Analysis**

##### ***Fundamental Analysis***

Fundamental analysis attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the security is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

##### ***Technical Analysis***

Technical analysis attempts to infer the direction of the market, or security specifically guided by price and volume data. Technical analysis operates under the assumption that price contains the requisite and relevant data necessary to decide the direction based on its previous or past historical patterns. Common to technical analysis are the assumptions of regression towards the mean (i.e. securities that are trading largely outside of their traditional price range have the possibility to revisit the historical average). Conversely, patterns that largely move outside of the expected price movements could signal increasing momentum either on the upside or downside based on volume or news flow guiding the current price changes. Technical analysis is generally used to anticipate market or security moves and rarely used in isolation to make investment decisions.

## **Quantitative Analysis**

Quantitative analysis attempts to model or predict the future price or value of a security based purely on mathematical or statistical data inputs. This method generally uses a wide variety of market or security specific data in order to forecast price developments and make predictions on the future. There is always a risk of model error when using this form of analysis.

## **Investment Strategies**

Modern Capital Management Co ("MCMC") may use any of the following investment strategies to implement investment advice:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Trading (securities sold as quickly as 30 days)

Investment strategies implemented are based upon the aims of the clients stated objectives. MCMC may use either fundamental, technical, or quantitative or any combination of analysis mentioned to guide and fulfill the stated outcome of client objectives. The client may change these objectives at any time subject to the guidelines and established governance framework of the client or investment vehicle. Each client of MCMC executes an Investment Policy Statement and Investment Management Agreement, or other such governing document, documenting their objective and desired investment strategy.

MCMC will generally create portfolios consisting of one or all of the following: individual equities, ADRs bonds, ETFs, managed futures, energy or other commodities, other alternative investments, other investment products, managed futures, private debt, non-traded REITS, mutual funds, closed-end funds or BDCs. MCMC will allocate the client's assets among various investments taking into consideration the overall management style, investment objective or stated investment aim of the client.

Mutual funds, closed-end funds and ETFs will be selected based on any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; style drift, alpha, beta, and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances.

MCMC may provide investment advice on such investments as limited partnerships and private placement partnerships and/or private equity and private credit. MCMC reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. MCMC may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. MCMC's investment approach constantly keeps the risk of loss in mind. Though MCMC takes extensive measures to minimize areas of risk from an investment decision, clients will always generally be subject to the following

investment risks:

***Interest-rate Risk***

Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

***Market Risk***

The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

***Inflation Risk***

When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.

***Currency Risk***

Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

***Reinvestment Risk***

This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

***Business Risk***

These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

***Liquidity Risk***

Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

***Financial Risk***

Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**ITEM 9 – DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of MCMC or the integrity of MCMC's management. MCMC has no firm or principle disciplinary actions to disclose.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### ***Affiliations***

MCMC is under common ownership with Modern Capital Securities Inc (MCS), and Liberty Partners Financial Services, LLC (LPFS), FINRA registered broker dealers. MCS and LPFS are introducing broker dealers that clear transactions on a fully disclosed basis through RBC Correspondent Services, LLC. The principals and certain investment advisor representatives of MCMC are registered representatives of MCS and LPFS. This creates a conflict as any MCMC investment advisor representative who recommends products at MCS or LPFS to a client, will generally receive additional compensation.

The principals and certain investment advisory representatives of MCMC are also licensed insurance agents. This creates a conflict as any MCMC investment advisor representative who recommends insurance products to a client, will generally receive additional compensation.

MCMC is the investment advisor to the Modern Capital Tactical Opportunities Fund (MCTDX and MCTOX). As the investment advisor to the Modern Capital Tactical Opportunities Fund, MCMC causes the fund's holdings to be traded through MCS. This creates a conflict as any MCMC investment advisor representative who recommends utilizing the Modern Capital Tactical Opportunities Fund in a portfolio to a client, will create additional revenue for MCS and MCMC's principal.

