

Part 2A of Form ADV: The Brochure

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This brochure provides information about the qualifications and business practices of ThinkEquity LLC. If you have any questions about the contents of this brochure, please contact us at (415) 249-2900 and/or [adviserinfo@thinkequity.com](mailto:adviserinfo@thinkequity.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 ThinkEquity LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The use of the term "registered investment adviser" within this brochure does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

As of the date of this filing, ThinkEquity LLC (“THINK”) has elected in certain circumstances, and under the appropriate advisory agreement, to vote client proxies on their behalf.

### Summary of Previous Changes

In March 2012, THINK added two additional investment management strategies.

The management of THINK completed the purchase of itself from its parent Panmure Gordon & Co.

In August 2011, ThinkEquity LLC (“THINK”) added a member of the Investment Management Committee that supervises the business of THINK as listed in Item 13 of Part 2B of Form ADV. Also in August 2011, a Portfolio Manager was added to ADV Part 2B The Brochure Supplement. Previously in August 2011, a member of the Investment Management Committee and a Portfolio Manager were removed from the same documents.

Previously, THINK’s had completed an update to Part 2 of Form ADV in March 2010. THINK’s business activities have not changed materially since the time of the 2010 update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure appendix reflects those changes, is materially different from Schedule F prepared by THINK in prior years.

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## Item 4 - Advisory Business

ThinkEquity LLC (THINK) is an SEC Registered Investment Advisor owned by Panmure Gordon & Co. a London based AIM listed broker. As of the date of this filing, the management of THINK has entered into an agreement with Panmure Gordon, through its US holding company, to purchase THINK. We are awaiting regulatory approval, after which the management structure of THINK will not change.

THINK provides discretionary account management services to institutional and individual advisory clients. In addition to Investment Management, THINK also engages in the following distinct types of services in its advisory business: Sponsor to Wrap Fee Accounts and Investment Consulting. A client may engage THINK to provide more than one of these types of services.

Sponsor to Wrap Fee Accounts: Using a comprehensive disciplined approach consistent with each client's particular needs and circumstances, THINK recommends sub-advisers ("Managers") to clients from a "stable" of managers THINK selects and retains after comprehensive due diligence. THINK's Wrap Account services also include assisting clients with Manager selection and asset allocation, monitoring Managers' investment selection and performance, providing performance reporting to clients on a Manager-by-Manager and overall portfolio basis, and providing portfolio execution services to the extent a Manager selects THINK as an account's broker. THINK receives a portion of the wrap fee for its services.

Investment Consulting: THINK uses a comprehensive disciplined approach that it believes is consistent with each client's particular needs and circumstances. THINK assists its clients in analyzing needs, setting objectives, developing asset allocation models and selecting Managers to implement the asset allocation plan and to make specific investments. THINK will review the ongoing investments selected, the Managers and will provide performance reporting on a Manager-by-Manager and overall portfolio basis. THINK will also provide analysis and recommendations related to financing and hedging alternatives as appropriate. Clients will separately negotiate and enter into contracts with Managers they select.

Investment Management: THINK also offers direct investment management services to advisory clients ("Managed Accounts"). THINK presently offers four investment management strategies: a technically driven equity investment strategy to initiate buy/sell signals (ThinkTactical), a Core Growth and Income (ThinkCore), a Growth (ThinkGrowth) and an income & growth strategy.

In the ThinkTactical strategy, THINK uses technical measures provided by an independent service, such as historical price movements and statistical analysis of these price movements, and utilizes the positive or negative signals the issued by the independent service on the market as a whole. THINK makes its investment decisions based on these signals, and invests in cash (i.e. money market funds) or equities

accordingly. Once a signal to purchase equities is given, THINK will follow a fundamental, disciplined approach to select a diversified portfolio of equities based on the research of several independent research sources.

