

Form ADV Part 2A  
Investment Advisor Brochure

***RINCON PACIFIC MANAGEMENT INCORPORATED***

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This Form ADV Part 2A (Investment Advisor Brochure) gives information about the investment advisor and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact us using the information listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

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

***Material Changes***

If there are any material changes to the ADV Brochure, they will be provided as a separate document to clients who have received previous versions of the brochure.

## *Table of Contents*

	Page No.
<b>1. Cover Page</b>	
<b>2. Material Changes .....</b>	<b>1</b>
<b>3. Table of Contents.....</b>	<b>2</b>
<b>4. Advisory Business.....</b>	<b>3</b>
<b>5. Fees and Compensation .....</b>	<b>3</b>
<b>6. Performance-Based Fees And Side-By-Side Management.....</b>	<b>4</b>
<b>7. Types of Clients .....</b>	<b>5</b>
<b>8. Methods of Analysis, Investment Strategies, and Risk of Loss .....</b>	<b>5</b>
<b>9. Disciplinary Information .....</b>	<b>5</b>
<b>10. Other Financial Industry Activities and Affiliations .....</b>	<b>5</b>
<b>11. Code of Ethics, Participation or Interest In Client Transactions, and Personal Trading.....</b>	<b>6</b>
<b>12. Brokerage Practices .....</b>	<b>7</b>
<b>13. Review of Accounts .....</b>	<b>7</b>
<b>14. Client Referrals &amp; Other Compensation.....</b>	<b>8</b>
<b>15. Custody.....</b>	<b>8</b>
<b>16. Investment Discretion .....</b>	<b>8</b>
<b>17. Voting Client Securities .....</b>	<b>9</b>
<b>18. Financial Information .....</b>	<b>9</b>
<b>19. Requirements for State-Registered Advisers .....</b>	<b>9</b>

## Item 4 *Advisory Business*

### Advisory Firm

Rincon Pacific Management Incorporated (“Rincon Pacific”, “the Advisor”) has been providing investment advisory services since 1991. Craig F. Cooper is the founder and President and has been in the financial services industry for over 35 years. Mr. Cooper is Chief Portfolio Manager for Rincon Pacific.

### Advisory Services

Rincon Pacific Management provides investment advice and wealth management services through our asset allocation programs. Our investment strategies are designed to reduce risk and preserve principal.

Our Managed Portfolios programs include Equity Income, Investors Choice Growth, and Investors Choice Total Return. For these programs, equities – stocks, ETF’s, and mutual funds - are selected by Rincon’s Portfolio Manager and invested as determined by the application of both fundamental and technical analysis.

Rincon Pacific also offers Classic Market Timing, where we provide asset management of mutual funds and variable annuities pre-selected by the client.

As of December 31, 2011, Rincon Pacific had \$29,890,000 of assets under management on a discretionary basis.

Services are based on the individual needs and investment objectives of each client. An initial interview and data gathering questionnaire is undertaken to determine the client's financial situation and investment goals, and to give the client the opportunity to impose reasonable restrictions on the management of the account. At a minimum, clients are asked annually if their investment objectives have changed, and if so, portfolios may be adjusted to better meet current objectives. Clients are encouraged to contact Rincon Pacific at any time there are changes to their investment needs. Clients have on-line access to view their accounts through custodian websites. Accounts remain liquid at all times. Clients receive quarterly statements from their custodian(s) containing a description of all holdings, transactions and account activity. The client will retain rights of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the program. In addition to custodial statements, Rincon Pacific Management publishes quarterly and periodic investment & economic reports at no cost to our clients. Market commentary can also be found on our website:

[www.rinconpacificmanagement.com](http://www.rinconpacificmanagement.com)

## Item 5 *Fees and Compensation*

Fees for Rincon Pacific **Managed Portfolios** (Equity Income and Investors Choice) are computed at an annualized percentage of asset value and are assessed quarterly, in advance. Fees are deducted from the custodial account, unless the client chooses to be billed directly. Clients with multiple related accounts can have their accounts grouped for valuation to reach the fee breakpoints. The fee schedule for our Managed Programs is:

ASSETS UNDER MANAGEMENT	ANNUAL FEE
First \$200,000	2.00%

Next \$150,000	1.50%
Over \$350,000	1.25%

Management fees for accounts over \$350,000 may be negotiable between the Advisor and the Client.

