



*Cherry Hills*

**Investment Advisors, LLC**

8400 East Prentice Ave. #1010, Greenwood Village, CO 80111

303.703.4560    [www.cherryhillsadvisors.com](http://www.cherryhillsadvisors.com)

*Helping you navigate your financial future*

**2011**

# **Firm Brochure**

This brochure provides information about our qualifications and business practices.

If you have any questions, please contact us at 303.703.4560.

The United States Securities and Exchange Commission (SEC) requires that we provide this brochure to you. However, the SEC also requires that we disclose that the information provided has not been approved or verified by the SEC or any state securities authority.

Cherry Hills Investment Advisors, LLC is a registered investment adviser and, as such, is governed by the Investment Advisors Act of 1940. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Cherry Hills Investment Advisors, LLC is also available on the SEC's website at

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and our own website at [www.cherryhillsadvisors.com](http://www.cherryhillsadvisors.com).



## Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This 2011 Brochure is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

Our brochure may be requested by contacting us at 303.703.4560 or [info@cherryhillsadvisors.com](mailto:info@cherryhillsadvisors.com). Our brochure is also available on our web site, [www.cherryhillsadvisors.com](http://www.cherryhillsadvisors.com).



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# Advisory Business

Cherry Hills Investment Advisors is a fee-only financial advisory firm that provides investment advisory and financial planning services. We have a fiduciary duty to our clients: your best interests must always be our first consideration. We take a holistic view of our clients' financial needs, incorporating life-planning issues to understand goals and objectives for each client. This view helps us to devise the best available strategies for reaching your goals.

Susan E. Johnston is the principal owner and founder of Cherry Hills Investment Advisors, LLC, which has been in business since 1999. Valerie Antonioli and Kate Scott are principals of the firm. Detailed information about the principals is given in the supplemental portion of this brochure.

We offer the following services to our clients:

- ★ Investment Management—We use predominately low-cost, no-load mutual funds and exchange-traded funds (ETFs), some individual stocks and bonds, money market funds and certificates of deposit. We are also able to incorporate the evaluation of other types of assets, such as annuities and real estate, that we do not directly manage.
- ★ Retirement Planning—We design and implement retirement plans that fit your goals and needs. Plans may include a SEP-IRA, Simple, Roth and Traditional IRA, and 401(k). We also identify cash needs during retirement and administer withdrawals to satisfy those needs as well as IRS Required Minimum Distributions.
- ★ Tax Strategies—Each investment decision has a potential tax consequence so we are mindful of that as we manage investments and prepare retirement plans. We work with you and your tax preparer to develop strategies to minimize taxes in your plan.
- ★ Estate Planning—We collaborate with you and your attorney to design and implement a plan to achieve your legacy and wealth preservation goals. Wills, powers of attorney, beneficiary designations, charitable gifting and trusts are some tools used to carry out your wishes.
- ★ Insurance review and analysis—We do not sell insurance but we view insurance as a key component of your overall financial plan. We review your existing property and casualty, life, disability, health and long-term care insurance.
- ★ College Planning—We help you evaluate the right strategy to fund your children's education. Investment options may include 529 plans, Coverdell education savings accounts, U S Savings bonds and others. In addition, we assist with tax strategies that may be available.

Our financial planning services utilize the Financial Planning Process, consisting of the following six steps:

1. Establishing and defining the client-planner relationship.
2. Gathering client data, including goals.
3. Analyzing and evaluating your financial status.
4. Developing and presenting financial planning recommendations and/or alternatives.
5. Implementing the financial planning recommendations.
6. Monitoring the financial planning recommendations.

As of June 30, 2011, the Assets Under Management at Cherry Hills Investment Advisors managed on a discretionary basis were \$106.9 million. The non-discretionary-managed assets were \$3.2 million.



## Fees & Compensation

We are a fee-only advisory firm. We do not sell products that generate a commission and we receive fees only from our clients as specifically identified by agreement. As fiduciaries, we always act in good faith and in the best interests of our clients.

Subject to negotiation, our standard annual fees for managed assets are as follows:

<b>Total Household Portfolio</b>	<b>Annual Percentage</b>
Under \$1 million	1.00%
\$1 million to \$2 million	0.80%
\$2 million to \$3 million	0.70%
\$3 million to \$4 million	0.60%
\$4 million to \$5million	0.50%
Over \$5 million	Negotiated

The specific manner in which fees are charged is established in your written agreement with us. Fees are generally billed on a quarterly basis in arrears (for the prior quarter) each calendar quarter based on asset balances at the end of that quarter. Clients generally authorize us to directly debit fees from their accounts. Under rare circumstances, the client may elect to be billed directly. Management fees are prorated for significant capital contributions and withdrawals made during the applicable calendar quarter. Accounts terminated during a calendar quarter will be charged a prorated fee. As fees are paid in arrears, no refunds are due at termination.