### **Affiliate Summary**

- Modern Capital Securities Inc – FINRA registered broker dealer
- Liberty Partners Financial Services, LLC - FINRA registered broker dealer
- Modern Capital Tactical Income Fund (MCTDX and MCTOX)

Our clients have no obligation to deal with any broker dealer in the execution of transactions.

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

MCMC has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts and conflicts of interest. The Code includes MCMC's policies and procedures developed to protect client interests in relation to the following topics:

- The duty at all times to place the interests of clients first.
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility.
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

MCMC's Code also requires employees to: 1) pre-clear certain personal securities transactions in IPOs and private offerings, 2) report personal securities transactions on at least a quarterly basis, and 3) provide the CCO with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.



On occasion, MCMC employees may buy or sell securities recommended to clients. If the possibility of a conflict of interest occurs, the client's interest will prevail. It is the policy of the MCMC that priority will always be given to the client's orders over the orders of an employee of the Company.

MCA's compliance department reviews employee trades. Since client trades are primarily in open-end mutual funds, exchange-traded funds, or variable products that are either priced at net asset value daily or a large trading volume exists, MCA does not expect material conflicts of interest to exist between employee trading and its clients.

If you would like to receive a copy of MCMC Code of Ethics, please contact us by email at [compliance@moderncap.com](mailto:compliance@moderncap.com).

## **ITEM 12 – BROKERAGE PRACTICES**

### ***Best Execution***

Modern Capital Management Co ("MCMC") may be retained to invest assets on a discretionary basis and is authorized to determine and direct execution of portfolio transactions within a client specified investment objectives that are communicated to us through the Investment Policy Statement, Prospectus or similar governing document. MCMC has a fiduciary duty to seek best execution and to ensure that trades are executed and allocated fairly and equitably among clients over time. We do not consider referrals in directing brokerage transactions.

MCMC currently places all trade orders for securities transactions on behalf of client accounts with White Mountain Capital LLC, Modern Capital Securities Inc. ("MCS") and Charles Schwab & Co., Inc which then route the orders to several execution venues. As MCMC and MCS are under common control, we fully disclose the possible conflict of interest of choosing to use an affiliated broker for execution services. The decision to execute through an affiliate broker dealer is formed on the basis that we can deliver best execution through our ability to provide stable and consistent execution prices in-line or below industry standards.

MCS clears and settles all client securities transactions with RBC Clearing and Custody, LLC on an omnibus basis, and all costs associated with the clearing and settlement of such securities transactions are borne by MCS. MCS has developed a robust capital markets infrastructure to ensure solid execution consistency amongst several routes to ensure low pricing and liquidity. MCS executes client trade orders on an agency and unsolicited basis. MCMC executes all transactions at one penny a share, in-line with, or lower than, general industry standards.

MCMC seeks to ensure that its clients receive the best overall execution for securities transactions from the approved brokers by continuing to monitor and review the best execution capability of the approved broker. When assessing the best execution capability of the approved brokers, MCMC will consider the following factors: execution speed, price improvement versus the national best bid and offer (NBBO) and overall execution quality among other factors. To the extent that an approved broker's best execution capability does not appear to meet the quality of best execution on a consistent basis, MCMC would look to remove and replace such broker as an approved broker.

### ***Brokerage Expenses***

Trading expenses in client portfolios custodied at Schwab vary depending upon the type of security traded, the platform the security is traded on and the exchange the security trades on. Each client

account is unique in its fee structure and is fully disclosed on the Investment Management Agreement or equivalent form. Fees that pass through to the client's account that could be the responsibility of the client range from \$0 to \$65 per trade.

The execution cost of all trades in the Modern Capital Tactical Income Fund is one and a half pennies per share (\$.015).

### ***Soft Dollar Arrangements***

MCMC does not currently engage in any formal "soft dollar" practices involving the receipt of research or other brokerage service in connection with client transactions, nor does MCMC compensate or otherwise reward any brokers for client referrals. However, MCMC retains the right to do so at its discretion based on the following criteria and guidelines:

Eligibility of the arrangement to be considered safe harbor under section 28(e) of the Securities Exchange Act of 1934, as amended.

