



## **Firm Brochure**

(Part 2A of Form ADV)

**BLUE CREEK INVESTMENT PARTNERS, LLC**

**100 CHURCH STREET SUITE 500**

**HUNTSVILLE, AL 35801**

**256-704-5111**

**256-704-5510**

**[www.bluecreekip.com](http://www.bluecreekip.com)**

This brochure provides information about the qualifications and business practices of BLUE CREEK INVESTMENT PARTNERS, LLC. If you have any questions about the contents of this brochure, please contact us at: 256-704-5111, or by email at: [abagwell@bluecreekip.com](mailto:abagwell@bluecreekip.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about BLUE CREEK INVESTMENT PARTNERS, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Registration does not imply a certain level of skill or training.

March 28, 2011

# Material Changes

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## Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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## Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

This document is a narrative that is substantially different in form and content, and includes some new information that we are now specifically required to disclose. In this summary of Material Changes, we discuss only the material changes since the last annual update of this brochure on March 26, 2010.

- **Conflicts:** We provide additional disclosures about material conflicts of interest, and how we manage those conflicts to keep our clients’ best interests a priority at all times
- **Investment Strategies and Risks:** We provide more extensive disclosure of our investment policies and practices, and the risks inherent in those strategies.
- **Amount of Assets Managed:** Our assets under management increased to \$173,512,000 as of December 31, 2010. Please refer to the Advisory Business section of this brochure.
- **Custody:** We further describe our use of the independent qualified custodians, such as National Financial Services and others. These custodians provide separate monthly or quarterly statements, directly to our clients, detailing their account holdings. Please refer to the Custody section of this brochure.

In past years, we have delivered or offered to deliver a copy of our disclosure document to our clients at least annually. Consistent with the new rules, we will send to our clients a summary of any material changes to this and subsequent brochures by March 31st of each year. We will provide our clients with other interim disclosures about material changes as necessary.

Due to the extensive changes to this brochure, we recommend that all of our clients review this document upon receipt.

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# Advisory Business

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## Firm Description

BLUE CREEK INVESTMENT PARTNERS, LLC, ("FIRM NAME")(BCIP) was founded in 2003.

Blue Creek Investment Partners, LLC provides personalized confidential financial planning and investment management to individuals, pension and corporate retirement plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Blue Creek Securities, LLC, (BCS) a wholly owned subsidiary of BCIP and a registered broker/dealer, also provides a variety of execution and other brokerage services to common clients on a fully disclosed basis through National Financial Services, LLC (NFS), its clearing broker.

Investment advice is provided, with the client making the final decision on investment selection. BCIP does not act as a custodian of client assets. The client always maintains asset control. BCIP places discretionary trades for clients under a limited power of attorney.

A written evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

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## Principal Owners

Robert C. Mayes is the majority owner along with sixteen minority owners.

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## Types of Advisory Services

BLUE CREEK INVESTMENT PARTNERS, LLC provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; and furnishes investment advice through consultations

On more than an occasional basis, BCIP furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

As of December 31, 2010 Blue Creek Investment Partners, LLC manages approximately \$173,512,000 in assets for approximately 481 accounts. Approximately \$166,717,000 is managed on a discretionary basis, and \$6,795,000 is managed on a non-discretionary basis.

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**Tailored Relationships**

Most clients choose to have BCIP manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The goals and objectives for each client are documented in our client relationship management system. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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**Types of Agreements**

The following agreements and services define the typical client relationships.

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**Financial Planning Service**

A financial plan is designed to help the client with all aspects of financial planning. The plan follows a series of logical processes. They are: goal setting, data gathering, analysis of data, reviewing findings, making recommendations, and monitoring for continuity and effectiveness.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

There is no fee or charge for the financial plan.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary.

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### **Advisory Service Agreement**

BCIP provides investment advisory services for accounts either (i) established directly with the client or (ii) introduced through wrap fee programs of other financial services firms, such as non affiliated broker/dealers or (iii) serving as an adviser or sub-adviser for institutional accounts.

BCIP manages accounts on a discretionary basis and has full authority in determining which securities are purchased and sold. Client information is obtained through personal interviews which starts with a detailed questionnaire (Investor Questionnaire Profile) of each client concerning the client's current financial status, future goals, and attitudes towards risk. The questionnaire collects this information and creates a profile of the potential client. The firm will assess the client's risk tolerance, determine his/her needs and objectives, and review the client's current assets. During this initial conference with prospective clients, investment objectives are identified, an asset allocation plan is devised and the firm's advisory fee structure is discussed. Based on the conclusions obtained from this process, BCIP will make recommended decisions in the areas of asset allocation, specific securities, and/or the selection of money managers.

