

ITEM 1: Cover Page

R E G E N C Y   C A P I T A L   M A N A G E M E N T   I N C .

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# Brochure

(Form ADV Part 2A)

March 22, 2022

**This brochure provides information about the qualifications and business practices of Regency Capital Management Inc., an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). If you have any questions about the contents of this brochure, please contact us at (808) 330-5242. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about Regency Capital Management Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2: Material Changes

Listed are changes to this Form ADV 2A from our filing on July 27, 2021:

- An additional office has been listed: 450 Alaskan Way S, Suite 200, Seattle, WA 98104
- We are advisor to a pooled investment fund, Regency Capital Management Fund L.P. (the "hedge fund"). Information about the hedge fund and its relationship to Regency Capital Management Inc. and related persons are disclosed in this Brochure.

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## ITEM 4: Advisory Business

### Firm Description

Regency Capital Management Inc. ("RCM," "we," "us," or "Firm") is an investment adviser with a principal place of business in Honolulu, Hawaii. The Firm began operations January 4, 2021. The Firm is owned by Regency Acquisitions LLC, a holding company owned by Neil Rose.

### Advisory Services

The Firm offers discretionary investment management services to individual and institutional clients ("clients"). Clients include high net worth individuals, Trusts, profit-sharing and pension plans, including those clients subject to the Employee Retirement and Income Security Act ("ERISA"), taxable and tax-exempt institutions, and individuals not classified as "high net worth." We manage client funds on a separate account basis, through a bank or brokerage of their choosing and our acceptance. We seek clients with \$1 million or more to invest (or subject to a minimum annual fee), although we may make exceptions at our discretion.

We manage investments for our clients on a model and/or bespoke basis and across different general investment strategies, depending on clients' needs. Through initial meetings where clients' financial circumstances, objectives, and risk and other parameters are discussed and noted, we develop an investment policy with stated investment strategies, asset allocation parameters, restrictions, distribution and cash flow schedules, and other inputs. As we are sincere in our effort to customize solutions tailored to clients' needs and personal values, we advise and allow clients to place specific and reasonable trade restrictions in portfolios.

Our investment advice is performed on a discretionary basis and with the following security types:

- Common and preferred U.S. and non-U.S. stocks
- Exchange traded funds (ETFs) and exchange traded notes (ETNs)
- U.S. government securities
- Corporate debt securities
- Mutual fund shares
- Foreign debt securities
- Foreign currencies
- Warrants
- Option contracts
- Certificates of deposit
- Municipal securities

The types and amounts of securities held in client accounts depend on (1) the client's expressed investment objectives, risks tolerances, constraints, and wishes; and (2) our judgments about each investment's risk and return potential, both individually and in the context of a diversified portfolio.

## Model Strategy Offerings

### *Managed Portfolios*

We offer model portfolio strategies with various asset allocation policies and risk/reward objectives. Managed Portfolios offer the highest level of active management and discretion (asset allocation and security selection), with the broad range of security choices, to manage risk and generate return.

<b>Model/Strategy Name</b>	<b>Description &amp; Benchmark</b>	<b>Date of Inception</b>
<b>Stock Portfolio</b>	All-stock investing; Benchmark: S&P 500	1/4/2021
<b>Global Stock Portfolio</b>	Global all-stock investing; Benchmark: MSCI ACWI	1/4/2021
<b>Balanced + Diversified (B+D)</b>	Asset allocation and diversification-focused; Benchmark: 60% MSCI ACWI/40% Barclays U.S. Aggregate Bond Index	1/4/2021
<b>All-Weather Absolute Return (AWAR)</b>	Tactical and thematic asset allocation with a capital preservation focus; Benchmark: Absolute-Return	1/4/2021
<b>IncomePlus (IP)</b>	Fixed income with ability to invest up to 20% in equities and other asset types; Benchmark: Barclays U.S. Aggregate Bond Index	1/4/2021
<b>Cash Management (CM)</b>	Liquidity management; minimal credit risk	1/4/2021

### ETF Portfolios

We will also offer ETF-versions of the strategies listed above with similar descriptions and benchmarks. An overlay of client customization needs can be added to any model portfolio above.