Review of any soft dollar arrangements or soft dollar products or services in accordance with Section 28(e) prior to approving any such arrangements or use of these products and services

No formal, written or binding agreements with broker dealers to direct a specified number of transactions in exchange for any soft dollar arrangements.

Any soft dollar arrangements are a reasonable representation of all "mixed-use" products or services (soft-to-hard; research vs. non-research functions). Allocations will be made upon a good faith determination of the percent the product or service was made for research vs. administrative or marketing.

Any commissions paid to a broker dealer by MCMC, and in accordance with any soft dollar arrangement, must be reasonable in relation to the value of any brokerage and research services received.

### ***Payment for Order Flow***

MCMC nor MCS accept payment for order flow.

### ***Trade Aggregation***

MCMC aggregates orders for client securities transactions. Trade aggregation is the act of trading a large block of a security in a single order. Shares of a purchased security are then allocated to the appropriate accounts in the appropriate proportion. The main purpose of order aggregation is to facilitate ease of trading and to obtain lower transaction costs associated with trading in larger volumes. This ensures that clients are receiving uniform prices across transactions and not varying prices based on trading activity at different time during the day.

### ***Liquidity Rebates***

In selecting broker dealers to execute transactions for the clients of MCMC we do not consider any "liquidity rebates" that are available to those broker dealers. Broker dealers can earn "liquidity rebates" (e.g., a certain cash rebate) when placing orders in certain market centers, while trading on our behalf. We are not entitled to and do not receive liquidity rebates.

### ***Internal Soft Dollar Controls***

We periodically review the past performance of broker dealers with whom we have placed orders in light of the factors discussed in the previous soft dollar arrangements section. We can cease to do business with certain broker dealers whose performance or service was not competitive, or we can demand that these broker dealers improve their performance or service before receiving any further orders. The overall reasonableness of commissions paid is evaluated by reviewing what competing broker dealers were willing to charge for similar types of services. The evaluation also considers the timeliness and accuracy of the research received. Reasonableness is evaluated on an ongoing basis.

As previously noted, we maintain a series of internal controls and procedures relating to our brokerage practices, including our use of soft dollars. The following controls and procedures are designed to reduce the conflicts of interest created by the use of soft dollars.

Our Chief Compliance Officer approves any soft dollar services or products offered by any vendors as well as all relevant details such as cost, number of users, and appropriateness of the arrangement based on Section 28(e)

We also receive services which, based on their use, are only partially paid for with soft dollars. These services are considered “mixed-use” because we use the service for both research or brokerage and non-research, non-brokerage purposes. In each case, we make a good faith determination of which portion of the service should be paid using soft dollars and which portion should be paid using hard dollars, which is the portion we pay. We retain documentation of the soft dollar to hard dollar allocation and perform an annual review of the allocation between soft dollars and hard dollars, which is presented to our Brokerage Committee.

We are responsible for monitoring any conflicts of interest relating to all soft dollar and execution related topics including commission rates paid, mixed use analysis and broker execution analysis.

### ***Commission Sharing Arrangements***

MCMC does not engage in any Commission Sharing Arrangements (“CSA”) provided by broker dealers. In a CSA, an RIA enters into an agreement with a broker dealer so that commissions from transactions placed by the RIA, at that broker dealer, are pooled by the broker dealer in order to compensate one or more proprietary research providers, which may or may not be a broker dealer. While this may or may not represent a conflict of interest similar to soft dollar arrangements, we choose to disengage from pursuing any such arrangements.

### **ITEM 13 – REVIEW OF ACCOUNTS**

MCMC’s relationship managers, Portfolio Managers, Chief Investment Officer and Chief Compliance Officers share the responsibility for the periodic review of the assets of client accounts. Generally, the relationship manager who is the key point of contact for our non-profit clients reviews those accounts, the Portfolio Managers responsible for the registered investment company account reviews that account, and the supervision of those reviews is the responsibility of the Chief Investment Officer and/or the Chief Compliance Officer.

