

Proprietary Capital LLC  
Form CRS (Relationship Summary)  
June 30, 2020

Proprietary Capital LLC is an investment adviser registered with Securities and Exchange. **As an investment adviser, we provide advisory accounts and services rather than brokerage accounts and services.** Brokerage and investment advisory services and fees differ and it is important for the retail investor to understand the differences. There are free and simple tools available to you to understand these differences and to research firms and financials professionals at: [Investor.gov/CRS](http://Investor.gov/CRS). This site also offers free educational materials about broker-dealers, investment advisors, and investing.

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

Our Investment Services: We offer investment advisory services to retail investors such as you through the management of your advisory account. We advise your account on a **discretionary basis**. This allows us to buy and sell investments in your account **without asking you in advance** (a “discretionary account”). We manage accounts using our knowledge and experience in investing in U.S. housing-related securities.

Monitoring: We provide customized management services to your account which are guided by objectives set forth in the governing investment management agreements or guidelines. As part of our standard services we monitor your account on a continuous basis. If we become aware of a significant change in the market or your individual circumstances, we will seek to contact you.

Investment Offerings: Our investment advice focuses on investing in mortgage and housing-related securities, their derivatives and other financial instruments linked to the mortgage and housing market. As part of our services, we provide advice with respect to private funds that we advise.

Account Minimums: There is no specific minimum account size to open a retail account. However, there is a minimum amount required to invest in a private fund.

Please See [Form ADV, Part 2A, Items 4, 7 and 8](#) for more information about us and our services.

<i>Please Ask Us:</i>
• <i>Given my financial situation, should I choose an investment advisory service? Why or why not?</i>
• <i>How will you choose investments to recommend to me?</i>
• <i>What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?</i>

**What fees will I pay?**

Principal Fees and Costs: You will not pay a fee on the management of your retail account. However, if you are invested in a private fund, you will pay fees based on the amount you have invested in the private fund. The amount of assets invested in the private funds affects our compensation; the more assets placed in the private funds, the more fees will be paid to us. **We therefore have an incentive to direct you to invest in the private funds and increase the assets in those funds in order to increase our fees.** Fees attributable to your investment in a private fund will be deducted automatically from your investment in the fund. Our schedule of fees is in our [Form ADV, Part 2A Item 5](#).

Other Fees and Costs: In addition to the advisory fees, some investments (e.g. exchange traded funds, closed-end bond funds, etc.) impose additional fees (e.g. transactional fees and product-level fees) that reduce the value of your investment over time. You will also pay a transaction fees when we trade in your account. You will also pay fees to your custodian.

**Additional Information:** In summary, the amount you pay will depend on the types of investments in your account, the services you receive, and the amount of assets in your account. **You will pay fees and expenses whether you make or lose money on your investments. Fees and expenses will reduce any amount of money you make on your investments over time. Please make sure you understand the fees and costs you are paying.**

*Please Ask Us:*

- *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 are required to act in your best interests and not put our interests 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 to you. Here are some examples to help you understand what this means:

- We earn a management fee and may also earn an “incentive fee” based on the performance of the private funds we manage. Because of these fees, we have an incentive to recommend investment in a private fund.
- Our primary business is managing private funds and accounts for large institutional investors and not managing retail accounts such as yours. We earn more income from managing private funds and institutional accounts than from retail accounts. As a result, we have incentives to allocate more of our time and resources toward management of private funds and institutional accounts.

Please see our [ADV, Part 2A Item 5](#) for information about our conflicts of interest and brokerage practices.

*Please Ask Us:*

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

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

Our financial professionals are paid a salary and a discretionary bonus based on their performance and the revenue generated by the firm. The owner of the firm may receive shareholder distributions (which are also linked to firm-wide revenues).

To increase firm revenues, financial professionals have an incentive to recommend investments in fee-paying accounts (or products) that have a higher return potential and, therefore, a higher level of risk.

*Please Ask Us:*

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

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

No, we do not have legal and disciplinary events. Visit [investor.gov/CRS](http://investor.gov/CRS) for a free and simple search tool to research our firm and our financial professionals.

We encourage you to seek additional information. Please call us at 303-757-9084, or email us at [compliance@prop-cap.com](mailto:compliance@prop-cap.com). We will provide you with a copy of this Relationship Summary and our [Form ADV, Part 2A](#), as well as additional up-to-date information.

*Please Ask Us:*

- *Who is my primary contact person and are they a representative of and investment adviser?*
- *Who can I talk to if I have concerns about how this person is treating me?*