ThinkCore is a large cap strategy focused on growth and income. This is a long-only portfolio which will adjust its equity holdings depending on the condition of the economy and equity markets. At times, the portfolio may hold cash versus being fully invested. Typical holdings will be from 2 to 5% per company. No industry sector will be more than 35% of the portfolio, and no individual holding will be over 8% at the time the company is placed in the portfolio. Income will be derived primarily from dividends, although some fixed income securities may be purchased from time to time.

ThinkGrowth is a large-midcap strategy focused on growth. This is a long-only portfolio which will adjust its equity holdings depending on the condition of the economy and equity markets. Typically the portfolio will have 25 to 35 holdings. At times, the portfolio may hold various percentages of cash versus being fully invested. Typical holdings will be from 2 to 5% per company. There is no industry sector limit; individual holdings will not be over 8% at the time the company is placed in the portfolio. Although the portfolio will focus on growth, income will result from dividends on growth-oriented securities.

In the income & growth strategy, THINK identifies securities which, in THINK's opinion, offer the potential for a higher than average yield and growth potential. Securities are first identified based on income or "yield" potential. Further fundamental analysis is then used to identify securities that offer opportunity for growth. The strategy may use a combination of equity, convertible, convertible preferred or debt securities in pursuit of its objective.

Within each of the advisory services THINK offers, each client may impose restrictions on investing in certain securities or types of securities.

As of December 31st, 2011 THINK had \$172,093,131 in assets under Discretionary management.

## **Item 5 - Fees and Compensation**

Investment Consulting: THINK's fee arrangements are negotiated and set forth in each client agreement. Asset based fees range from 25 basis points to 2% of assets under management annually and may be paid quarterly or monthly in advance or in arrears. Flat fees are based on the extent of the services negotiated on a client by client basis. THINK will make all fee calculations based on the advisory contract, and will instruct the custodian to debit the client's account for THINK's fees each quarter. The Custodian will then debit THINK's fees from the appropriate client account and pay THINK directly. Alternatively, THINK may invoice the client directly. Upon termination, THINK will refund any of its consulting fees that were prepaid but have not been earned. Fees charged by Managers will be separately negotiated between clients and Managers, and

will be in addition to THINK's fees. If a Manager allocates any brokerage transactions to THINK in respect of assets in a client account, THINK will charge its customary institutional brokerage commission rates. Custody of assets (and fees charged thereon ) will be arranged for by the clients and/or Managers, as negotiated directly with the client and the custodian. Think clearing firms will provide custody services if so directed by the client.

In certain circumstances a supervised person may accept compensation for the sale of mutual funds. This practice presents a conflict of interest and gives the supervised person an incentive to recommend investment products based on the compensation received, rather than on a client's needs. This circumstance and conflict would only arise under the Investment Consulting service. THINK will primarily recommend "no-load" funds. When recommending the purchase of mutual fund shares, clients have the option to purchase the shares through other brokers or agents that are not affiliated with THINK. The prospectus of each of these funds describes these internal fees and expenses in detail.

Investment Management: The ThinkTactical, ThinkCore, Growth and Income and ThinkGrowth programs are available only on the basis of an asset-based fee paid to THINK. This fee covers the services described above (including THINK's investment management fee), as well as custody of securities in most instances. The majority of buy/sell transactions occur via THINK's brokerage trading desk, for which no commission is charged. Clients bear the cost of commissions or other transaction charges with respect to securities trades not effected by THINK. Transactions in fixed income and certain other securities generally involve payment of mark-ups or mark-downs or other charges to dealers other than THINK in addition to the asset-based fees.

The standard annual fees are as follows:

<u>Assets Under Management</u>	<u>Fee on Assets</u>
\$0.00 - \$1,000,000	2.00%
\$1,000,001 - \$2,000,000	1.75%
\$2,000,001 - \$3,000,000	1.50%
\$3,000,001 - \$5,000,000	1.25%
\$5,000,001 +	1.00%

THINK's fee arrangements are negotiated individually with each client, and set forth in each client agreement.

