

**Part 2A of Form ADV: *Firm Brochure***



**Trend Dynamics, Inc.**

2000 Auburn Drive  
Suite 200  
Beachwood, Ohio 44122

Telephone: 216-292-8144  
Email: [jwebb@trenddynamics.com](mailto:jwebb@trenddynamics.com)  
Web Address: [www.trenddynamics.com](http://www.trenddynamics.com)

03/01/2012

This brochure provides information about the qualifications and business practices of Trend Dynamics. If you have any questions about the contents of this brochure, please contact us at 216-292-8144 or [jwebb@trenddynamics.com](mailto:jwebb@trenddynamics.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 Trend Dynamics also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 106279.

## **Item 2     Material Changes**

This Firm Brochure, dated 03/01/2012, provides you with a summary of Trend Dynamics' advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated 03/01/2011: None

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## **Item 4    Advisory Business**

Trend Dynamics, Inc. is a SEC-registered investment adviser with its principal place of business located in Ohio. Trend Dynamics, Inc. began conducting business in 1991.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- John C Webb, President

Trend Dynamics offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides non-continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Mutual fund shares
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **MODEL PORTFOLIO MANAGEMENT**

Our firm provides non-continuous portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

### **Top 20 Portfolio**

The Top 20 Portfolio is derived from our proprietary TIPS (Trend Identification Parameters) stock forecasting software. It is a separately managed portfolio of 20 stocks chosen from a universe of 600 to 700 large capitalization stocks, the majority of which are in the S&P 500. It is designed as a moderately aggressive portfolio equally weighted across the ten S&P 500 sectors and is adjusted periodically (quarterly) based upon changes that occur in the micro and macro environment.

The top two stocks in each S&P sector are selected from the TIPS program based on their projected returns and then weighted equally in the portfolio. This portfolio highlights the strength of the TIPS program to identify trending stocks with the greatest opportunity for capital appreciation. The goal is to outperform the S&P 500 by relying on stock selection for alpha. This portfolio is designed for portfolios with a minimum of \$250,000.

### **Top 10 Portfolio**

The Top 10 Portfolio is derived from our proprietary TIPS (Trend Identification Parameters) stock forecasting software. It is a separately managed portfolio of 10 stocks chosen from a universe of 600 to 700 large capitalization stocks, the majority of which are in the S&P 500. It is designed as an aggressive portfolio equally weighted across the ten S&P500 sectors and is adjusted periodically (quarterly) based upon changes that occur in the micro and macro environment.

The top stock in each S&P sector is selected from the TIPS program based on their projected returns and then weighted equally in the portfolio. This portfolio highlights the strength of the TIPS program to identify trending stocks with the greatest opportunity for capital appreciation. The goal is to outperform the S&P 500 by relying on stock selection for alpha. This portfolio is designed for portfolios with a minimum of \$250,000.

### **Top10 Hedged Portfolio**

The Top 10 hedged portfolio combines the Top 10 portfolio (50%) with our Broad Market Indicator (BMI) hedging strategy (50%).

The Top 10 Portfolio is derived from our proprietary TIPS (Trend Identification Parameters) stock forecasting software. It is a separately managed portfolio of 10 stocks chosen from a universe of 600 to 700 large capitalization stocks, the majority of which are in the S&P 500. It

is designed as an aggressive portfolio equally weighted across the ten S&P 500 sectors and is adjusted periodically (quarterly) based upon changes that occur in the micro and macro environment.

The top stock in each S&P sector is selected from the TIPs program based on their projected returns and then weighted equally in the portfolio. This portfolio highlights the strength of the TIPs program to identify trending stocks with the greatest opportunity for capital appreciation. The goal is to outperform the S&P 500 by relying on stock selection for alpha. This portion of the portfolio represents 50% of the overall portfolio.

The Broad Market Indicator (BMI) hedging strategy is based on Trend Dynamics' proprietary market risk analysis. The BMI is a multi-factor model which measures the overall trend of the equity markets. When our model demonstrates an UP trend in the equity markets, the hedging portion of the portfolio is invested in an S&P500 ETF. When the model demonstrates a DOWN trend, the portfolio may be invested in an inverse S&P 500 ETF or cash. These alternative positions which represent 50% of the overall portfolio offer a hedge to the 10 stocks in the Top 10 portion of the portfolio. This portfolio is designed for portfolios with a minimum of \$250,000.

Through personal discussions with the client in which the client's goals and objectives are established, we initially determine whether the model portfolio is suitable to the client's circumstances. Once we confirm suitability, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients retain individual ownership of all securities.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Mutual fund shares
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only

be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

3. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
4. be reasonably available to consult with the client; and
5. maintain client suitability information in each client's file.

