

Part 2A Appendix 1 of Form ADV

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March 2012

This wrap fee program 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.

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## **Item 2 - Material Changes**

In March 2012, ThinkEquity LLC (“THINK”) added two additional investment management strategies.

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.

### **Item 3 - Summary of Previous Changes**

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 - Services, Fees and Compensation—

### Item 5 -

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 your services.

Under the client agreement (which is generally terminable by THINK or the client upon 30 days' written notice), the client will pay THINK a single periodic asset-based fee ("ABP Service Fee"), either monthly or quarterly in advance or in arrears, based on the amount of certain assets (as specified in each client agreement) in the client's account to which asset-based pricing applies. Fee payment arrangements will be memorialized in the client's investment contract. For accounts not managed for a full calendar quarter, the ABP Service Fee will be charged based on the actual number of days for which service is provided during a quarter. THINK's fee arrangements are negotiated individually with each client, and set forth in each client agreement. ABP Service Fees will typically cover all of the services listed above, including the Manager's investment management fees (which THINK generally pays to the Manager on the client's behalf), execution of the client's portfolio transactions without additional commission charges (as to transactions for which Managers select THINK as a broker), and custodial services for the client's assets. The ranges of ABP Service Fees are listed below:

#### Wrap Account ABP Service Fee

(includes the above services as well as Custody, Investment Manager Fees & commissions within THINK accounts)

<u>Assets Under Management</u>	<u>Fee on Equity</u>	<u>Fee on Fixed Income</u>
\$0.00 - \$2,500,000	2.00%	0.75%
\$2,500,001 - \$5,000,000	1.50%	0.70%
\$5,000,001 - \$10,000,000	1.25%	0.65%
\$10,000,001 +	1.00%	0.60%

ABP Service Fees do not include, and clients are responsible for payment of, among other things, any of the following services:

- (a) Commissions and other fees for services provided by broker-dealers other than THINK for transactions Managers direct to broker-dealers other than THINK, dealer mark-ups, mark-downs and spreads, auction fees.

(b) THINK's services in connection with transactions in which THINK receives other compensation in lieu of transaction fees, such as, for example, mutual fund fees, private placement offering fees, hedge fund placement fees, and fees in connection with OTC derivative transactions.

(c) Custody fees for "non-standard assets" such as, for example, non-publicly traded limited partnership interests, non-marketable securities and some foreign securities.

(d) Securities and Exchange Commission and exchange fees, transfer taxes, odd lot differentials, mutual fund short-term redemption fees, margin interest, electronic funds or wire transfer fees, and any other similar costs or charges.

(e) Investments in mutual funds or other similar commingled vehicles will also incur a management fee expense by the investment manager of the specific fund in addition to the ABF charge by THINK.

THINK separately enters into an investment advisory agreement with each Manager THINK has selected for the program. THINK negotiates advisory fees with each Manager separately. Managers generally maintain exclusive investment discretion as to which securities will be purchased or sold in clients' accounts, in a manner consistent with each client's selected management style, investment objectives, policies and restrictions (if any) and any client instructions. An advisory agreement may be terminated by either the manager or THINK as to any or all clients at any time upon written notice to each other.

A Manager may also enter into an agreement with certain clients directly. Each Client is entitled to pay the Manager's fee from outside funds provided that the Manager and THINK are so notified in advance. Should a client terminate the investment consulting agreement with THINK, the client may elect to maintain the investment management contract with any or all Managers.

Of the total wrap fee, THINK may pay a range of .30% to 1.0% to investment managers.

In addition, if THINK is a member of the underwriting syndicate from which a security is purchased, THINK may benefit from such purchase.

From time to time, the fees for certain of the advisory services described herein may be reduced for employees of THINK or its affiliates.

For more information regarding the above, contact your THINK Investment Advisor.

Additional assets received into an account during any billing period may be charged a pro-rata fee based on the number of days the assets were advised during in the billing period. No adjustments will be made to the Fee for appreciation or depreciation in the market value of securities held in the account. In the event the client agreement is terminated by either party or assets are withdrawn or increased prior to the end of a

billing period, a pro-rata Fee will be charged to the account.

Generally, interest will be charged to a client's account should the account have a debit balance as a result of the client's activity. Any debit balance will not be deducted from the account balance for purpose of the calculation of the advisory or consulting fee due to THINK. All third party custodians with custody of the client's assets credit interest and dividends to the account. All client billing for fee-based programs will be based on the value determined by THINK in its sole discretion, including the accrued interest portion of fixed income securities.

Margin may be used to enhance performance (with the resulting increased risk of loss), as determined by on-going consultations with clients. Generally, THINK does not recommend the use of margin.