Fees and minimum fees, as well as minimum account sizes, are negotiable based on a number of factors, which may result in a particular client paying a fee greater or less than the standard fees. Fees are generally payable quarterly in arrears based on the average daily balance but may be payable monthly if requested by the client.

Client's accounts will generally have fees deducted from their accounts but in certain limited circumstances clients may be billed.

## **Item 6 - Performance-Based Fees**

Neither THINK nor any supervised person accepts performance-based fees.

## **Item 7 - Types of Clients**

THINK offers advisory services to; individuals, institutions, trusts and pension plans. The minimum account size for participation in the Investment Management service is \$100,000.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

### Investment Management:

The **ThinkTactical** strategy is an opportunistic long only, all cap strategy that utilizes a proprietary combination of technical and fundamental analysis that seeks to grow capital while stressing the importance of capital preservation in down markets. Following this approach, there are times in market cycles when the strategy will be fully invested in U.S. listed equities and there will be times when the strategy is completely out of equities and in cash. The strategy is not tax sensitive. Step 1) Market Sentiment -By rigorously following our weekly market sentiment indicator, we constantly evaluate the risk-reward of owning equities versus protecting investment capital by being in cash during weak markets. Step 2) Portfolio Construction - Our technical filter highlights the stocks across all caps and sectors that we believe are most likely to outperform the broad market. We then couple this to our fundamental research in order to construct a portfolio of 20 to 30 of the strongest technical stocks that we believe have sound fundamentals. Step 3) Sell Discipline -- The portfolio is actively maintained using a strict technical sell discipline. This avoids the common pitfall of becoming emotionally attached to a position. As there is a risk in of loss of principal when investing in any equities, ThinkTactical strives to minimize this risk by using the technical signals to move from fully invested to investing in cash, or vice versa. If the strategy does not exit the broad market quickly enough in a bearish downturn, or conversely if the strategy is too slow in entering a bullish upturn, you may participate in that market movement to the extent if you had remained 100% invested in equities or cash. Principal loss may also occur due to the selection of the individual equities themselves because some individual stocks may suffer losses, may not perform as well as the broader markets or may not perform as well as their peers.

The ThinkCore Growth and Income strategy is an opportunistic long only, Blue Chip/large cap strategy that will be based on 1) fundamental analysis of individual securities 2) the dividend yield of individual securities 3) and then diversified portfolio selection based on relative strength. The portfolio aims to be overweight stocks as the stock market is rising and underweight stocks as the market is declining using relative strength for entry and exit points. The portfolio is designed to have 20 to 30

companies/stocks across industry sectors, although this number may be higher or lower depending on the economic environment and the stock markets relative strength. The strategy may also purchase fixed income securities from time to time. Yield, credit quality and duration will be considered when choosing which fixed income securities to include in the strategy. As in any investing, there is a risk of loss of principal if the strategy does not perform as expected. The strategy may follow a broad market decline or it may lose principal due to the selection of the individual securities themselves, some individual securities may suffer losses or not perform as well as similar securities. Due to a portion of the strategies focus on yield, an increase in interest rates may have a negative effect upon its performance. .

The ThinkGrowth strategy is a long only, large-midcap strategy that will be based on fundamental analysis of individual securities and that will use relative strength to help choose securities and to assist in the timing of when to buy and sell. The strategy's objective is to outperform the S&P 500 by investing in technically strong stocks when the market is in an uptrend and reducing equity exposure when the market is in a downtrend. The strategy will use fundamental analysis and relative strength to construct a portfolio with typically 10 to 30 stocks which may not be diversified by industry sector. As in any investing, there is a risk of loss of principal if the strategy does not perform as expected. The strategy may follow a broad market decline or it may lose principal due to the selection of the individual securities themselves, some individual securities may suffer losses or not perform as well as similar securities.