Fees charged and how they are calculated is clearly shown on quarterly reports sent to clients. We encourage clients to compare these reports to those sent from the custodian, generally Schwab Advisor Services. In addition, the custodian may charge you a brokerage fee to buy or sell securities. We do not share in any brokerage or other fees charged by the custodian.

We quote and charge a fixed fee to develop a financial plan, typically starting at \$2,000, depending on the complexity of the plan. For ongoing asset management clients, there is no additional charge for financial plan updates.

Relationships lasting less than one year are discouraged. If, however, we agree to consult on an occasional basis, fees will be billed at a rate of \$200 per hour.

## Performance-Based Fees & Side-By-Side Management

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client.)

## Types of Clients

Cherry Hills provides investment management and financial planning services to individuals, corporate pension and profit-sharing plans, foundations, endowments, and trust programs. Our minimum account size is \$250,000 although exceptions are made in certain circumstances.

## Methods of Analysis, Investment Strategies and Risk of Loss

Our aim is to develop a portfolio that achieves your stated goals without creating a need for frequent trading. Therefore, appropriate asset allocation and long-term investing are the focus. We discuss with you the historical risk of investing in various types and mixes of securities. We also seek to understand your experience with investing as well as your investment time horizon. Then we work with you to position your investments to help you achieve an emotional level of comfort with the amount of risk you are taking on. In summary, we try to design a portfolio that meets your return expectations and risk tolerance, but this is not guaranteed. Financial markets are subject to risk. While our recommended investment strategy is designed to mitigate exposure to various risks, the risks are there and losses may result.

Investments are initially reviewed for suitability, diversification and asset allocation using programs such as Morningstar's Principia, among others. We use a variety of sources of data to conduct our economic, investment, and market analysis, such as financial periodicals, economic and market research materials prepared by others, subscription services, corporate rating service, annual reports, prospectuses, company conference calls and press releases, and other US Securities and Exchange Commission filings. Our advisors spend a great deal of time in continuing due diligence on the investments we use in client portfolios and on understanding macroeconomic factors that influence investments. Investment strategies are then established with you and implemented by our advisors.

We do not represent, guarantee or imply that our investment analysis and services can or will predict future results, successfully identify market tops or bottoms or insulate clients from losses due to market corrections or declines. Investment in any security or portfolio of securities always carries with it a risk of loss to the investor. Economic downturns, world events, market fluctuations, inflation, and individual security performance are some of the possible exposures. At any point in time, a client's investment could be worth more or less than originally invested.

Investment advice may involve mutual funds and exchange traded funds. Fund analysis includes the fund's long-term performance, fund manager tenure and investment strategies, fund company stewardship, and fund expense ratio. Fees and expenses that mutual funds and exchange traded funds charge their shareholders are separate from the advisory fees that we charge our clients. Fund fees are described in the fund prospectus that is provided by the custodian with each fund purchase.

We currently use Schwab Advisor Services to custody (that is, to hold) client assets. Trades are processed through Schwab, with the possible exception of some individual bond transactions which may be processed through a 'Prime Broker' arrangement. This latter arrangement is used only when we believe a more favorable execution can be achieved for you.

We encourage our clients to access the FINRA Investors website to review their primer on managing investment risk at [www.finra.org](http://www.finra.org) under the Investors, then Smart Investing, Advanced Investing, Managing Investment Risk. A copy of the 12/28/2010 posting is also available on our website.

## Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management. Cherry Hills Investment Advisors, LLC has never been subject to any legal or disciplinary actions.



## Other Financial Industry Activities and Affiliations

We are not aware of any industry affiliation that might be construed as a potential conflict of interest. We do not receive any compensation from any advisors that we may recommend to our clients.

## Code of Ethics

Cherry Hills Investment Advisors, LLC has adopted a Code of Ethics which describes our standard of business conduct, and fiduciary duty to our clients. Some of the major points of the code include:

- ★ We adhere to the highest standard of integrity, trustworthiness and truthfulness.
- ★ We put our clients' interests ahead of our interests.
- ★ We keep our clients' information confidential.
- ★ We provide full disclosure of all material facts to our clients.
- ★ We ensure that our personal securities transactions are secondary to the securities transactions of our clients.
- ★ We comply with all relevant Federal, State and local rules, regulations and laws.