Fees for **Classic Market Timed** accounts are computed at an annualized percentage of asset value and are assessed semi-annually, in advance. Upon written authorization from the client, fees are deducted from the custodial account, unless the client chooses to be billed directly. Clients with multiple related accounts can have their accounts grouped for valuation to reach the fee breakpoints. The fee schedule for our Classic Market Timed program is:

<b>ASSETS UNDER MANAGEMENT</b>	<b>ANNUAL FEE</b>
First \$250,000	2.00%
Next \$250,000	1.50%
Over \$500,000	1.00%

These fees are for advisory services only and do not include any transaction fees which may be charged separately by the custodial firm. Certain mutual funds may also charge loads or deferred sales charges, pursuant to the fund prospectus.

The first Advisory Fee payment is assessed and due at the end of the first billing calendar quarter (June 30<sup>th</sup> and December 31<sup>st</sup>) and will be assessed pro-rata in the event the Agreement is executed at any time other than the first day of the current billing calendar quarter. Subsequent fees will be assessed on the fifteenth day after the end of each billing calendar quarter based on the value of the account assets under supervision as of the close of business on the last business day of that quarter.

Lower fees for comparable services may be available from other sources.

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For each fee assessed, Rincon Pacific provides a copy of the charges to the client and custodian, reflecting the amount due, the value of assets being billed, and the fee calculation. The custodian will provide periodic account statements to the client. Such statements will reflect all fee withdrawals by Rincon Pacific. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

The client may terminate the Rincon Pacific Advisory Agreement without penalty (full refund) within five business days of signature. After this waiting period, our Advisory services will continue until either party terminates the Agreement on written notice. If a client provides written notification to terminate an account prior to quarter-end, a pro-rata refund of unearned fees will be made. Rincon Pacific does not charge a termination fee.

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

Rincon Pacific Management does not charge performance-based fees, (i.e. fees based on capital gains).

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

Rincon Pacific Management provides advisory services to individuals, trusts, estates, individual participant accounts of pension and profit sharing plans and other ERISA accounts. Rincon Pacific does not service any institutional accounts.

The minimum account size is \$50,000.

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

Analysis techniques utilized by Rincon Pacific include charting, fundamental, technical, and cyclical

Our asset allocation strategies for portfolio management are designed to minimize risk.

While there is risk in all investments, some carry a greater degree of risk or higher costs. Rincon Pacific minimizes the degree of risk by maintaining a percentage of investment in money market accounts, when appropriate. We minimize costs in our Managed Programs by employing model trading, whereby all accounts are traded on an omnibus level, thus sharing all costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read the prospectus in full.

## **Item 9 *Disciplinary Information***

An investment advisor must disclose material facts about any legal or disciplinary event that are material to a client's evaluation of the advisory business or of the integrity of its management personnel. Rincon Pacific does not have any such items to disclose.

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

Craig F. Cooper, President and Chief Portfolio Manager of Rincon Pacific Management, is the primary and only registered manager associated with the Advisor.

Mr. Cooper is also associated with Girard Securities, Inc. as a Registered Representative and Investment Advisory Representative. Girard Securities is a general securities broker/dealer having membership in the Financial Industry Regulatory Authority. Girard Securities is wholly owned and not related to any insurance or financial institutions and does not promote any product sales such as insurance, pooled investments or mutual funds. As a Registered Representative of Girard Securities, Inc., Mr. Cooper is also licensed as an agent for various insurance companies, with activity limited to the recommendation of variable annuities, when and if appropriate for clients with Girard Securities brokerage accounts. If an individual client has a securities account with Girard Securities and an Advisory account with Rincon Pacific Management, any investments in the Girard account are not part of any Rincon Advisory portfolio and as such are not subject to the Rincon Pacific Advisory fee.