### **PENSION CONSULTING SERVICES**

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

#### *Investment Policy Statement Preparation (hereinafter referred to as "IPS"):*

We will meet with the client to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

#### *Selection of Investment Vehicles:*

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

#### *Monitoring of Investment Performance:*

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

#### *Employee Communications:*

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising

control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

#### Asset Allocation Models

The TIPs Asset Allocator service is available to sponsors of retirement plans on an elective basis whereby Trend Dynamics provides its asset allocation service on mutual funds to plan participants. This service is available on a per participant or contract basis, to be determined by the size, nature and complexity of the plan.

### **MARKET TIMING SERVICES**

Trend Dynamics provides the management of individual clients' portfolios, rendering advice as to the advisability of moving from aggressive investment exposure to a defensive market exposure in an attempt to capture gains during rising market periods and to preserve the client's capital during falling market periods. Our market timing service, BMI (Broad Market Indicator), is of a continuous nature, evaluating holdings and market positions on a weekly basis. We will attempt to move funds from one specific ETF to a money market fund or to an inverse ETF when the capital improvement potentiality is in question. The funds will be switched back to the same type of ETF only when qualified factors indicate growth possibilities.

In order to effectively manage client funds, we request that each client provide the firm with discretionary authority to effect conversions between ETF's on the client's behalf.

Our primary objective is to preserve and increase the aggregate capital funds of any client. This market timing service can be run independently or as a hedge to other portfolios managed by Trend Dynamics on behalf of the client.

### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2011, we were actively managing \$38,675,000 of clients' assets on a discretionary basis plus \$2,837,000 of clients' assets on a non-discretionary basis.

#### *Item 5 Fees and Compensation*

### **PORTFOLIO MANAGEMENT SERVICES FEES**

The annualized fee for Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

#### **Assets Under Management**

#### **Annual Fee**



<b>First \$1,000,000</b>	<b>1%</b>
<b>Next \$4,000,000</b>	<b><math>\frac{3}{4}\%</math></b>
<b>Over \$5,000,000</b>	<b><math>\frac{1}{2}\%</math></b>

A minimum of \$250,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Trend Dynamics may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Trend Dynamics has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### **MODEL PORTFOLIO MANAGEMENT FEES**

The annualized fee for Model Portfolio Management will be charged as a percentage of assets under management, according to the following schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
<b>First \$1,000,000</b>	<b>1%</b>
<b>Next \$4,000,000</b>	<b><math>\frac{3}{4}\%</math></b>
<b>Over \$5,000,000</b>	<b><math>\frac{1}{2}\%</math></b>

A minimum of \$250,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Trend Dynamics may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Trend Dynamics has established the

aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### **PENSION CONSULTING FEES**

Our fees for Pension Consulting Services are based on a percentage of assets under advisement. We charge an annual fee for Pension Consulting Services which ranges from 0.15% to 0.25% of plan assets depending on the services requested and the size of the plan.

Plan sponsors are invoiced in advance at the beginning of each calendar quarter.

A total minimum fee of \$2,500 is required. This minimum fee may prevent Trend Dynamics from providing services to very small ERISA plans.

### **MARKET TIMING SERVICES FEES**

The annualized fee for Market Timing Services will be charged as a percentage of assets under management, according to the following schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
<b>First \$1,000,000</b>	<b>1%</b>
<b>Next \$4,000,000</b>	<b><math>\frac{3}{4}\%</math></b>
<b>Over \$5,000,000</b>	<b><math>\frac{1}{2}\%</math></b>

A minimum of \$250,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Trend Dynamics may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Trend Dynamics has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account

composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## **SOFTWARE SERVICE FEES**

For these services, Trend Dynamics is compensated on an annual subscription basis of \$10,000 paid in semi-annual installments.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to Trend Dynamics for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***IF APPLICABLE: Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to Trend Dynamics' minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***ERISA Accounts:*** Trend Dynamics is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee

Retirement Income and Securities Act (“ERISA”). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Trend Dynamics may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

Trend Dynamics does not charge performance-based fees.

## **Item 7 Types of Clients**

Trend Dynamics provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market

regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities,

are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

**Other: Trend Identification Parameters.** TIPs (Trend identification parameters) is a proprietary quantitative program developed by Trend Dynamics that attempts to identify underlying price trends of securities and industries in order to provide superior investment results. Using TIPs, we offer portfolio strategies which focus on stocks, ETF's, and mutual funds, that are expected to outperform the market indices.

## **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Trend Dynamics and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Trend Dynamics' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [jwebb@trenddynamics.com](mailto:jwebb@trenddynamics.com), or by calling us at 216-292-8144.

Trend Dynamics and individuals associated with our firm are prohibited from engaging in principal transactions.

Trend Dynamics and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and



State regulations governing registered investment advisory practices.