For clients that do not wish for BCIP to provide investment advisory services, a brokerage account may be opened at BCS, an affiliated broker/dealer. Stocks, mutual funds and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a commission for stock, mutual fund and bond trades.

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### **Asset Management**

#### **Wrap-Fee Programs**

BCIP serves as an adviser to certain wrap fee programs and as a sub-adviser under other wrap fee programs. Under the BCA (Blue Creek Advisory) and BCFS (Blue Creek Fund Strategies) wrap fee programs, BCS serves as the program sponsor and BCIP serves as the investment adviser and portfolio manager. Under the "Wrap Programs", clients receive investment management, brokerage and custodial services for an all-inclusive (or "wrap") fee which varies depending upon the assets under management. Under the Wrap Programs BCS will typically serve as the broker/dealer to execute all trading in the account but the client has discretion to choose another broker. In those cases the client may have to pay a higher fee, or may receive an inferior price for the security than other clients were charged for the same security. See the Brokerage section for a more detailed discussion of aggregation of transactions, best execution and brokerage discretion.

Assets are invested primarily in equities (stocks), no-load, load-waived or institutional share class mutual funds and exchange-traded funds. Fund

companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Initial public offerings (IPOs) are not available through BCIP.

Restrictions and guidelines imposed by clients affect the composition and performance of portfolios. For these reasons, performance of portfolios within the same investment objectives may differ and clients should not expect that the performance of their portfolios will be identical with the average client of the firm.

BCIP receives compensation from the wrap-fee programs. Please refer to the wrap fee program brochure for additional information on each program.

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### **Termination of Agreement**

A client may terminate the advisory service agreement at any time by notifying BCIP in writing. BCIP will charge its prorated quarterly investment advisory fee engagement prior to closing out the account. If the client made an advance payment, BCIP will refund any unearned portion of the advance payment.

## **Fees and Compensation**

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### **Description**

Blue Creek Investment Partners, LLC bases its fees on a percentage of assets under management. As a part of the services offered to existing clients and prospective clients the firm does not charge for financial planning services. However, if the prospective client only wants planning and consulting services and no investment management services, fees for these services are charged on an hourly rate to be agreed upon.

All of the below fees are negotiable at the discretion of CEO or CFO.

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### **Fees and Billing**

The fee is payable on a quarterly basis billed in arrears. The fee will be a percentage of the market value of all assets in the account on the last trading day of each quarter. In any partial calendar quarter, the fee will be prorated based on the number of days that the account was open during the quarter. The contract may be terminated by either party at any time by giving written notice.

Billing in *arrears* means that we compute the fee *after* the three-month billing period has *ended*. The client must consent in advance to direct debiting of the fee in their investment account. The client will authorize BCS to debit from the client's account and instructs the custodian to pay BCIP the management fee for each calendar year quarter.

Clients are responsible for verifying fee computations since custodians are not typically asked to perform this task. The custodian will send client a monthly statement showing all amounts paid from the account, including all management fees paid by custodian to BCIP.

Fee Schedule for Large Cap Growth Wrap Program:

<u>Asset Level</u>	<u>Annual Equity/Balance Fee</u>	<u>Annual Fixed- Income Fee</u>
Up to \$250,000	2.50%	1.50%
Next \$250,000	2.00%	1.50%
Next \$500,000	1.75%	1.25%
Next \$2,000,000	1.25%	1.00%
Next \$2,000,000	1.00%	.75%
Over \$5,000,000	Negotiable	

Fee Schedule for Fund Strategies Wrap Program

<u>Account Balance</u>	<u>Annual Management Fee</u>
First \$250,000	1.50%
Next \$750,000	1.25%
Amount over \$1 Million	1.00%

Each Account Annual Minimum fee is \$375

Clients maintaining multiple accounts with Adviser and its affiliate in the Fund Strategies program will be able to aggregate the balances of such accounts for fee calculation purposes.

**SMA Programs**

Under the separate managed account program with Envestnet Asset Management, Inc. the fee billing is as follows.

