

**Grace Capital Management, LLC**  
**Customer Relationship Summary - June 2020**

**Item 1. Introduction**

Grace Capital Management, LLC (“Grace” or “We”) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). Investment advisory and brokerage services and fees differ; therefore, it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals (also referred to as Investment Adviser Representatives; “IARs”) at the SEC’s investor education website, [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about investment advisers, broker-dealers, and investing.

**Item 2. Relationships and Services**

*“What investment services and advice can you provide me?”*

**Description of Services and Monitoring:** We provide investment advisory services to retail investors, including asset management, financial planning, and the selection of third-party advisory services. For clients to whom we provide asset management services, we offer both managed accounts and Triad Advisors, LLC’s (“Triad”) wrap fee program, both of which we monitor as part of an ongoing process. As part of our standard services, each IAR reviews their clients’ accounts regularly and meets with clients at their request. Factors that trigger reviews include changes to our investment recommendations, changes in market conditions, and changes to your financial situation and/or investment needs. For clients to whom we provide financial planning services, we conduct reviews on an “as needed” basis triggered by the client’s request. We may also suggest financial planning reviews when triggered by a change in your financial situation and/or investment needs.

**Investment Authority:** We offer our asset management and wrap fee accounts on both a **discretionary** and **non-discretionary** basis. Discretionary asset management allows us the limited authority to buy and sell investments in your account without asking you each time a transaction is placed. With non-discretionary asset management, we provide investment recommendations but require your approval to proceed. You make the ultimate decision regarding the purchase or sale of investments. Our level of authority is determined at the beginning of our relationship with you in our advisory agreement but can be changed upon request.

**Investment Offerings and Account Minimums:** While we can advise on any investment asset, our investment recommendations are primarily related to investments in exchange-traded equity securities, cash, and cash equivalents. As a condition for starting and maintaining a relationship, we generally impose a minimum account balance of \$1,000,000 which we may waive at our discretion.

**Additional Information:** For additional information, please see our Form ADV Part 2A (with special emphasis on Items 4, 7, and 16). <https://adviserinfo.sec.gov/firm/summary/150054>

**Conversation Starters\***

- Given my financial situation, should I choose an investment advisory service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

**Item 3. Fees, Costs, Conflicts, and Standard of Conduct**

*“What fees will I pay?”*

Our fees are based on the types of services we provide.

For asset management, we charge an annual fee of 1.00%. Our fees are billed on a pro-rata annualized basis monthly in advance based on the value of your account on the last day of the previous month. The fee is charged as a percentage of your assets that we manage. The more assets there are in your advisory account, the more you will pay in fees, and we may therefore have an incentive to encourage you to increase the assets in your account. Depending on account size, fees may be discounted and are negotiable.

Financial planning services are generally provided in connection with our asset management services at no additional charge.

Our services also include the selection of other advisers, which offers clients the opportunity to participate in wrap fee programs. Clients pay an ongoing asset-based fee to the Third-Party Advisor at the end of each quarter for participating in wrap fee programs. The Third-Party Advisor we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them. Our fee is paid by the Third-Party Advisor. It is negotiable in certain circumstances but will never exceed the amount in our published fee schedule. Fees associated with the wrap fee program will include most transaction costs and fees to a broker-dealer or bank that has custody of these assets, and therefore are higher than a typical asset-based advisory fee.

We may charge qualified clients “performance fees” – that is, fees based on a share of capital gains on or capital appreciation of the managed assets of a client. Clients are also charged an administrative fee. Please refer to Triad’s Pinnacle Wrap Fee Program (“Pinnacle”) Brochure for details. The performance-based fee is charged quarterly in arrears at the end of each quarter as follows: 15% of the net profits (i.e., profits after our management fee has been deducted) achieved for the previous quarter of account management.

**Other Fees and Costs:** Non-Wrap fee clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the

\* Consider asking your financial professional these questions.

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following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which will be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Wrap fee clients will receive Triad's Form ADV, Part 2A, Appendix 1 (the Pinnacle Brochure). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in Triad's separate Pinnacle Brochure.

**Additional Information:** You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce the amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. More detailed information about our fees and costs are included in our Form ADV Part 2A (Item 5), located at <https://adviserinfo.sec.gov/firm/summary/150054> and Triad's Form CRS located at <https://adviserinfo.sec.gov/firm/summary/25803>.

**Conversation Starters\***

- Help me understand how these fees and costs might affect my investments.
- If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

***“What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?”***

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

- By charging performance fees on some of our client accounts, we face a conflict because we can potentially receive greater fees from client accounts having a performance-based compensation structure than from those accounts we only charge a fee unrelated to performance (e.g., an asset-based fee). As a result, we may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee.
- Many of our IARs are also registered representatives of a broker-dealer or insurance agents licensed with an insurance company. Through the broker-dealer and/or insurance company, our IARs can offer commission-based products for which they receive additional compensation. This additional compensation causes a conflict of interest as they have an incentive to solicit commission-based products.

We generate revenues from our asset management and selection of other advisers as described above.

**Conversation Starter\***

- How might your conflicts of interest affect me, and how will you address them?

These arrangements and additional information about other conflicts of interest are discussed in more detail in our Form ADV Part 2A. <https://adviserinfo.sec.gov/firm/summary/150054>

***“How do your financial professionals make money?”***

Our IARs are compensated through salaries and/or a portion of revenue we receive for the advisory services we provide. The portion paid to your IAR generally does not vary based on the type of investments that are recommended. However, as described above, several of our IARs are also registered representatives of a broker-dealer and some are also independent insurance agents. When acting in these capacities, they will earn commissions.

**Item 4. Disciplinary History**

***“Do you or your financial professionals have legal or disciplinary history?”***

No – Neither the Firm nor any of our IARs have a disciplinary history. We invite you to visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research our Firm and IARs.

**Conversation Starters\***

- As a financial professional, do you have any disciplinary history? For what type of conduct?

**Item 5. Additional Information**

We encourage you to seek out additional information about our investment advisory services in our Form ADV Brochure on [Investor.gov](http://Investor.gov) or [adviserinfo.sec.gov](http://adviserinfo.sec.gov). Alternatively, you can call (512) 485-1800 to speak with us directly and request a copy of this relationship summary, or visit our website at [www.grace-cap.com](http://www.grace-cap.com) for information about our firm and its associates.

**Conversation Starters**

- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?