### *Wealth Management and Consulting Services*

We encourage advisory clients to use their adviser for comprehensive financial planning (*Rational Wealth Management*) and problem solving (consulting), including business consulting, project and investment evaluations, strategic planning, and family governance support. Our fees for consulting services in addition to our wealth management services are negotiable as the scope and duration of work would need to be ascertained and agreed upon by the client. Our hourly rates range from \$100 to \$1,000 depending on the nature of the work and Firm personnel involved.

### Assets Under Management

As of December 31, 2021, the Firm's assets under management were approximately \$259 million

ITEM 5: Fees and Compensation Management/Advisory Fees

<b>Separate Accounts Management Strategy</b>	<b>Assets Under Management per Market Value</b>	<b>Annual Fee</b>
Stock Portfolio, Global Stock Portfolio	First \$10,000,000 Next \$10,000,000 Amounts over \$20,000,000	1.00% 0.70% Negotiable
Balanced + Diversified, All-Weather Absolute Return	First \$10,000,000 Next \$10,000,000 Amounts over \$20,000,000	1.00% 0.70% Negotiable
IncomePlus*	First \$10,000,000 Next \$10,000,000 Amounts over \$20,000,000	0.60% 0.50% Negotiable
Cash Management*	First \$25,000,000 Amounts over \$25,000,000	0.10% Negotiable
<b>ETF-Based Separate Accounts Management Strategy</b>	<b>Assets Under Management per Market Value</b>	<b>Annual Fee</b>
Stock Portfolio, Global Stock Portfolio	First \$10,000,000 Amounts over \$10,000,000	0.70% Negotiable
Balanced + Diversified, All-Weather Absolute Return	First \$10,000,000 Next \$10,000,000	0.70% Negotiable
IncomePlus*	Next \$10,000,000 Amounts over \$10,000,000	0.50% Negotiable

\*Fees for *IncomePlus* accounts are discounted by half (50%) indefinitely due to the prevailing low interest rate environment. Fees for *Cash Management* accounts are waived indefinitely.

Advisory fees are based on the account value at the inception date. Fees are paid in advance and pro-rated for the remaining calendar quarter. Thereafter, fees are billed one quarter in advance based on the account's market value as of the close of the previous calendar quarter. Clients may have fees deducted from their accounts or can make other arrangements subject to mutual approval. The Firm reserves the right to offer discounts on fees.

Both clients and the Firm may terminate our services with written notice. With our fees billed in advance, a refund will be issued for any unearned fees on a pro-rata basis.

In addition to the Firm's fees, clients may pay other fees to third-party service providers, including brokerage/trading fees, transaction fees taxes, exchange fees, and custody fees. The types and amounts of fees paid to third parties depends on brokerage or custodian the client selects, the frequency and types of trades performed by the Firm, and fee structures established by exchanges and taxing authorities.

In addition, clients may pay management/advisory fees to the third-party sponsors of exchange traded funds and notes, mutual funds, money market funds, and separate investment advisers. Fees associated with third-party investments are disclosed in each fund's prospectus, Form ADV filings, and other disclosure document requirements. The Firm can assist in finding and reviewing disclosures upon request.

The Firm and its supervised persons do not accept compensation for the sale of securities or other products.

#### ITEM 6: Performance-Based Fees and Side-by-Side Management

The Firm does not currently charge performance-based fees, including fees based on a share of capital gains on, or capital appreciation of, the assets of a client.

#### ITEM 7: Types of Clients

The Firm offers investment and wealth management to individuals, trusts, estates, corporations, non-profit organizations, and retirement plans. We require a minimum of \$1,000,000 in investable assets per client or client household to retain our services. This minimum can be waived under certain circumstances and at the discretion of the Firm.

