



CAPITAL  
INSTITUTIONAL  
SERVICES, INC.



# Global Outsourced / Supplemental Trading

Since 1977: *Integrity • Execution • Transparency*  
The CAPIS Difference

## Mission

- CAPIS is a **compliance-driven** brokerage firm. Our mission is to be the standard for **unbiased execution** and **customized solutions**.
- Trading every dollar as if it were our own and servicing every client to the best of our abilities.

## Key Features

- Global agency-only trading
- Multi-asset trading desks
- CSA/CCA expertise
- OMS functionality available
- Multiple payment options
- Unconflicted model
- Unique SMA/Wrap solution
- Experienced personnel
- Compliance assistance

## Primary Business Lines

- Global Trading
  - Equities
  - Fixed Income
  - Derivatives
- Commission Management
  - Third Party Research
  - CSA/CCA Programs
  - Commission Recapture
- Outsourced/Supplemental Trading

**CAPIS:** Founded in 1977  
Headquartered in Dallas, Texas  
Member: NYSE | FINRA | SIPC | NFA

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CAPIS offers a complete suite of outsourced trading services to registered investment advisors, hedge funds, family offices, and asset owners. Whether you manage \$50 million or \$50 billion, CAPIS can help.

### CAPIS Client

- Focus on alpha generation
- Order creation



### CAPIS Trading

- Agency-only trading
- Commission management
- Direct attribution for research commitments
- Consolidation of Wrap/SMA orders



### Liquidity Sources

- All major exchanges
- DMA & algorithms
- Dark pools & crossing networks
- ETF APs & market makers

### Outsourced Solutions

- Complete trading solution allows you to focus on investment decisions.
- Gain electronic or phone access to experienced, unconflicted traders.
- Tap into CAPIS' market-leading commission management services.
- Access expert compliance assistance and Trade Cost Analysis (TCA).
- Better allocation of internal resources.

### Supplemental Solutions

- **Additional Asset Classes:** Add a fixed income desk or 24-hr global trading capabilities.
- **Back up Support:** Can be an effective backup to your current trading desk.
- **Business Continuity:** As your off-site, redundant trading desk. CAPIS' Dallas, TX location may also provide geographic diversity.

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# Global Trading Capabilities

## US Equities

- Primary and secondary trader assigned to every account
- Access to all major liquidity sources, including exchanges, dark pools and crossing networks
- Venue transparency available on all orders
- Independent transaction cost analysis based on arrival price and interval VWAP

## SMA / Wrap

- Include SMA/Wrap client in the same block as your institutional clients
- Eliminate trade rotation and time-consuming order handling processes
- Receive the same average price for all clients

## International Equities

- 24/6 trading desk staffed by experienced traders
- All traders located in the US
- High-touch trading in all developed markets
- ADR trading in the US market, as well as creation/redemption in foreign markets
- Complete cost transparency on ADRs, from local market execution to ADR delivery to your prime broker or custodian

# Global Trading Capabilities (continued)

## Fixed Income

- Institutional bond desk since 1981
- Access to natural liquidity and inventory from all primary and regional dealers
- Best execution details, including cover bids/offers on all orders
- All market sectors
  - Governments/Agencies
  - Investment Grade Corporates
  - High Yield Corporates
  - Mortgages & Asset-backed
  - Municipals
  - CDs/Money Markets
  - Sovereign Debt

## Derivatives

- Expertise in fixed income derivatives and options hedging strategies
- Options & Futures
- Foreign Exchange

## Programs / Quants

- Basket Trading
- Rebalancing
- Pairs Trading
- Transition Management

### Desk Summary:

16 traders with 17 years average experience:

- 9 U.S. Equity
- 3 Fixed Income
- 3 International
- 1 Derivatives

## Order Creation

Whether you use your own Order Management System or technology provided by CAPIS, you maintain control of order creation and protect your investment process.

## Order Routing

Your CAPIS trader seeks best execution, making routing decisions based on your instructions, the liquidity profile of the security, and your commission budget.

## Venues

CAPIS has access to all major exchanges, dark pools, algo strategies, crossing networks and alternative trading systems. The lack of affiliated conflicts allows our traders to focus only on best execution.

## TCA

Trade Cost Analysis based on VWAP and Arrival Price benchmarks across all executing venues, including algo suites, dark pools and direct attribution brokers.

## Technology

Our technology partners (Fidessa and LiquidityBook) allow us to offer in-depth reporting of broker attribution and CSA recaps monthly, quarterly and annually.

## Pricing Models

- CSA or Execution-Only
  - CAPIS collects commission for execution-only and/or CSA.
- Direct Attribution
  - CAPIS routes to other brokers and retains a fee at settlement.
- Cash for Services
  - CAPIS can bill the manager on a cash for services basis.

**(Or any combination of the above.)**

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# Combine SMA/Wrap with Institutional Outsourced Orders using ARC

CAPIS ARC simplifies post trade **A**llocation, **R**econciliation and **C**learing and mitigates the inefficient practice of sponsor rotation. This results in reducing market impact, information leakage, and account return dispersion.

- **Enhances Outsourced Trading Process:** Allows RIA's to utilize ARC while employing the full benefits of our Outsourced Trading Desk.
- **Limit Sponsor Rotation:** Investment managers will no longer be subject to the time-consuming, inefficient process of sponsor rotation.
- **Demonstrate Best Execution:** CAPIS ARC gives managers the freedom to execute orders with CAPIS or their broker of choice.
- **Create Blocks:** Wrap and Institutional orders can be executed as a block, promoting parity and best execution for all accounts.
- **Simplify Operations:** CAPIS ARC automates the step-out process reducing the amount of time spent on operational tasks.

# Key Trading Personnel



## U.S. Equities

**Jason Gatewood**, Senior Vice President, Director U.S. Equity Trading, joined the firm in 2002 as a NASDAQ and international trader. Prior to his employment with CAPIS, Mr. Gatewood was an options and equities trader with Ameritrade and a credit risk analyst with First Command.



## Outsourced Trading

**Matthew Krebs**, Director of Outsourced Trading, joined our team in 2018 as the director of outsourced trading. Prior to CAPIS, Mr. Krebs was a director of institutional equities at BTIG and a vice president of sales and trading with Knight Capital Group. He earned his degree in finance and international business from Villanova University, where he played on the varsity football team.



## Fixed Income

**David Lee**, Senior Vice President, Director Fixed Income, has over 20 years of financial industry experience. Prior to joining CAPIS in 2009, Mr. Lee worked for eight years at SunTrust Robinson Humphrey as Director of Mortgage Trading. He also worked for Royal Bank of Canada, as well as First Tennessee. Additionally, he spent five years with FedEx as a financial analyst and served as Controller for Seven Oaks International for three years.



## Derivatives

**Jay Vanerstrom**, Vice President, Derivatives Trading, joined CAPIS in 2011. He has 30 years of experience in financial futures which includes floor trader on the Chicago Board of Trade, where he specialized in executing trades for institutional traders and hedgers, General Partner of Jackson Associates, and Vice President of Financial Futures Division of MF Global. He earned his Bachelor degree from Southern Methodist University.



## International Equities

**Clayton Duff**, First Vice President, International Trader, joined CAPIS in 2008. Before coming to CAPIS, he spent four years as a trader for First Southwest. He earned his Bachelor degree from the University of Texas at Arlington.

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