

## Item I – Cover Page



# BRISTLECONE ADVISORS

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This Form ADV, Part 2; “Disclosure Brochure” or “Brochure” is required by the Investment Advisers Act of 1940. This is a very important document between Clients and prospective clients (Clients, you, your) and Bristlecone Advisors, LLC (us, we, our). This Brochure provides information about our qualifications and business practices.

If you have any questions about the contents of this Brochure, please contact Matt Talbot, Chief Compliance Officer at the telephone number above or via email to [mtalbot@bristleconeadvisors.com](mailto:mtalbot@bristleconeadvisors.com).

**Please note:** The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Regulatory Authority.

We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training.

Additional information about our firm (and our employees) is available to you for free, by using a Securities and Exchange Commission “public disclosure” website. This site is called “Investment Adviser Public Disclosure” and is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may click on this link and follow the instructions to find our information.

## **Item 2 – Material Changes**

- I. We have recently updated this Brochure by refining the disclosures in the following Items. We consider each to be a material amendment from the version we posted to the Investment Adviser Registration Depository (IARD) on April 1, 2011. Material changes include:
  - a. Item 4: Revisions related to our advisory services and fees; specifically we do not use the Schwab manager platforms for separately managed accounts (SMAs) for our Clients. We actually assess, select and recommend external money managers (EMMs) for our Clients; then the Client enters into a written agreement with that money manager.
  - b. Item 4: Expanded disclosure of our Client assessment; who you are, what you need, your objectives (as a person, family and investor), and any investment restrictions, among others.
  - c. Item 5: Inclusion of term Unmanaged Assets.
  - d. Item 12: Clarification / restatement of brokerage practices / commission schedule charged by Schwab.
  - e. Item 14: Revised text on additional compensation as part of the Schwab Advisor Platform.
  - f. Part 2 B Brochure Supplements: Removed Erich Gebbie and Tom McAndrews; addition of Adam Guenther and Stephen Sweeny.

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## Item 4 – Advisory Business

### Description of Bristlecone and Principal Owners / Officers

Bristlecone Advisors is a registered investment adviser with the US Securities and Exchange Commission (SEC) and a notice filer with the State of Washington (a notice filing is required of SEC registered advisers who have a place of business in a State). As of the date of this Part 2 A brochure, Bristlecone has two offices; our primary office as indicated on the cover page of this brochure (Seattle) and an office in Bellevue, Washington. The Bellevue office address is:

Bristlecone Advisors, LLC  
10900 NE 4<sup>th</sup> Street, Suite 2260  
Bellevue, WA 98004

Bristlecone was originally established During March of 1999; founded by Keith Vernon. In June of 2000, Keith was joined by Matt Talbot as a member of Bristlecone. In 2010, Bristlecone expanded through the addition of a professional and support team in Bellevue, Washington. As a result of the expansion, we now have five (5) owners / partners and executives:

Keith Vernon  
Matt Talbot  
Kevin Berry  
Christopher Taylor  
Anthony Waltier

### Assets under Management:

The total assets under management are as follows; data as of December 31, 2011

Type	Dollar Amount of Assets Managed
Non-Discretionary	\$303,148
Discretionary	\$963,862,828
Total	\$964,165,975

## Advisory Business / Services

### Portfolio Management Services<sup>1</sup>

The nature and scope of the services we provide is detailed in the Investment Management Agreement we have with you. In this agreement, you provide us with either:

- Investment discretionary authority (the authority to purchase or sell securities for your account(s) without obtaining your specific consent to each transaction); Please see Item 16, below, or
- No-Investment Discretion (whereby we must obtain your specific consent (verbally or in writing) to each transaction before we can place that transaction for your account)

Management of your “invested” assets is our primary business. Through the *Client Discovery Process* we work to understand you, your Life Objectives and related data:

- What are you trying to achieve?
  - What are you trying to avoid?
    - Not able to retire or running out of assets
    - Not able to pay for college education for your children?
- Over what time frames?
- How can we prioritize your objectives?
- We utilize these and other questions to define your “risk tolerance” in a multi-faceted and nuanced manner. Also at a portfolio level, asset class level and manager level

We examine who you are at two levels: *Personal and Portfolio Levels*

- Personal Level: income, tax bracket, years to retirement, family obligations
  - Current and expected spending patterns
- Portfolio Level: risk tolerance
  - Volatility and worst drawdown (losses)
  - Spending and shortfall analysis
  - Comparative asset allocations
  - Historian and forward-looking scenario analysis
  - Liquidity analysis

The result of this effort is to determine a Strategic Asset Allocation which is documented in an Investment Policy Statement (IPS).

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<sup>1</sup> Prior to March of 2011, a Portfolio Management Agreement was called a “Financial Advisor Retainer Agreement”. They mean the same thing; the title of Portfolio Management Agreement was formally adopted March 1, 2011.