In the asset-based fee programs described in this brochure, the investment management firm retained by the client is obligated to seek the best net results (price, research, and execution) with respect to securities trades undertaken for each client. In seeking best execution with respect to equity securities and other instruments traded in the "agency" markets (typically those executed through an exchange, to which orders are directed by a broker-dealer acting as agent for a client), such investment management firms may direct orders to THINK. In connection with these trades, the asset-based fee client will not pay THINK any commissions. Alternatively, the investment manager in its discretion may determine to direct agency trades to other broker-dealers that are unaffiliated with THINK; in such instances the client will bear the cost of any commissions charged by the executing broker-dealer. These other broker-dealers may charge a commission for these trades, and may "step-out" the trades to THINK for clearance and settlement. Due to the cost of executing agency trades with broker-dealers that are unaffiliated with THINK, investment managers in the asset-based fee programs described above are likely to execute a large percentage of such transactions for clients with THINK.

THINK does not generally act as principal in executing trades for clients for which an investment manager affiliated with THINK provides the client with portfolio management services (i.e., determines which securities are to be bought and sold for the client) or in the WRAP Asset Based Fee Program (although THINK may do so in rare cases if certain regulatory conditions are met, including among other things obtaining client consent prior to completion of the trade). If THINK receives trade orders for securities traded in the dealer markets with respect to such clients, it normally executes those orders as agent. THINK receives no commissions or other compensation in connection with such trades.

## **Item 6 - Account Requirements and Types of Clients**

THINK offers its wrap fee program to; individuals, institutions, trusts and pension plans. The minimum account size for participation in the WRAP Asset Based Fee Program is \$100,000. .

## **Item 7 - Portfolio Manager Selection and Evaluation**

THINK will recommend one or more investment management firms to provide portfolio management of client accounts, based on each client's objectives and circumstances. When reviewing and evaluating managers for inclusion in our WRAP program, we look for managers who demonstrate consistency through time and over different market cycles. Generally, we look for managers who are in the top 50% of their peer group on an annual basis and in the top 33% on a rolling three year basis. We will also give weight in evaluating the risk adjusted returns, but will not disqualify a manager on this basis alone. By this, we will analyze the manager's standard deviation, Sharp Ratio, upside/downside capture, and semi-standard deviation to gain an understanding of how the return stream has been created. We believe that this type of performance criteria captures a manager's consistent ability to deliver returns towards a client's expectations for the asst class being addressed. Qualitatively, we also seek to work with managers who have demonstrated a performance track record of at least 3 years and preferably have a team approach to management. Investment managers must be reviewed and evaluated by THINK's Investment Committee to be eligible to be an investment manager in the WRAP Asset Based Fee Program.

In the event that the performance criteria falls below our guidelines, we will identify the reason for the underperformance: style, security selection, concentration, etc. and determine if a downgrade is warranted. Qualitatively, if a management/business structure changes, we will evaluate if, in our opinion, this change will negatively impact expected future performance. Each of the above is a reason to watch a manager and have constructive dialogue with the clients as to the issues being evaluated. In the event of a Manager Downgrade, where an investment manager no longer meets the standards and THINK determines that it is advisable and in the best interest of a client, THINK may terminate an investment management firm's management of the client's account or stop recommending new client assets to such firm in the WRAP Asset Based Fee Program. Also in the event of a Manager Downgrade, THINK may transfer a client's assets from one manager to another in the WRAP Asset Based Fee Program. Before a manager is engaged or a client's assets are transferred from the current manager to another manager, THINK will attempt to notify the client orally or in writing and will attempt to obtain the oral or written concurrence of the client. It is understood, however, that THINK need not seek or obtain the client's concurrence if THINK has been unable to obtain oral or written direction from the client regarding the change in managers.

When selecting managers THINK relies on the performance representations of the manager and does not independently verify portfolio manager performance. When evaluating the performance of the manager on a client account, THINK independently calculates the performance and compares it to the performance provided by the manager.

Neither THINK, any supervised person nor any related person acts as a portfolio manager for a wrap fee program.

## **Item 8 - Client Information Provided to Portfolio Managers**

Information will be collected from clients regarding their investment objectives and risk tolerances at the time the client relationship is established. If at any time the client's investment objectives or risk tolerances are changed, this information will be passed on to the portfolio manager.

## **Item 9 - Client Contact with Portfolio Managers**

THINK places no restriction on clients wishing to contact or consult with a Portfolio Manager. Should a client wish to speak with a Portfolio Manager THINK will either forward contact information to the client or arrange a meeting with the Portfolio Manager.

## **Item 10 - Additional Information**

### **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.

### **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.

### **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 maybe 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 buys or sells 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 person's transactions prior to transacting in client accounts in order to monitor for any front running issues. We believe this adequately removes any conflicts of interest.

#### **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 and receive compensation for this referral, this may present 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.