## ITEM 8: Methods of Analysis, Investment Strategies, and Risk of Loss

We employ several investment disciplines and analyses in our investment work, including:

- *Fundamental analysis.* We analyze various asset types, styles, capitalizations, regions, sectors, industries, and individual securities for attractive risk and return prospects. Included in our work are top-down and macro analysis (e.g. fiscal and monetary policies, geo-politics, economic data, technological change, demographics, and cultural considerations); and bottom-up analysis focusing on quality securities with compelling upside and limited downside. Our top-down and bottom-up analyses can overlap as one can influence or reinforce the other.
- *Quantitative analysis.* Our investment approach is predominantly fundamentals-driven and research-based. We also employ quantitative approaches in our fundamental research as well to gauge price-related trends and assess market supply and demand. We will seek to identify temporary anomalies in price.

Both types of analysis guide investment decisions in asset allocation, timing, and security selection for all our strategies.

### Risks

Clients must understand that investing involves a multitude of risks, and each strategy has its own set of risks and degrees of risk. Clients should inquire to understand these risks before investing.

All strategies and securities carry inherent market risks (i.e. adverse economic and market conditions lowering price for most securities); every strategy carries varying risks of temporary or permanent capital loss, especially those with more equity exposure. Moreover, every strategy carries various risks associated with time and inflation: there is no guarantee that investment gains over time will outpace inflation or produce real returns above inflation or meet return objectives, especially among strategies with less equity exposure over time.

Other keys risks clients should consider are:

*Asset allocation risks.* Our asset allocation strategies may prove unfavorable or untimely, or they may not prove to mitigate risks or diversify as anticipated.

*Equity risks.* We may suffer losses in various equity investments due numerous factors, including adverse economic or market influences, interest rate movements, politics and policies, and technological change or obsolescence, among others. As equities represent fractional ownership of businesses, various risks associated with business and competition are assumed by equity investors.

*Fixed income risk.* We may suffer losses or lower-than-expected returns through our fixed income selections. Duration risk is present when we buy longer term bonds: interest rates could rise and cause lower bond values. Credit and default risk (i.e. the borrower doesn't pay) and currency risk (for securities paying in a currency other than the client's native currency) are other risks clients may assume.

*Risks in other assets.* The Firm may invest in securities other than equities and fixed income, including those representing ownership of, or exposure to, precious metals, other commodities, currencies, or other assets. Even when such assets are invested as a hedge or for portfolio diversification, it should be assumed that all securities are speculative and may result in losses.

*Risks inherent in management.* As investment decisions are made in asset allocation, trading, and security selection on an ongoing basis, clients assume the risk that the Firm performs its investing duties unsatisfactorily, leading to losses and underperformance. It is a certainty that many investment decisions will prove to be mistakes, especially over time. Losses on certain investments are an inevitable and a necessary cost of achieving returns over time; and even then, returns are not guaranteed.

*Market or "beta" risks.* Periods of poor overall market performance happen and are inevitable. Overall market losses could extend for years or decades. Investments with broad market exposure, while offering diversification between individual securities, assume higher market or beta risk.

These risks are "index risks" and apply to broad markets as well as for regions, sectors, industries, and styles. For example, an investment with broad exposure to the energy sector (e.g. through an energy ETF) would lose money if energy commodity prices decline and/or energy companies are adversely affected or anticipated by markets to become adversely affected in the future.

*Key-person risk.* The Firm relies on its founder, Neil Rose, who will be the sole investment decision maker. At the time of this filing, the Firm has no succession plan as it relates to investment advice and advising clients should Neil Rose be prevented from performing his duties.



## ITEM 9: Disciplinary Information

The Firm is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

The Firm and its management have no disciplinary events to report.

## ITEM 10: Other Financial Industry Activities and Affiliations

The Firm commenced operations on the first day of business in 2021 (January 4, 2021). The Firm is registered with the SEC.

The Firm is not a broker-dealer nor owned or affiliated to one.

The Firm is not engaged in business activities other than investment advisory and wealth management.