Under the agreement clients are charged a management fee based on the amount of assets under management. The fee includes investment management, brokerage services and custodial fees. Fees are payable quarterly in **advance** based on the fair market value of the account as of the last day of the prior quarter. An agreement may be terminated with 30 days written notice and the client will receive a refund of that portion of the fee that relates to the amount of days remaining in the quarter after the termination.

Fee schedule for Managed Account Solutions Program:

Dollar Value of Assets	Annual Fee	Annual Fee
<u>Under Management</u>	<u>Equity Balance Portfolios</u>	<u>Fixed-Income Portfolios</u>
\$0-\$250,000	3.00%	1.25%
Next \$250,000	2.50%	1.25%
Next \$250,000	2.25%	1.00%
Next \$250,000	2.00%	1.00%
Next \$1,000,000	1.75%	.80%
Next \$3,000,000	1.65%	.80%
Next \$7,000,000	1.40%	.80%
Next \$8,000,000	1.20%	.77%
Next \$12,000,000	1.10%	.73%
Over \$12,000,000	1.00%	.70%

**Annual Fee schedule for Institutional accounts:**

Minimum account size: \$2,000,000

First \$5 million	0.800%
Next \$10 million	0.600%
Next \$35 million	0.500%
Next \$50 million	0.475%
Balance	0.450%

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**Other Fees**

Some of the mutual funds companies that are purchased through the Fund Strategies program and are included in your account make payments to broker-dealers. Such payments are shareholder service or 12b-1 fees and are paid as compensation for distribution and administrative services and are paid out of the fund assets. BCS may receive such fees from some fund families. These fees, which range from 10 to 25 basis points, will be retained by BCS to compensate the sponsor of the program and will be disclosed in the prospectus. The investment advisor representative that works with you may have an incentive to recommend investment products based on this compensation received. BCIP does not recommend funds where BCS will receive a commission or front-end or contingent deferred sales charge. Please refer to the wrap fee brochure for full disclosure of conflicts of interest with clients.

For those clients that participate in any managed program whether on a discretionary or non-discretionary basis, BCS may receive a rebate fee on all fund balances held in its cash money market funds through its affiliated

broker/dealer clearing firm NFS. This fee is based on the total average fund balance that is held in a daily money class. Based on the current fund balances the fee is zero basis points, but can be as high as 15 basis points and is subject to change.

The Fund Strategies and Large Cap Growth 'wrap fee' covers transactions only when executed through BCS. Instead of allowing BCIP to select BCS as the broker-dealer you may choose to use a particular broker-dealer to execute all transactions for the client and also serve as custodian for the account. In that case, you will negotiate terms and arrangements for the account with that broker-dealer and may pay higher commissions on transactions for that account. Other custodians may charge transaction fees on purchases or sales of certain mutual funds, exchange-traded funds and other securities. Please refer to the Brokerage Practices section.

BCIP, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by the client to BCIP.

Mutual funds available through the Fund Strategies Program may be available directly from the fund sponsor pursuant to the terms of the applicable prospectuses and without the additional fees of Fund Strategies.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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### **Termination of Agreement**

BCIP or the client may terminate the Investment Management Agreement at any time upon written notice. There are no penalties for terminating the agreement at any time after signing the agreement.

## **Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Blue Creek Investments Partners, LLC does not use a performance-based fee structure because of the potential conflict of interest. Performance based fees or incentive fees are fees charged in lieu or in addition to fees based upon the assets under management. We do not charge or accept performance based fees or incentive fees in addition to the fee described above.

There are certain advisory agreements that have transferred in from one adviser that contained a provision for performance-based fees on certain qualified accounts. BCIP has chosen not to charge the performance based fees on these accounts.

## Types of Clients

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### Description

Blue Creek Investment Partners, LLC provides personalized confidential financial planning and investment management to individuals, pension and corporate retirement plans, trusts, estates, charitable organizations and small businesses.

Client relationships vary in scope and length of service.

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### Account Minimums

#### Fund Strategies Program

The minimum account size is \$50,000 of assets under management, which equates to an annual fee of \$750.00.

When an account falls below \$25,000 in value, the minimum annual fee of \$375.00 is charged.

BCIP has the discretion to waive the account minimum. Accounts of \$40,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$50,000 within a reasonable time. Other exceptions will apply to employees of BCIP and their relatives, or relatives of existing clients.

Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

#### Large Cap Growth and Managed Account Solutions (SMA)

BCIP typically requires the minimum account size to be at least \$500,000 for those clients that participate in the Large Cap Growth Wrap Program and Managed Account Solutions Program. Direct fee accounts through broker-directed programs may have lower minimum investment requirements.

The minimum account size for wrap programs through unaffiliated brokers is determined by the wrap sponsor. The minimum account size for institutional

accounts is \$2,000,000. There is no minimum annual fee charge on these accounts.

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

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### **Large-Cap Growth Portfolio**

Blue Creek Investment Partners, LLC, manages a concentrated large cap growth portfolio that focuses on companies that exhibit a strong management team and are reasonably priced given their market sector. The Company believes that a portfolio of stocks that have shown consistent earnings increases, a strong balance sheet and low price to earnings ratio relative to their peers should over time produce above average returns.

Using a bottom-up approach Blue Creek Investment Partners, LLC ranks equities in classes based on research that incorporates both earnings momentum and fundamental based modeling. Positions no greater than 5 % of portfolio values are taken in those stocks meeting the criteria. The target number of stocks in the portfolio is 20-30 positions. With daily monitoring a stock may be sold if there is a relative low in earnings momentum, a material change within management, or weakening fundamentals.

The main sources of information include Bloomberg, Value Line, and news services. Other sources of information that can be used include newspapers, research materials prepared by others, inspection of corporate activities and filings with the Securities and Exchange Commission.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps risk of loss in mind. However, investors in this portfolio face the general risk of the market as well as specific risk of each company. Market risk is associated with the price of a security that may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events. In addition to market risk is company risk or business risk. These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like. There is also currency or exchange rate risk which applies when overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country.

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### **Funds Strategies Program**

Blue Creek Investment Partners, LLC manages portfolios of mutual funds that focuses on allocations to achieve different investment objectives such as

aggressive growth, growth, balanced with an emphasis on growth and balanced with an emphasis on income. Based on a top down approach we believe that a portfolio of mutual funds, spread across different styles, such as growth and value, covering a broad range of company sizes, both domestic and international, along with funds that manage towards not having the same performance cycle as the equity markets (for example, hedge funds or “market neutral” funds) is an effective way to manage risk across different economies. We can use both actively managed funds and exchange-traded funds where there appear to be opportunities that make a difference.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an investor questionnaire profile that documents their objectives and their desired investment strategy.

The main source of information used is Informais’ PSN Enterprise database. The PSN investment manager database is an independent supplier of comprehensive separate account data. PSN also offers the ability to analyze Mutual Funds, ETFs, Closed-End Funds, and proprietary data. The data base along with its analytical software helps us measure performance, review in depth qualitative information, conduct detailed statistical analysis and assess risk. Using both quantitative and qualitative analysis we identify and select funds that we believe will both contribute to diversification and performance over the long term. These funds are reviewed quarterly and an assessment is made as to whether the fund should be kept or replaced or to increase or decrease the allocation made to the fund based on the portfolio’s investment objective.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment’s originating country. This is also referred to as exchange rate risk.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Investing in securities involves risks. While BCIP uses its best efforts to provide managed risk management services, the client should be aware that investments may increase or decrease in value and that each strategies past performance is no guarantee of future returns.

## Disciplinary Information

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### Legal and Disciplinary

Blue Creek Investment Partners, its affiliate Blue Creek Securities, LLC and its employees have not been involved in legal or disciplinary events related to past or present investment clients that are material to a client's or prospective client's evaluation of its business or the integrity of its management personnel.

## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

#### Affiliations

Blue Creek Securities, LLC (BCS) is a wholly owned subsidiary of Blue Creek Investment Partners, LLC (BCIP). BCS is a FINRA member and Municipal Securities member firm that provides brokerage services to BCIP and its clients. BCS shares office space and certain overhead expenses with BCIP. In addition, certain officers and registered investment advisory representatives have dual registrations with BCIP and BCS.

BCIP directs a large percentage of client transactions to BCS. See the Brokerage Practices section for further details.

# **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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## **Code of Ethics**

Officers or employees of Blue Creek Investment Partners, LLC from time to time, may purchase or sell, or hold positions in securities recommended to clients. Such transactions are effectuated in accordance with our Insider Trading Policy and Code of Ethics. In general, such policy provides that no employee can direct the purchase or sale of any security while it is being traded by us or deemed to be restricted by us. In addition, employee trading is not permitted while a security is being considered for inclusion in the list of securities currently held in client's accounts. The firm policy imposes blackout periods on trading.