In the **Income and Growth** strategy, THINK identifies securities which, in THINK's opinion, offer the potential for a higher than average yield and growth potential. Securities are first identified based on income or "yield" potential. Further fundamental analysis is then used to identify securities that offer opportunity for growth. The strategy may use a combination of equity, convertible, convertible preferred or debt securities in pursuit of its objective. As in any investing there is a risk of loss of principal if the strategy does not perform as expected. The strategy may follow a broad market decline, may lose principal due to the selection of the individual securities themselves, some individual securities may suffer losses or not perform as well as similar securities. Due to the strategies' focus on yield, an increase in interest rates would have a negative effect upon its performance.

## **Item 9 - Disciplinary Information**

THINK has no legal or disciplinary events that we consider material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

## **Item 10 - Other Financial Industry Activities and Affiliations**

ThinkEquity LLC is registered as a broker-dealer with the Securities and Exchange



Commission and FINRA. THINK's management persons are also registered as registered representatives with FINRA.

## **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

THINK is registered as an investment adviser with the Securities and Exchange Commission (the "SEC"). As a registered investment adviser, Think is subject to the Investment Advisers Act of 1940 (the "Advisers Act"). A basic principle underlying the Advisers Act is that investment advisers are fiduciaries with respect to their advisory clients. In order to meet its fiduciary duty, THINK has adopted this Code of Ethics to guide the actions of its employees with regard to their execution of their professional obligations to THINK's ThinkWealth Management clients, and to guide their personal investment activities. A copy of our Code of Ethics will be furnished to you upon your request. The Code of Ethics covers many topics including:

The prohibition on the use of material, nonpublic information in making purchases or sales in personal accounts, related accounts or the accounts of clients;

THINK monitors the accounts and transactions of all covered persons;

THINK restricts covered employees' personal transactions in order to prevent the use of material non-public information and to limit conflicts of interest;

If a violation of THINK's Code of Ethics occurs by a covered person that person may be subject to sanctions including; oral discussions, letters of warning, cancellation of an offending trade, prohibition on future personal trading, a monetary fine, suspension from employment or termination of employment with THINK.

THINK or a related person will not recommend to clients, or buy or sell for client accounts, securities in which it or a related person has a material financial interest.

THINK will not allow a related person to invest at the same time in the same securities that a related person recommends to clients a transaction. THINK restricts the related person from trading in securities that it is buying/selling for clients during the trading day that the orders have been entered. Additionally, THINK will review related persons' transactions prior to transacting in client accounts in order to monitor for any front running issues.

## **Item 12 - Brokerage Practices**

THINK will not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions; therefore,

THINK has no incentive to select or recommend a broker-dealer based on our interest in receiving any research or other products or services. The only interest THINK has is in receiving the most favorable execution for our clients.

THINK does not consider whether it or a related person receives client referrals from a broker-dealer or third party when selecting or recommending broker-dealers.

THINK recommends that clients who custody their assets at Penson direct us to execute transactions through our affiliate broker-dealer. In most circumstances this would create a conflict of interest, however; because we do not charge any commissions for execution of transactions through our affiliate broker-dealer we believe these conflicts have been eliminated. Client accounts may be established at a number of different firms and we would normally execute with those firms that custody the assets. Because of this we may not be able to aggregate all our client orders and therefore we may be unable to reduce transaction costs or the client may receive less favorable prices.

### **Item 13 - Review of Accounts**

THINK reviews client accounts on a quarterly basis with its Investment Management Committee. The committee consists of Bruce Nollenberger, President of ThinkWealth Management, Harriet Britt, Chief Compliance Officer, and David Weitgenant, Deputy Director of Compliance.

Clients are furnished Portfolio Appraisals and Performance Reports on a quarterly basis. On at least an annual basis, each client will have a meeting to discuss the performance of their accounts and to address any concerns they may have.

### **Item 14 - Client Referrals and Other Compensation**

THINK may compensate other registered individuals for client referrals. This compensation may take the form of a one time payment or a percentage of the fee THINK charges for the management of your account. An employee of ThinkEquity the broker-dealer may refer clients to ThinkEquity the Registered Investment Advisor. If that employee receives compensation for this referral, this may result in a conflict of interest. Under each of the above circumstances, the referral fee is paid from the fees paid THINK and does not represent an additional cost to the client.