Mr. Cooper is not registered as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

In its advisory relationship with clients, and as a matter of policy, Rincon Pacific Management does not use nor recommend Girard Securities, Inc. for custodial services for our Managed Portfolios or Classic Market Timed client accounts. The Advisor does not direct any orders nor recommend any investment products through Girard Securities, Inc. The Advisor does not receive any type of compensation, commission, or fees from Girard Securities, Inc. or any other broker-dealer or investment firm. This policy is intended to avoid any potential conflict of interest relating to management of client accounts.

Rincon Pacific Management is not a broker/dealer, but IA Representatives affiliated with certain unaffiliated broker/dealers may solicit clients to employ Rincon Pacific as an Advisor. In such cases, client acknowledges receipt of the Solicitor's Separate Written Disclosure, wherein it is disclosed that Rincon Pacific will compensate the IA Rep's broker/dealer 50% of all Advisory fees collected on client's account.

Rincon Pacific Management does not recommend or select other investment advisers or solicitors for our clients.

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

##### *Code of Ethics*

Rincon Pacific Management maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel. Our Code of Ethics is designed to: 1) protect confidential client data; and, 2) insure that investment action is made in the best interest of the client. Clients may request a copy of our Code of Ethics.

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

Rincon Pacific Management does not sponsor any limited partnerships or mutual funds. The Advisor has no material interest in any outside companies or individual securities selected for our managed programs.

##### *Personal Trading*

At times Rincon Pacific Management and/or its personnel may take positions in the same securities as clients. If the Advisor is buying or selling securities for his personal account(s) that are recommended to clients, client accounts always have preferential treatment as to prioritize their securities transactions over that of the Advisor. Management avoids conflicts with clients because our Managed Portfolios are traded on an omnibus level and all accounts, inclusive of Advisor's accounts, participate equally in model trades. Rincon Pacific will not violate our fiduciary responsibilities to our clients. Trading ahead of clients is prohibited. Any trading accounts held by personnel outside of our omnibus accounts are monitored by the Advisor's Chief Compliance Officer.

## **Item 12 *Brokerage Practices***

### *Selection or recommendation of broker/dealers, Soft Dollar Practices, and Client Referrals From Brokers*

The Managed Programs and Classic Market Timed accounts of Rincon Pacific are held by custodians, not broker/dealers. Therefore, Rincon Pacific is not involved in the recommendation of any broker/dealers to our clients and we do not benefit from any broker/dealer soft dollar practices.

### *Directed Brokerage*

Rincon Pacific does not participate in any directed brokerage.

### *Trade Aggregation*

Rincon Pacific management uses a trust company, bank or similar financial institution responsible for holding and safeguarding client securities. By utilizing third party custodians, this structure separates the Advisor from the physical assets and investor records. Individual clients are positioned in programs to best meet the client's investment objective. Initial trades are made pursuant to the Portfolio Manager's discretion when it is deemed in the client's best interest to participate in a given security. For clients participating in our Equity Income, Investors Choice Growth and Total Return portfolios, model purchases and sales are executed as an aggregated trade, which reduces costs. Model trades at third party custodians will be aggregated. The executing broker will be informed that the trades are for the account of the Advisor's clients and not for the Advisor itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The Advisor Reps may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only if clients receive fair and equitable treatment. No accounts receive preferential handling over any other account.

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

Rincon Pacific monitors the individual investments within the Managed Programs each day the market is open. Portfolio performance is reviewed on a weekly basis. Individual accounts may be rebalanced at any given time to adjust to a client's investment objectives, or when it is in the client's best interest to take advantage of market conditions. Classic Market Timed accounts are reviewed monthly, at a minimum, and rebalanced when it is in the client's best interest. Clients are contacted annually, if not more frequently, to review their current investment objectives.

The account reviews are performed by the Portfolio Manager, Craig F. Cooper, and Sally MacAllister. Ms. MacAllister serves as Director of Administration and is not an Investment Adviser Representative of Rincon Pacific Management.

All clients receive standard quarterly account statements from investment custodians. Classic Market Timed clients also receive a written quarterly performance report from Rincon Pacific Management.