Certain securities transactions are permitted and do not require prior approval, including ongoing participation in an issuer's dividend or stock purchase plan, any transaction over which the employee did not have any direct or indirect influence or control, involuntary transactions involving the purchase or sale of certain debt instruments such as U.S Treasury or government securities, bank certificates, variable annuities and open-end investment companies so long as BCIP is not an adviser or sub-adviser to such investment company. Employees are required to report all personal securities transactions, and BCIP reviews such reports on a quarterly basis. In order to ensure that our officers and employees strictly adhere to the highest standards of conduct and integrity in conducting business on behalf of the firm's clients, each officer and employee is required to sign the Code of Ethics.

Clients and prospective clients can obtain a copy of the Code of Ethics and other compliance policies and procedures by making a request to a client service representative or the firm's Chief Compliance Officer.

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## **Participation or Interest in Client Transactions**

Blue Creek Investment Partners, LLC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades.

BCIP seeks to ensure that it does not personally benefit from the short-term market effect of its recommendations. Policies and procedures have been designed to ensure that any principal or employee personal securities transactions do not disadvantage BCIP clients.

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## **Personal Trading**

The Chief Compliance Officer of Blue Creek Investment Partners, LLC is Alan Bagwell. He reviews all employee and access person's trades each quarter. His trades are reviewed by Robert Mayes, a firm principal. The personal

trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## Brokerage Practices

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### Selecting Brokerage Firms

#### BCIP Wrap Programs:

Blue Creek Investment Partners, LLC will arrange for the execution of securities transactions in the client account through brokers that the adviser reasonably believes will provide best execution. In selecting a broker, BCIP may consider, among other things, the broker's execution capabilities, reputation and access to the markets for the securities being traded.

BCIP recommends that clients participating in the Large Cap Growth and Fund Strategies Wrap Programs or the Envestnet Program maintain their accounts at BCS, an affiliated broker/dealer. The primary purpose for this preference is that all brokerage and custodial costs are included in the fee charged by BCIP. However, BCS, a wholly-owned subsidiary of BCIP, receives a fee from its clearing firm for balances held in client money market accounts, and thus has a conflict of interest in recommending NFS as a custodian of client assets. Also, NFS does not charge a custodian fee to BCS or the client for accounts that they serve as custodian.

Instead of allowing BCIP to select broker or dealers for the account, client may direct adviser in writing to use a particular broker or dealer to execute all transactions for client account. The advisor may not be able to batch client transactions through other brokers with orders for other accounts managed by BCIP. In addition, the client may pay a higher commissions costs or other costs or receive less favorable pricing for the account. The advisor believes the execution of transactions for the private client through BCS brings value to the management relationship because of a deep commission discount and other valuable brokerage services offer through National Financial Services. BCIP does not receive any payments from BCS for the placement of business, but the firms do jointly market services together.

#### Institutional Accounts:

BCIP will not seek to use its affiliate BCS as a broker/dealer for executing transactions involving institutional accounts unless asked to do so. Generally, BCIP selects brokers for most institutional accounts unless instructed by the client to use a directed brokerage arrangement. These brokers are from the approved list as determine by the Best Execution Committee. In general BCIP will not use a step-out trade arrangement.

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**Best Execution**

Blue Creek Investment Partners, LLC reviews the execution of trades at brokers quarterly. BCIP has established a Best Execution Committee, consisting of members from portfolio management, trading and compliance. The committee reviews the quality of execution, brokerage allocation activity of the firm and selection of brokers and dealers.

The committee has established guidelines in selecting brokers for trading purposes. The committee will not select a broker on the basis of research or a soft dollar commission basis.

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**Soft Dollars**

Blue Creek Investment Partners, LLC does not participate in any soft dollar programs. BCIP receives no research products, execution services or other benefits from any broker/dealer as a result of client securities transactions.

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**Order Aggregation**

Blocking, Trading and Allocation:

BCIP will seek to achieve best execution on securities transactions. As a part of its efforts to obtain best execution, we may aggregate orders or use block trade for several clients. BCIP effects block trades transactions in a manner designed to ensure that no participating client is favored over any other client. Specifically, each client that participates in a block trade will receive the average share price and pro rata allocation of the block trade. Allocations generally are made at approximately the time of execution and before the end of the trading day. Subsequent reallocations may be made in unusual circumstances due to recognition of specific account restrictions or availability of cash. Any portion of an order that remains unfilled at the end of the day will be rewritten on the following day as a new order with a daily average price to be determined that day.