9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

For discretionary clients, Trend Dynamics requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

Trend Dynamics will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Trend Dynamics will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Trend Dynamics' block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Trend Dynamics, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Trend Dynamics to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the

order, upon completion, to those clients.

- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Trend Dynamics' client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Trend Dynamics' records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Trend Dynamics participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Trend Dynamics receives some benefits from TD Ameritrade through our participation in the program.

Trend Dynamics participates in TD Ameritrade's Institutional customer program and we may recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements confirmations; research related products and tools; consulting services ; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted

directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Trend Dynamics by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by Trend Dynamics' related persons and may also pay or reimburse expenses (including travel, lodging, meals [and entertainment] expenses) for Trend Dynamics' personnel to attend conferences or meetings relating to the program or to TD Ameritrade's adviser custody and brokerage services generally.

Some of the products and services made available by TD Ameritrade through the program may benefit Trend Dynamics but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Trend Dynamics through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Trend Dynamics or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade for custody and brokerage services.

Trend Dynamics recommends that 401(k) plan clients direct the use of Independent Pension Consulting Services as their Administrator and Fidelity Investments as their broker-dealer because Fidelity rebates all fees paid to it by mutual funds in which plan assets are invested to the plan sponsor.

## **Item 13    Review of Accounts**

### **PORTFOLIO MANAGEMENT & MODEL PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services and Model Portfolio Management accounts are continually monitored, these accounts are reviewed quarterly and annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by:                      Jack Webb, President  
   David Turben, Managing Director

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Portfolio Management Services and Model Portfolio Management clients receive from their broker-dealer, Trend Dynamics will provide quarterly reports summarizing account performance, balances and holdings.

## **PENSION CONSULTING SERVICES**

**REVIEWS:** Trend Dynamics will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Trend Dynamics will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by:                      Jack Webb, President  
   David Turben, Managing Director

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory relationship.

## **MARKET TIMING SERVICES**

**REVIEWS:** Due to the nature of this service, information is provided to the client on a weekly basis. It is the responsibility of the client to evaluate and monitor their holdings based on the use of the timing service.

**REPORTS:** Trend Dynamics will provide these client accounts with reports as contracted for at the inception of the advisory relationship.

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

It is Trend Dynamics' policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Trend Dynamics' policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

### **Item 15    Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 Financial Information**

Trend Dynamics has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Trend Dynamics has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Item 19 Requirements for State-Registered Advisers**

The following individuals are the principal executive officers and management persons of Trend Dynamics:

- John C Webb, President
- David C Turben, Managing Director

Information regarding the formal education and business background for each of these individuals is provided in their respective Brochure Supplements.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted.

Our firm and our management personnel have no reportable disciplinary events to disclose.

As previously disclosed in "Other Financial Industry Activities and Affiliations" (Item 10), neither Trend Dynamics nor our management personnel have a relationship or arrangement with any issuer of securities.

**Part 2B of Form ADV: *Brochure Supplement***



John C Webb  
Trend Dynamics  
2000 Auburn Drive Suite 200  
Beachwood, OH 44122  
216-292-8144

3/1/2011

This brochure supplement provides information about John C Webb that supplements the Trend Dynamics brochure. You should have received a copy of that brochure. Please contact John C Webb if you did not receive Trend Dynamics' brochure or if you have any questions about the contents of this supplement.

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

## **Item 2 Educational, Background and Business Experience**

**Full Legal Name:** John C Webb

**Born:** 1947

### **Education**

- Babson College; BS/BA, Finance; 1968

### **Business Experience**

- Trend Dynamics, Inc; President; from 06/1991 to Present

## **Item 3 Disciplinary Information**

John C Webb has no reportable disciplinary history.

## **Item 4 Other Business Activities**

### **A. Investment-Related Activities**

1. John C Webb is not engaged in any other investment-related activities.
2. John C Webb does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

### **B. Non Investment-Related Activities**

John C Webb is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

## **Item 5 Additional Compensation**

John C Webb does not receive any economic benefit from a non-advisory client for the provision of advisory services.

## **Item 6 Supervision**

**Supervisor:** NULL

**Title:** NULL

**Phone Number:** NULL

**Policy:**

Trend Dynamics, Inc. has adopted these written policies and procedures which are designed to set standards and internal controls for the firm, its employees, and its businesses and are also reasonably designed to prevent, detect, and correct any violations of regulatory requirements and the firm's policies and procedures. Every employee and manager is required to be responsible for and monitor those individuals and departments he or she supervises to detect, prevent and report any activities inconsistent with the firm's procedures, policies, high professional standards, or legal/regulatory requirements.