## Brokerage Practices

We generally recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC/NYSE, to maintain custody of clients' assets and to effect trades for their accounts. Schwab provides us with access to their institutional trading and operations services, which are typically not available to Schwab retail investors. Schwab services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to us software and technology products and services that assist us in managing and administering your accounts and managing the business. In addition, Schwab may make available, arrange and/or pay for these types of services to Cherry Hills by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Cherry Hills. However, the availability of these products and services is not contingent upon us committing to Schwab any specific amount of business (assets in custody or trading).

In fact, these are services that Schwab provides in competition with other custodians who provide the same or similar services and benefits. We are always looking for ways to decrease costs to our clients, for example, by negotiating lower transaction or trading fees. As previously stated, these are benefits that accrue directly to the client, not to Cherry Hills. We also negotiate for lower pricing on software and other administrative costs.

We may also occasionally receive minimal economic benefits from other non-clients, typically as a result of our due diligence process. These benefits may be meals and entertainment, gifts of nominal value at conventions or holiday seasons, access to some publications and expenses for travel and lodging for attendance at educational and due diligence meetings. We do not believe that any of these nominal benefits create a conflict of interest or influence our objectivity.



## Review of Accounts

We provide you with quarterly statements that list the individual investments within the portfolio and periodic rates of return. We review your investments quarterly but we may review them more frequently if your situation changes or if market conditions warrant. Communication with you is based upon your stated preference. This may include face-to-face reviews, phone conversations and email correspondence. We also update financial plans as financial circumstances change, your goals change or as market conditions dictate.

## Client Referrals and Other Compensation

Cherry Hills receives no deferred compensation or referral fees. We do provide clients with names of trusted allied professionals such as tax accountants, estate planning and other attorneys, mortgage brokers and insurance agents. We may also get referrals from allied professionals. There are no fees involved in either direction. As with all client dealings, we consider the best interests of our clients in making such referrals. In some cases, the allied professional may also be a firm client. In such a case, this will be disclosed.

## Custody

Cherry Hills Investment Advisors does not have custody of client assets. Assets will in all cases be held by a custodian, such as Schwab.

You will receive or have available online at least quarterly statements from the broker /dealer, bank or other qualified custodian that holds and maintains your investment assets. We urge you to carefully review these statements and compare such official custodial records to the account statements that we provide to you.

We will send you quarterly performance statements along with a copy of our invoice. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. However, such differences should be small or a temporary timing issue. We are always available to research and/or clarify any difference that may arise.

## Investment Discretion

When you sign the client agreement, you give us discretionary authority to implement the investment plan that we have discussed and to buy and sell securities on your behalf. In all cases, however, we are required to make changes that are consistent with your stated investment objectives.

There may be a situation where we need to make an investment change quickly. Based on an understanding of your needs and preferences, you may not be contacted in all cases prior to changes being made. Schwab will send trade confirmations for any changes that are made to your account and we also try to email or contact you as soon as we can.

## Voting Client Securities

As a matter of firm policy and practice, we do not accept authority to and do not vote proxies on behalf of our clients. You may elect to participate in the process but we will not advise you on what action to take. You will be contacted directly by the mutual fund and companies in which you have investments.

## Financial Information

Cherry Hills Investment Advisors, LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.



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# **2011**

# **Firm Brochure**

# **Supplement**

This Brochure Supplement provides information about our advisors that supplements the 2011 Cherry Hills Investment Advisors, LLC Firm Brochure. You should have received a copy of that Brochure. Please contact our office if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about our advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Susan E. Johnston, CFP®**

Principal and Founder

Susie was born in 1947 in Texas and has been a native of Colorado since 1972.

Susie Johnston founded Cherry Hills Investment Advisors in 1999. After managing the brokerage department of a branch bank, she trained under very successful and prominent financial planners in the Denver area for six years. She successfully completed the Certified Financial Planning Licensee Program in 1999 and attended the Institute of Certified Financial Planners CFP Residency program before starting her own business. She is a Registered Investment Advisor with the Securities and Exchange Commission.

Susie's degree and early career were in education, which helps her to simplify and communicate complex concepts to clients. She enjoys helping clients learn more about investing so they can make better decisions.

Susie is currently a member of the Financial Planning Association of Colorado where she served as President and Chairman of the Board of this distinguished organization. She also served on the board of the Estate Planning Council of Southeast Denver. Susie attends and conducts study groups with other Certified Financial Planners and has been interviewed by the Rocky Mountain News, Denver Post, Financial Planning Magazine, Channel 9 News, CBS MarketWatch, Business Week, and NPR. Susie has also appeared on ABC's Nightly News.