We then identify and combine appropriate managers<sup>2</sup> or External Money Managers (EMM) to implement your overall portfolio and to manage your assets. Our portfolio construction process is formed by our views on the current secular cycles; if transitions are necessary, we undertake transitions in a reasoned and tax efficient manner.

For some of our Clients, we will directly manage your assets by using an appropriate combination of stocks, bonds, mutual funds, ETFs, etc. to fulfill your IPS.

For other Clients, we may utilize exclusively EMMs to manage your portfolio assets.

We monitor accounts on a continual basis; rebalance as necessary (regularly) and periodically we may make slight tactical shifts that are well-informed by intensive relative valuation analysis we conduct.

Our *Investment Process* encompasses the following:

1. **Portfolio Design.** This step reflects your specific goals and objectives. This is where the IPS is “developed”. We do this through asset allocation modeling with a goal to maximize value and return potential with your specific level of risk
2. **Manager Selection.** We endeavor to select the investment strategies in each asset class to achieve your strategic portfolio. We select the best managers for each strategy for you and identify managers who complement each other
  - a. We endeavor to select the best managers of mutual funds, ETFs or EMMs who manage separate accounts or who manage alternative asset classes (private equity funds, hedge funds or hedge-funds-of-funds)
  - b. A primary method of sourcing and monitoring managers is through our internal resources augmented through an independent, third party; Callan Associates. Callan Associates is one of the largest independent consulting companies in the United States. Through their team of more than 50 dedicated consultants and analysis, Callan Associates (Callan) provides global capital market insight, manager research (and associated data) to over 500 institutional investors who oversee in excess of \$3 trillion<sup>3</sup>. Through our relationship with Callan, we are able to utilize an institutional research platform, data and analysis for our Clients.
3. **Municipal Bonds:** if appropriate for your account, we build, buy and hold a ladder portfolio of high quality bonds
4. **Portfolio Implementation.** This step is a transition from your current holdings and managers to those we believe are the best managers we can identify to achieve your investment objectives (as documented in your IPS). Please see Item 8, below
5. **Consolidated Reporting.** As described below, we generate periodic reports to you for each account we manage for you, on a consolidated and segregated basis

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<sup>2</sup> This is a term that is generically used by Bristlecone to describe: a mutual fund, an Exchange Traded Fund and an “External Money Manager” that may manage your assets directly in a separately managed account or in an alternative asset (private equity fund, hedge fund or hedge fund-of-fund); within this disclosure document we use the terms “manager or EMM” to describe a mutual fund, ETF or separately managed account or private fund

<sup>3</sup> Source: Callan Associates website

6. Custom Analysis. We provide on-going, tailored evaluation of how your assets are performing based on the following: performance, risk metrics, portfolio characteristics as compared to your IPS

Our Investment Process is designed around our core tenant: We understand our Clients.

Investment Restrictions: You may place investment restrictions on our Portfolio Management services (for example, no sin, tobacco or defense securities), however, we reserve the right to not accept a prospective Client Account or to negotiate the investment restrictions if we determine, in our sole authority, that the investment restrictions are so restrictive that we would be un-able to deliver the services that you contracted with us to deliver.

Investment restrictions are required in writing (initially and when updated) and are not implemented until accepted by us.

In addition to the management of your Accounts as described above, assets you own may also be classified as follows:

### **Unmanaged Assets**

Unmanaged assets may, or may not be held by your custodian. These assets are included in the quarterly reports we provide to you as described in this brochure based on valuations as described immediately below. As a result, regardless of where the assets are held, we manually input the amount of the unmanaged asset and valuation of that asset from statements or valuation documentation provided to Bristlecone (directly by you or from the issuer of the security).

Unmanaged assets are typically non-traded, ill-liquid alternative securities (or similar). As a result, you will “see the asset” in your quarterly reports categorized as an unmanaged asset. Unmanaged assets are included in the account report as a convenience to our clients. Unmanaged assets means that the value of the assets are:

- Not included in the total portfolio value for fee calculation purposes
- Not included in the total performance calculations of your account
- Not actively managed or supervised by us

Unmanaged assets are documented in the written agreement we have with you.

### Consulting Services

On behalf of one corporate client, we provide education and related services for the client's employees who participate in the 401k retirement plan sponsored by the client. This Consulting Service is not actively offered or provided to any other Client or Prospective Client by Bristlecone.

### **Family Office Services**

Bristlecone provides Family Office Services for Clients who request and elect these services. Family Office services can be limited in scope or comprehensive. Typically, but not always, our Clients hire Bristlecone to provide both Portfolio Management and Family Office services which range from simple to complex issues.

In addition we may have a Comprehensive Family Office Client that does not hire Bristlecone to manage their portfolio(s).

