

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](https://investor.gov/CRS), which also provides educational materials about investment advisers, broker-dealers, and investing.

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

Description of Services and Monitoring: We provide investment advisory services, including asset management, financial planning, and the selection of third-party advisors, to retail investors. For clients to whom we provide asset management services, we offer both separately managed accounts and a wrap fee program administered by our clearing firm, both of which we monitor on an ongoing basis. 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 we place a transaction. Non-discretionary asset management means 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 the advisory agreement. It can be changed upon your 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 and mutual funds. 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 and 7 of Part 2A or Items 4.A. and 5 of our Wrap Fee Program Brochure. <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?*

 **“What fees will I pay?”**

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

Asset Management: We charge an annual fee of 1.00% plus a service fee of .10% on separately managed non-wrap fee accounts and 1% plus a service fee of .10% on our wrap fee accounts. We bill our fees 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: Financial planning services are typically provided in connection with our asset management services at no additional charge. However, we also provide standalone financial planning services on a fixed fee basis. Such fees are charged as a negotiated fixed subscription fee and are typically assessed monthly or quarterly ranging from \$5,000 per month up to \$100,000 per year based on the complexity and unique needs of the client.

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

Performance Fees: We may charge qualified clients “performance fees if they so choose (fees based on a share of capital gains on or capital appreciation of the managed assets) to qualified clients. The performance fee is charged quarterly in arrears at the end of each quarter as follows: 15% of the net profits achieved (i.e., profits after our management fee has been deducted) for the previous quarter. Clients are also charged a service fee.

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. Clients will also pay the 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 pay a single fee that includes account management, brokerage, clearing, custody and administrative services. Clients' portfolio transactions will be executed without commissions charges.

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) and Wrap Fee Program Brochure (Item 4), both located at <https://adviserinfo.sec.gov/firm/summary/150054>.

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:

- Charging performance fees on some client accounts presents a conflict of interest in that we potentially receive more fees from accounts with a performance-based compensation structure than accounts where we only charge an asset-based fee. Consequently, we have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the accounts that pay a performance fee.
- Most of our IARs are also registered representatives of a broker-dealer or are licensed insurance agents. Through the broker-dealer and/or insurance company, our IARs can offer commission-based products for which they receive additional compensation. This additional compensation presents a conflict of interest as the IARs have an incentive to solicit commission-based products.

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

Conversation Starter

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

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

We compensate our IARs through salaries and/or a portion of revenue received for the advisory services we provide. The portion paid to your IAR does not vary based on the type of investments they recommend. 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.

➡ ***“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 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?*

We encourage you to seek additional information about our investment advisory services in our Form ADV Brochure and Wrap Fee Program Brochure on Investor.gov or adviserinfo.sec.gov. Alternatively, you can call us at (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 for information about our firm and 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?*