When investment decisions are made and a target allocation is established for a management style, the portfolio manager enters orders for the institutional, and wrap accounts in that style. The portfolio manager manages assets for clients that utilize different brokers and simultaneously effect all transactions in the same security through its order management system. Any client directed broker that does not have the connection with this OMS will receive the trade order faxed to them at the same time all other orders are entered.

When BCIP transacts securities for more than one account, the investment opportunities and trades are allocated in a manner consistent with the advisor's fiduciary duties. BCIP takes in consideration the account cash availability and need, suitability, investment objectives, restrictions and

guidelines given by the client and other factors deemed appropriate in making investment allocations decisions. BCIP will conduct periodic reviews of client performance and purchase and sales reports to ensure that no client or group of clients is being systematically favored or harmed in the selection and allocation of investment opportunities. BCIP does not participate in hot issues, including initial public offerings.

Most mutual funds trades aggregation does not garner any client benefit.

## **Review of Accounts**

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### **Periodic Reviews**

All accounts are supervised and reviewed monthly with some clients requesting only quarterly contacts. Accounts are reviewed by investment adviser representatives, who are supervised by principals of the firm. The portfolio manager reviews wrap strategies in terms of daily price changes. There is no minimum or maximum number of accounts assigned for the reviewer. The review process contains each of the following elements:

- (a) Assess client's goals and objectives;
- (b) Evaluate the strategy which has been employed;
- (c) Monitor the portfolio; and
- (d) Address the need to rebalance.

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### **Review Triggers**

Account reviews may also be triggered by any one of the following events:

- (a) Market irregularities;
- (b) Changes in client's goals and objectives; and
- (c) As new information becomes available, such as press releases, earnings announcements, etc.

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### **Regular Reports**

Account reviewers are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least a quarterly basis.

Advisory clients will receive a written quarterly report showing the performance of their account in relation to appropriate indices. Such report will include a list of holdings with valuations and the quarterly adviser management fee. The report will be in addition to the custodial statement

received by the client from the client's custodian. The monthly outside custodian statement includes detailed account activity and market value of securities held. All clients in need of a more frequent report may request that additional service. All clients are urged to compare the monthly/quarterly statements received directly from the custodian with quarterly statements and reports received from BCIP.

### FINANCIAL PLANNING SERVICES

**REVIEWS:** Blue Creek Investment Partners, LLC offers financial planning services to clients in connection with investment management services, at no additional cost.

Any reviews of financial planning matters normally will be conducted during the course of client reviews for investment advisory services.

**REPORTS:** Clients who request financial planning services will receive reports or plan documents according to the level and purpose of planning requested. This may or may not include a financial analysis binder.

## **Client Referrals and Other Compensation**

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### **Incoming Referrals**

Blue Creek Investment Partners, LLC has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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### **Referrals Out**

Blue Creek Investment Partners, LLC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Under no circumstances will referrals be given or received by Blue Creek Investment Partners, LLC on a quid pro quo basis.

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### **Other Compensation**

Blue Creek Investment Partners, LLC may receive or have access to free or discounted industry information, online access to client accounts for trading or administrative purposes, and other non-research services from broker/dealers or third-party providers in exchange for recommending clients maintain their accounts with BCS. BCS or its clearing firm NFS, may provide a newsletter or other publications pertaining to compliance, marketing, practice management, etc. In addition, NFS or other related or unrelated parties may sponsor

events, such as workshops or conferences, at reduced cost or no cost. These benefits are not provided on the basis of client transactions. Under no circumstances do any clients pay additional fees or commissions to any custodian or broker/dealer in order for BCIP to obtain these products or services.

## **Custody**

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The SEC Custody Rule 206(4)-2 generally requires that any funds or securities of a client of a registered investment adviser be held by a qualified custodian (generally a bank or broker-dealer). All assets of client accounts are held at a qualified custodian. Neither BCIP nor BCS are qualified carrying custodians. Clients will receive monthly/quarterly statements from the qualified custodian and they should carefully review those statements.