### **Item 15 - Custody**

THINK does not custody any client funds or securities. Clients may use either of THINK's third party clearing firms or select a custodian of their choice. In any case, each custodian sends monthly or quarterly account statements directly to clients. Clients should carefully review those statements. In addition, THINK may send clients portfolio appraisal or transactions reports, and clients should compare the account statements they receive from their qualified custodian with the reports they receive from THINK.

## **Item 16 - Investment Discretion**

THINK accepts discretionary authority to manage securities accounts of behalf of clients. Clients may impose limitations on this authority, such as no tobacco stocks, etc. THINK will only exercise its discretionary authority after a client has executed an Investment Management Contract.

## **Item 17 - Voting Client Securities**

When investing in the WRAP Asset Based Fee Program, clients have the option to elect to have the manager vote proxies on the clients' behalf. If a client elects this option, the manager, or underlying sub-manager as applicable, will vote proxies related to all securities held in the managed account, including any non-managed assets held in the managed account, where applicable.

In all programs where permissible, non-managed assets are held in client accounts as an accommodation and are not charged an investment management fee, nor are they included for performance reporting purposes. The underlying manager or THINK does not have investment discretion with respect to the purchase, sale or holding of non-managed assets. However, if permissible, all proxies for the non-managed assets are voted in accordance with the same proxy voting policies and procedures followed by the manager or THINK with respect to securities over which the manager or THINK exercises investment discretion.

If a client no longer wishes to have the underlying sub-manager, THINK or its designee vote proxies for the discretionary assets in the managed account, the client may cancel the proxy waiver election immediately by contacting the Investment Advisor; in which case, the underlying manager, THINK or its designee will no longer be in a position to vote proxies for any securities in the client's managed account, including securities over which the underlying manager or THINK has investment discretion. In this case, all such proxies will be delivered directly to the client for consideration. If a client no longer wishes to have the underlying manager, THINK or its designee vote proxies for the non-managed assets in the managed account, if permissible, but would like the underlying manager, THINK or its designee to continue voting the proxies for the discretionary assets in the managed account, the client should contact the Investment Advisor and arrange to transfer the non-managed assets to another, non-managed account.

Under the Investment Management service, clients may elect to grant THINK discretionary authority to vote on their behalf. As a general principal, THINK's proxy voting policy is designed to maximize returns for clients by voting in the best interests of the client. As a general practice, and subject to case by case considerations, proposals that are designed or have the effect of diluting the value of the existing shares outstanding, or reduce the power of shareholders over company actions will be rejected. TE will usually vote for proposals relating to the general election of directors or auditors (absent questions of independence or contested elections), committee responsibilities,

debt limits, indemnification, meeting dates or times, company names, and other routine matters. TE will also usually vote for management sponsored compensation plans if they are consistent with business practices. Proposals that dilute shareholders' interests, provide excessive awards, establish poison pills, require supermajority voting or have other objectionable features will generally be rejected. THINK has entered into a contractual relationship with Glass, Lewis & Co., LLC to provide proxy voting research and analysis. THINK will vote shares primarily in conformity to their recommendations. Glass Lewis issues its recommendations based on its own internal guidelines as set forth in their Proxy Paper Policy Guidelines. THINK may vote client shares contradictory to a Glass Lewis recommendation if we feel it is in the best economic interest of our clients and such a vote was not influenced by, and did not result from, a conflict of interest. THINK has entered into a contractual relationship with Broadridge Financial Solutions, Inc. to provide access to ProxyEdge for the purposes of electronic voting of client proxies as well as record retention of all such voting. Clients and prospective clients may contact us to obtain a copy of our proxy voting policies and procedures.

## **Item 18 – Financial Information**

THINK is not aware of any financial condition that could be reasonably likely to impair its ability to meet its contractual commitments to its clients, nor has it been the subject of a bankruptcy petition.