**Responsibility:**

Every employee has a responsibility for knowing and following the firm's policies and procedures. Every person in a supervisory role is also responsible for those individuals under his/her supervision. The President, or a similarly designated officer, has overall supervisory responsibility for the firm.

Jack Webb, as the Compliance Officer, has the overall responsibility for administering, monitoring and testing compliance with Trend Dynamics, Inc.'s policies and procedures. Possible violations of these policies or procedures will be documented and reported to the appropriate department manager for remedial action. Repeated violations, or violations that the Compliance Officer deems to be of serious nature, will be reported by the Compliance Officer directly to the President, or a similarly designated officer, and/or the Board of Directors for remedial action.

**Procedure:**

Trend Dynamics, Inc. has adopted various procedures to implement the firm's policy, conducts reviews of internal controls to monitor and ensure the firm's supervision policy is observed, implemented properly and amended or updated, as appropriate which including the following:

1. Designation of a Chief Compliance Officer as responsible for implementing and monitoring the firm's compliance policies and procedures.
2. An Annual Compliance Meeting and on-going and targeted compliance training.
3. Procedures for screening the background of potential new employees.
4. Initial training of newly hired employees about the firm's compliance policies.
5. Adoption of these written policies and procedures with statements of policy, designated persons responsible for the policy and procedures designed to implement and monitor the firm's policy.
6. Annual review of the firm's policies and procedures by the Compliance Officer and senior management.
7. Periodic reviews of employees' activities, e.g., personal trading.
8. Annual written representations by employees as to understanding and abiding by the firm's policies.
9. Supervisory reviews and sanctions for violations of the firm's policies or regulatory requirements.

**Part 2B of Form ADV: *Brochure Supplement***



David Codman Turben  
Trend Dynamics  
2000 Auburn Drive Suite 200  
Beachwood, OH 44122  
216-292-8144

3/1/2011

This brochure supplement provides information about David Codman Turben that supplements the Trend Dynamics brochure. You should have received a copy of that brochure. Please contact John C Webb if you did not receive Trend Dynamics' brochure or if you have any questions about the contents of this supplement.

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

## **Item 2 Educational, Background and Business Experience**

**Full Legal Name:** David Codman Turben      **Born:** 1966

### **Education**

- CWRU - Weatherhead School of Business; MBA, Information Systems; 1993
- St. Lawrence University; BS, Psychology and French; 1988

### **Business Experience**

- UBS Financial Services; Financial Advisor; from 11/2004 to 06/2008
- Edward Jones Co.; Financial Advisor; from 10/2002 to 11/2004
- Glenmede Trust Company; Director of Marketing; from 02/2000 to 10/2002
- The Hickory Group; Director of Marketing; from 03/1998 to 02/2000
- KeyBanc; Director of National Sales; from 06/1988 to 12/1997

### **Designations**

David Codman Turben has earned the following designation(s) and is in good standing with the granting authority:

CFP; CFP Board of Standards; 2005

The program is administered by the Certified Financial Planner Board of Standards Inc. Those with the CFP® designation have demonstrated competency in all areas of finance related to financial planning. Candidates complete studies on over 100 topics, including stocks, bonds, taxes, insurance, retirement planning and estate planning. In addition to passing the CFP certification exam, candidates must also complete qualifying work experience and agree to adhere to the CFP Board's code of ethics and professional responsibility and financial planning standards.

## **Item 3 Disciplinary Information**

David Codman Turben has no reportable disciplinary history.

## **Item 4 Other Business Activities**

### **A. Investment-Related Activities**

1. David Codman Turben is not engaged in any other investment-related activities.
2. David Codman Turben does not receive commissions, bonuses or other

compensation on the sale of securities or other investment products.

#### **B. Non Investment-Related Activities**

David C Turben is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

### **Item 5 Additional Compensation**

David Codman Turben does not receive any economic benefit from a non-advisory client for the provision of advisory services.

### **Item 6 Supervision**

**Supervisor:** John C Webb

**Title:** President

**Phone Number:** 216-292-8144

**Policy:**

Trend Dynamics, Inc. has adopted these written policies and procedures which are designed to set standards and internal controls for the firm, its employees, and its businesses and are also reasonably designed to prevent, detect, and correct any violations of regulatory requirements and the firm's policies and procedures. Every employee and manager is required to be responsible for and monitor those individuals and departments he or she supervises to detect, prevent and report any activities inconsistent with the firm's procedures, policies, high professional standards, or legal/regulatory requirements.

**Responsibility:**

Every employee has a responsibility for knowing and following the firm's policies and procedures. Every person in a supervisory role is also responsible for those individuals under his/her supervision. The President, or a similarly designated officer, has overall supervisory responsibility for the firm.

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1. Designation of a Chief Compliance Officer as responsible for implementing and monitoring the firm's compliance policies and procedures.
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