## **Valerie Antonioli, CFP®, MBA, CMA**

### **Principal**

Valerie was born in 1951 in Ft. Benning, GA. She has been a Colorado resident for over 30 years. Valerie has been a financial professional for more than 25 years, providing financial planning and investment management services to clients since 2001. Prior to that, she was a finance executive at a large fortune 500 corporation. Valerie joined the firm in 2004.

Valerie is a Certified Financial Planner® as well as a Certified Management Accountant. She is a graduate of the College for Financial Planning, and has both a BA and an MBA from the University of New Mexico. She is a current member of the Financial Planning Association of Colorado and the Institute of Management Accountants. Among other non-profit affiliations, Valerie has served as President and Chairman of the Board of the Financial Planning Association of Colorado and previously served on the Board of the Ronald McDonald House Charities as well as the Women's Estate Planning Council of Colorado.

Valerie has appeared on Channel 9News and has been quoted in the Wall Street Journal, Investors Business Daily, and Smart Money. She has also taught financial education classes for the Junior Achievement program and collaborated with other Certified Financial Planners to develop the financial literacy curriculum for CollegeInvest, the not-for-profit division of the Colorado Department of Education.



## **Kate Scott, CFP®, CPA**

**Principal**

Kate was born in 1957 in Washington, DC. She has been a Colorado resident for over 20 years. In addition to practicing as a Certified Public Accountant for several years, Kate has worked in the financial services industry for 20-plus years. She began her career working on the Floor of the Pacific Coast Stock Exchange and later opened the Denver office of a New York investment firm as Principal. Kate has worked with securities analysts, portfolio managers and traders at the institutional level. She turned her focus to personal financial planning in 2001 and joined the firm in 2005.

Kate holds an undergraduate business degree from the The George Washington University and an MBA from the University of California at Berkeley. She is a Certified Financial Planner® and a Certified Public Accountant licensed in Colorado.

Kate was the 2008 President of the Financial Planning Association of Colorado and was on the Board of ArtReach, a non-profit serving at-risk communities. Kate has been a guest speaker on a national NPR radio program and has been a resource for Smartmoney.com, Investment Advisor and Businessweek magazines. She has also appeared as a guest on Moneyline9 in Denver and other 9News programs.

## Other Information

### Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. None of our team members have ever been accused or charged in any criminal or civil actions.

### Other Business Activities

Our members do not have any outside business activities or affiliations not disclosed or that would present a conflict to our duties as fiduciaries.

### Additional Compensation

Our members do not receive any outside compensation.

### Supervision

Our professional advisory staff is supervised by Susan E. Johnston, our Chief Compliance Officer. Financial planning and investment management advice are mutually agreed upon as at least two principals are involved in the majority of financial planning engagements. Our approved investment universe is reviewed by our Investment Committee, comprised of all three principals.

### Designation Requirements

#### ***CFP® - Certified Financial Planner***

Issued by: Certified Financial Planner Board of Standards, Inc.

Prerequisites/Experience Required: Candidate must meet the following requirements: A bachelor's degree (or higher) from an accredited college or university, and 3 years of full-time personal financial planning experience

Educational Requirements: Candidate must complete a CFP-board registered program, or hold one of the following: CPA, ChFC, Chartered Life Underwriter (CLU), CFA, Ph.D. in business or economics, Doctor of Business Administration, or Attorney's License

Examination Type: CFP Certification Examination. Continuing Education/Experience Requirements: 30 hours every 2-years

#### ***Certified Public Accountant (CPA), State of Colorado***

Issued by: The State Board of Accountancy of the State of Colorado

Prerequisites/Experience Required: Candidate must meet the following requirements: A bachelor's degree (or higher) from an accredited college or university, 27 semester hours of accounting courses, 21 semester hours of business courses, 1 year of full-time public accounting experience under Colorado CPA and Completion of American Institute of Certified Public Accountants (AICPA)

Ethics course. Examination Type: Uniform CPA Examination

Continuing Education/Experience Requirements: 80 hours every 2-years

#### ***Certified Management Accountant (CMA)***

Issued by: Institute of Management Accountants

Prerequisites/Experience Required: Candidate must meet the following requirements: Bachelor's degree from an accredited college or university. Two continuous years of professional experience in management accounting or financial management. CMAs must comply with IMA's *Statement of Ethical Professional Practice*

Examination Type: Uniform CMA Examination

Continuing Education Requirements - 30 hours of continuing professional education each year which must include at least two hours on Ethics.

All members of our team lend strength to the firm. We want you to be able to call on any one of us. Individual customer service is a cornerstone of our business. We welcome the opportunity to help you to develop your financial roadmap, manage your investments and monitor the progress towards achieving your financial goals.

*Cherry Hills Investment Advisors, LLC*