The number of reviews varies depending on the nature of the strategy or service being provided. In addition to the periodic review, certain events could trigger additional reviews. For example, if the client provides an updated Investment Policy Statement (“IPS”), the Relationship or Portfolio Manager will each review the new IPS and update all applicable investment restrictions.

The firm reconciles the securities and cash of client accounts against the records of the custodian, the official record keeper, on at least a quarterly basis. If any discrepancies are identified, the firm works with our internal team and the custodian to resolve them. Since the custodian holds the assets in the account, the custodian statements and records are the official books and records for the account.

### **Reporting**

Clients will receive quarterly account reports from independent qualified custodians, unless they request these reports more frequently or the custodian provides monthly statements. The reports typically include:

A listing of individual holdings, including the number of shares and current market value.

Quarterly, year-to-date and/or since-inception time-weighted rates of return.

A statement of historical changes to the account describing the original capital, additions of capital, income earned, and a combination of realized and unrealized appreciation or depreciation.

Purchase and sale transactions occurring during the quarter.

Performance and other various reports are provided per the terms of each client engagement.

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

MCMC does not compensate others for client referrals, nor are we compensated for providing referrals.

### **ITEM 15 - CUSTODY**

MCMC does not custody and customer assets. While we generally refer clients to Charles Schwab & Co., Inc for account custody, clients have full discretion over asset custody relationships. The Modern Capital Tactical Opportunities Fund is custodied at US Bank.

Clients will receive account statements at least quarterly from the custodian where their assets are held. Any reports or statements provided by Modern Capital Management Company (“MCMC”) should be compared to the account statements received by your custodian.

### **ITEM 16 – INVESTMENT DISCRETION**

MCMC trades client accounts by accepting discretionary authority. MCMC accepts discretionary authority only through an investment advisory agreement, investment

management agreement or other similar governing document.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

MCMC generally does not vote proxies on behalf of client accounts; clients will receive proxies directly from the custodian where their account is held. Clients are encouraged to contact us with any questions about voting proxies by emailing us at [compliance@moderncap.com](mailto:compliance@moderncap.com).

MCMC will vote proxies on behalf of The Modern Capital Tactical Income Fund.

MCMC has adopted the following policies and procedures for proxy voting regarding portfolio companies in the MCMC funds. Generally, MCMC will vote based upon the portfolio company management's recommendation.

The key objectives of these policies and procedures recognize that a company's management is entrusted with the day to- day operations and long-term strategic planning of the company, subject to the oversight of the company's board of directors. While "ordinary business matters" are primarily the responsibility of management and should be approved solely by the corporation's board of directors, these objectives also recognize that the company's shareholders must have final say over how management and directors are performing, and how shareholders' rights and ownership interests are handled, especially when matters could have substantial economic implications to the shareholders.

Therefore, we strongly consider the following matters in exercising our proxy voting responsibilities as a fiduciary for our clients:

1. **Accountability** - Each company should have effective means in place to hold those entrusted with running a company's business accountable for their actions. Management of a company should be accountable to its board of directors and the board should be accountable to shareholders.
2. **Alignment of Management and Shareholder Interests** - Each company should endeavor to align the interest of management and the board of directors with the interest of the company's shareholders. For example, we generally believe that compensation should be designed to reward management for doing a good job of creating value for the shareholders of the company.
3. **Transparency** - Promotion of timely disclosure of important information about a company's business operations and financial performance enables investors to evaluate the performance of a company and to make informed decisions about the purchase and sale of a company's securities.

No one set of proxy voting policies can anticipate all situations that may arise. In some cases, we may seek outside guidance on how a proxy proposal may impact the financial prospects of a company and vote accordingly.

A copy of our complete *Proxy Voting Policies and Procedures* is available to our clients by emailing [compliance@moderncap.com](mailto:compliance@moderncap.com).

**ITEM 18 – FINANCIAL INFORMATION**

MCMC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

A balance sheet is not required to be provided because MCMC does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

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