Upon opening an account with BCIP we will notify you in writing of the qualified custodian's name, address and the manner in which funds and securities are maintained. BCIP urges clients to compare the monthly/quarterly statements received directly from the custodian with quarterly statements and performance reports received from BCIP. In addition, BCIP will conduct a periodical inquiry into whether qualified custodians send monthly account statements to clients on a timely basis.

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### **Net Worth Statements**

Clients are frequently provided net worth statements and net worth graphs that are generated from our client relationship management system. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

## **Investment Discretion**

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### **Discretionary Authority for Trading**

Blue Creek Investment Partners, LLC accepts discretionary authority to manage securities accounts on behalf of clients. BCIP has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, BCIP consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

BCIP will require all discretionary investment management clients to enter into and execute an Investment Advisory Agreement. As part of the terms of the agreement, BCIP will have full discretion to supervise, manage, and direct

a client's investments including the power and authority to act as the client's attorney-in-fact, to purchase and sell assets and to place orders for the purchase and sale of assets with or through brokers, dealers, or issuers selected by BCIP or client, all without prior consultation with the client and all at times as BCIP shall deem appropriate.

Because BCIP engages in an investment advisory business and manages more than one account, there may be conflicts of interest over the adviser's time devoted to managing any one account and the allocation of investment opportunities among all accounts being managed. The adviser will attempt to resolve all such conflicts in a manner that is generally fair to all of BCIP clients.

Transactions for each client account will be effected independently, unless the portfolio manager decides to purchase or sell the same securities for a number of client's accounts simultaneously. When possible, orders for the same securities may be combined or "bunched" to facilitate best execution. Accounts in which a related person or affiliate of BCIP has a financial interest, ("related account"), may participate in bunched transactions with BCIP's other advisory clients. BCIP effects bunched transactions in a manner designed to ensure that no participating client, including related account, is favored over any other client. See Brokerage Practices section for further details.

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### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved. Any financial circumstances, investment objectives and any special instructions or limitations that client wishes adviser to follow in managing the account may be placed on this authority.

## **Voting Client Securities**

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### **Proxy Votes**

Unless the client designates otherwise, Blue Creek Investment Partners LLC votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy.

Under Rule 206(4)-6 and amendments to Rule 204-2 under the Investment Advisers Act of 1940, BCIP has adopted and implemented written policies and procedures for voting proxies on behalf of its investment advisory clients. In adherence with the requirements of the rules, BCIP has adopted a policy designed to ensure proxies are voted in the best interest of its clients. To provide for consistency in voting proxies on behalf of clients, BCIP has contracted Institutional Shareholder Services (ISS), a third-party proxy corporate governance research service to assist in analyzing proxies and to

perform certain voting functions for client accounts. These guidelines address a broad range of issues, including board size and composition, executive compensation, anti-takeover proposals, capital structure proposals and social responsibility issues and are meant to be general voting parameters on issues that arise most frequently.

If a client wishes to direct a vote in a particular solicitation they may by contacting us at least one week in advance of the vote date to discuss details of the vote.

Blue Creek Investment Partners LLC will identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationship of Blue Creek Investment Partners LLC with the issuer of each security to determine if Blue Creek Investment Partners LLC or any of its employees has any financial, business or personal relationship with the issuer.

If a material conflict of interest exists, Alan Bagwell will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.

Clients may obtain a copy of Blue Creek's proxy voting policy by contacting us. We can also provide a report on how proxies' issues have been voted for the client during the year. Clients that need additional information regarding Proxy Voting or how specific votes were cast on their behalf should submit a request, in writing to: Alan Bagwell, CCO

100 Church Street Suite 500

Huntsville, AL 35801

## Financial Information

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### Financial Condition

Blue Creek Investment Partners LLC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Blue Creek Investment Partners, LLC does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

In addition, since its inception the company and its affiliate has not been the subject of any bankruptcy petition.

# Business Continuity Plan

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## General

Blue Creek Investment Partners LLC has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

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## Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

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## Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. Any alternate office will be posted on our website at [www.bluecreekip.com](http://www.bluecreekip.com).

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# Information Security Program

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## Information Security

Blue Creek Investment Partners, LLC maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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## Privacy Notice

Blue Creek Investment Partners, LLC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of

information about you with your brokerage and custodian firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. Blue Creek delivers a copy of its privacy policy when a new account is opened and to all clients on an annual basis. At any time clients may obtain a copy Blue Creek's privacy policy by contacting Alan Bagwell, CCO .