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

### *Referral Fees Paid*

Rincon Pacific does not pay referral fees for new clients. Soliciting agents only share in the annual Advisory Fee charged each client, and such Solicitors are properly registered pursuant to CCR 260.236(c)(2) requirements. All clients procured by solicitors will be given full written disclosures describing the terms and fee arrangements between the advisor and the solicitor prior to or at the time of entering into the advisory agreement.

### *Referral Fees Received*

The Advisor receives no referral fees from solicitors, broker/dealers and any other outside agents.

### *Sales Awards*

Rincon Pacific does not participate in any sales award programs nor receives any benefits from any such programs.

## **Item 15 *Custody***

Rincon Pacific Management does not maintain custody of client funds or securities. The Advisor can only request a withdrawal of funds from a client account if written authorization from the client is established.

The only funds received by and payable to the Advisor are for payment of Advisory fees, pursuant to receipt by the client and custodian of a bill reflecting the amount of the fee, the value of assets on which the fee is calculated and the fee rate applied to the manner of calculation.

Funds received for investment purposes are only accepted by the Advisor if they are payable to the custodian, e.g. "Trust Company of America". All deposit checks are sent via overnight delivery to the custodian. Any checks received payable to Rincon Pacific and for deposit to investment accounts are not accepted by the Advisor.

Clients will receive account statements at least quarterly from the qualified custodian of their managed account. Clients are urged to compare custodial account statements against statements prepared by Rincon Pacific for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

## **Item 16 *Investment Discretion***

Upon acceptance by the Advisor of a signed and completed Advisory Agreement, Rincon Pacific maintains full discretion over the trading activities in client accounts.



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

Rincon Pacific has the authority to vote proxies, unless directed otherwise by the client. Clients may contact us directly at the phone number or address listed on the first page of this document to obtain information on how the Advisor voted on behalf of the client. Rincon votes proxies in the best economic interest of the client, and not in the interest of our firm. While it is unlikely that Rincon Pacific will have a material conflict when voting client proxies, a conflict could arise from time to time. We can resolve such conflicts to include but not limited to: documenting that votes were cast in the best interest of the client; informing the client to obtain objective third party advice; obtaining client's informed consent to vote a proxy in a specific manner. When seeking a client's consent, we will provide the client with sufficient information regarding the matter and the nature of the conflict to enable the client to make an informed decision. Clients may request a complete copy of our proxy voting policy.

## **Item 18 *Financial Information***

Because Rincon Pacific Management has discretionary authority over client funds, Advisors maintains a minimum net worth over \$10,000 at all times. An investment advisor must provide financial information if a threshold of fee prepayments is met, if there are any financial conditions likely to impair the ability to meet contractual commitments, or if a bankruptcy has occurred within the past ten years. Rincon Pacific Management does not have any such items to disclose.

Rincon Pacific Management does not solicit or assess pre-payment of fees six or more months in advance, and over \$500. There is no minimum fee assessment.

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

Craig F. Cooper is President and Chief Portfolio Manager. Details on his background, education, and outside business activities are provided in Form ADV Part 2B.

Rincon Pacific Management does not assess performance-based fees.

The management of Rincon Pacific Management has not been involved in any fraudulent investment activities, been involved in any arbitration or legal disputes related to client accounts, nor participated in any unethical business practices such as extortion, bribery, theft or counterfeiting. The Advisor has no relationships with any issuers of securities.

Rincon Pacific Management recognizes its fiduciary responsibility to our clients to employ fair, equitable and ethical principles and practices. All employees acknowledge and adhere to a Code of Ethics. Our Privacy Policy assures the client that all personal and account data is confidential, and only shared with others per the client's instruction and authorization, or unless required by law. Any material conflict of interest that could impair our ability to render unbiased and objective investment advice will be disclosed in writing to the client. No compensation other than Advisory Fees is received by Rincon Pacific Management; financial transactions made by the Advisor do not generate commissions. As stated in our Advisory Contract, no guarantee of specific performance results is made, and past performance is no guarantee of future performance. Our Advisory Agreement is in effect until terminated by the client, and no closing charges are incurred. If Advisory Fees have been prepaid- a pro-rated refund is issued to the client.