## ITEM 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Firm has adopted a "Code of Ethics" adopted pursuant to SEC Rule 204A-1 of the Advisers Act. The Code of Ethics sets forth high ethical standards of business conduct, privacy, compliance with applicable laws, and fiduciary principles. The Code of Ethics also includes prohibitions against insider trading and policies regarding personal securities transactions, and the giving and accepting gifts.

Our personnel owe a duty of loyalty, fairness, good faith, and good faith toward our clients. We have an obligation to adhere not only to the applicable laws, regulations, rules, and conduct as set in our Code of Ethics, but also to adhere to the spirit of each. All personnel will sign the Code of Ethics annually or as amended.

Clients and prospective clients may obtain a copy of our Code of Ethics upon request.

All employees have a duty to not use knowledge of pending or future transactions in client accounts to benefit improperly (e.g. "front-running" by buying a security before a larger order is generated for Firm clients order to benefit in a potential rise in the security's price when the larger purchase is made). All Firm personnel are required to submit all brokerage statements with covered and reportable securities to the Chief Compliance Officer or designee monthly (or quarterly based on the frequency of statements) to ensure compliance.

The Firm may restrict trading of certain securities or the timing of trading certain securities. For example, if the Firm plans to trade in a security, it may issue a "blackout" period when employees are restricted from trading.

When employees recommend to the Firm transactions in securities that the employee or related person has a beneficial interest or is an "insider" (e.g. director, employee, consultant with material knowledge of operations or finances, etc.), such information must be disclosed to clients and the Chief Compliance Officer. Pre-approval must be obtained for such recommendations.

With the exception of managed, fee-paying accounts where the employee has a beneficial interest (considered a client-account), employees who wish to participate in transaction decisions the Firm makes for clients may do so if trades are placed after they are placed for clients and if participation does not present a reasonable conflict of interest or the appearance of one.

Firm personnel are required to obtain pre-approval from the Chief Compliance Officer and President before engaging in private placements or initial public offerings. The pre-approval is necessary so the Firm can ascertain if an employee is improperly benefitting from its position with an adviser. All disclosures, including brokerage statements and pre-approvals, also apply to accounts in which the employee has a "beneficial interest." Examples of beneficial interest include accounts owned by those in the employee's immediate household or controlled by the employee (e.g. as Trustee).

Firm personnel are also required to disclose and receive pre-approval for engaging in any outside business activity with clients and sources of referrals.

## ITEM 12: Brokerage Practices

Clients may request certain brokers or brokerage arrangements (commission versus fee-based) or custodians. We may decline such requests if we judge the broker's or custodian's costs, services, reputation, or other issues are not in keeping with our assessment of the client's best interests. We may also decline if working with the broker or custodian if doing so will place undue burden on our operations.

We transact trades with a client's appointed broker; however, depending on the policies and costs of the broker, we may exercise "step-out" trading from time to time if doing so results in a better execution result for the client.

If a client has no broker or broker preference, we currently recommend Charles Schwab & Co. ("Schwab"). We will disclose to clients that Schwab, or any other "directed-broker" chosen to conduct trading through, may not achieve most favorable execution for their trades. In other words, clients may pay more and/or get less favorable executed prices for their securities than other brokerage arrangements where the Firm can search for better results and/or bundle orders to reduce transaction costs. This disclosure would apply regardless of brokerage recommendation.

While we will have no economic relationship with Schwab, a conflict may arise in the future where the Firm receives certain benefits by having clients custodied and brokered there, especially if the asset amounts become sufficiently sizable. Such benefits may be greater operational support and educational and consulting resources. However, some of these benefit clients (e.g. educational resources improving the competency of the adviser; greater operational efficiency and support allowing more Firm resources toward higher-value inputs for clients; etc.). The Firm may disclose more conflicts after it commences operations and gains experience in its relationship with Schwab.

### Soft Dollars

We do not participate in "soft dollar" transactions. Therefore, we receive no research, products, services, or any financial support through the directing of trades. As we may "step-out" for certain transactions when it is clear doing so will benefit the client's trade execution versus trading through directed-brokerage, we will forego any trade commission credit and instead allocate such credits toward lower transaction costs for the client.

### Trade Aggregation

In trading across various client accounts, we often aggregate orders into a single "block" order per broker to increase efficiencies and speed, lower costs, and allow for greater ability to achieve better execution results. Executed block trades are then be allocated pro-rata among the accounts that participated in the block.

If there are blocks across different brokers or custodians, we execute blocks in rotation so clients are not competing with each other and driving prices in an adverse direction. We rotate block orders so that no clients of a broker or custodian are systematically favored over others.

## ITEM 13: Review of Accounts

Client accounts are formally reviewed by their Firm adviser no less frequently than monthly. As part of the review process, advisers measure account holdings to the Firm's desired positioning and make changes or trades as needed, including rebalancing the account to modeled and desired weights. The review process also covers portfolio strategy to client objectives, noting recent changes that may require a change in the client's Investment Policy Statement, investment strategy, model, or holdings.

Reviews other than monthly take place as positions are bought or sold across accounts, the Firm's investment outlook has changed, and/or material market moves have impacted portfolio positioning.

Currently, Neil Rose performs all account reviews.

Clients receive monthly statements from their broker or custodian. We will provide quarterly written reports summarizing account holdings, gain/loss data, performance, investment commentary, and other content including reminders of certain deadlines (tax, legislative, etc.). We send quarterly fee invoices. Since the broker or custodian will not verify the accuracy of our fee calculations, it is important for clients to review their statements against our invoicing. Clients may always inquire with us an audit to verify fee and performance accuracy.

## ITEM 14: Client Referrals and Other Compensation

We have no client referral arrangements or other compensation to disclose. It is our policy to pay no third-party solicitors, wholesalers, or give or accept gifts above a de minimis \$100 value. We have policies to limit and monitor gifts and the conflicts they might create.

## ITEM 15: Custody

Client accounts are custodied at third party financial institutions that send monthly statements and annual tax information (1099s, etc.). We may have custody due to accommodating client wishes to establish Standing Letters of Authorization (SLOAs) where a client signs an authorization form allowing us to execute their instructions to transfer money or assets from their account to another account, including external accounts. We also may have custody if certain events occur, such as when a client sends a check to our Firm to deposit (our policy will be for clients to send checks to the broker or custodian directly) or if a client signs certain standing letters of authorization directing the client's custodian to accept the authorization of the Firm to process certain funds and securities transfer requests on behalf of the client.

As described in *Item 5 – Fees and Compensation*, we are deemed to have custody when clients give written authorization to the Firm to deduct fees directly from the clients' account(s).

No Firm personnel have been appointed Trustee of client accounts or those of beneficiaries of client accounts.

## ITEM 16: Investment Discretion

Clients retain the Firm for discretionary asset management/investment advisory services, which means we place trades in a client's account without first getting their pre-approval. Our discretion will apply to the specific securities bought and sold, number of shares, and investment dollar amount. We may allow advisory relationships on a non-discretionary basis.

Our investment discretion is described in our Client Agreement, which clients sign before we assume trading authorization and investment discretion. We adhere to a client's written investment policies and restrictions when exercising investment discretion. Clients are asked to contact us in writing of any material changes that influence how we manage and advise accounts.

## ITEM 17: Voting Client Securities

It is the Firm's policy that we will not vote proxies on behalf of clients. Thus, clients maintain exclusive responsibility for voting or directing the proxies solicited by issuers of securities beneficially owned by the client. Clients are also responsible for instructing each custodian to forward proxy ballots and shareholder communications relating to the client's investment assets.

## ITEM 18: Financial Information

We do not require payment of fees in excess of \$1,200 per client for more than six months in advance of services rendered. As such, we are not required to include a financial statement.

The Firm has not been the subject of a bankruptcy petition.