As your Family Office, we can manage whatever your needs may be. In providing our Family Office Services, some or all of the following may be provided:

1. **Personal Accounting and Banking:** We manage all of your personal accounting and banking activities for you, including cash flow forecasts, bill paying, credit facilities and more
2. **Tax Planning and Administration.** We facilitate the documentation and track your taxes and overall tax situation through our proprietary software platform, Aristata. We also will work with your CPA to improve the efficiency and the effectiveness of your tax planning and preparation
3. **Strategic Philanthropy.** We provide advice or guidance on optimal funding strategies, the establishment of gifting plans, management and administration of grant making (to ensure compliance with applicable requirements)
4. **Risk Management.** We work with you and your other professional advisors to ensure you have appropriate and necessary insurance coverage. We validate premiums and manage claims you may have from time-to-time
5. **Estate Planning.** We work with your estate planning attorney to coordinate, implement, manage and report on your trusts and estate plans
6. **Real Asset Management.** We manage all activities associated with your large assets (real estate, boats, airplanes, etc.) including entity creation (as necessary), human resource management, budgeting and more
7. **Special Projects.** At your request we are a ready resource for your unique projects; examples include real estate purchases, construction projects, operating company due diligence, human capital management, or whatever else you can identify
8. We may also provide assistance to help you find an attorney or other professional well suited for your particular needs



## Item 5 – Fees and Compensation

### Portfolio Management Services

Our annual asset based fee schedule is described below. Annual fees are billed quarterly in advance of the service. Fees are calculated based upon the average of the daily balance of your account assets we manage.

Assets Managed	Annual Advisory Fee
First \$3.0 million	1.00% (one hundred basis points)
Next \$2.0 million (up to \$5 million)	0.80% (eighty basis points)
Next \$5.0 million (up to \$10 million)	0.60% (sixty basis points)
Assets over \$10 million	0.50% (fifty basis points)
Assets over \$100 million	Negotiated on all assets

For fixed income accounts, only:

Assets Managed	Annual Advisory Fee
First \$1.0 million	0.55% (fifty-five basis points)
Next \$2.0 million (up to \$5 million)	0.40% (forty basis points)
Next \$5.0 million (up to \$10 million)	0.30% (thirty basis points)
Assets greater than \$10 million	0.25% (twenty-five basis points)

These fee schedules are:

- Tiered. This means that the fee charged on the first \$3 million of assets is one hundred basis points, the fee on the next \$2 million is 80 basis points, etc.
- Negotiable. Negotiation is based upon the specific facts and circumstances related to a Client or Family relationship, including total aggregate assets, among other factors that may vary across Clients
- Deducted automatically from your designated custodial account. Account assets may be held in an independent, third-party qualified custodial account (typically Charles Schwab & Company; see Item 12 below). A third-party qualified custodian may include a bank, broker or dealer (such as Schwab), a trust company or insurance company)
  - To deduct our advisory fees from your custodial account, you provide us with the written instructions to do so in the portfolio management agreement that we have with you (and you make certain elections in your custodial paperwork with your custodian)

Accounts opened during a calendar quarter on any day other than the first day of the quarter, will have the fee calculated on a pro-rated basis, based upon the number of days left in the calendar quarter the services are provided, based upon the inception value of assets under our management (as the account is new, the fee is determined when we believe, in our best judgment that the account is fully funded or nearly fully funded).

The fee applies to both liquid and ill-liquid securities as stipulated in the agreement we have with you.

When we purchase mutual funds for your account(s) we use only load waived or no-load mutual funds (no commission funds).

If your portfolio includes illiquid private securities (real estate, equity or hedge funds) the investment value for the current quarter are based upon the most recent valuation data provided to us by each Client (through statements) or as provided directly to us by the issuer of the securities (if not held in a brokerage account). Generally, these valuations are the "invested amount" plus or minus cash flows.

Updates to these valuations may "lag" by a month (or more) from the issuer of the security (or other custodian as the case-may-be) plus or minus capital calls and distributions as documented in the valuation / statement. As a result we will use the carry value from the previous quarter until we are provided a current valuation.

Termination: An advisory relationship with us can be terminated (as documented in our written agreement with you) upon written notice delivered by one party to the other. Fees due and payable through the date of termination are earned by us; the portion of un-used and pre-paid advisory fees will be promptly refunded to you.

Transition Service: If you desire us to assist you with the transition of your information (check books and other records we may have) which are not required records of an investment adviser such as Bristlecone, we will be pleased to do so. We will, upon your instructions, copy and provide the records to your personal designated professional (attorney, accountant or other investment adviser). This work will be considered as part of our agreement with you and will continue our mutual relationship until all documents are delivered pursuant to your instructions.

Although we do not want to lose you as a Client, we will work with you to ensure an orderly transition of your accounts and other information (as that may be applicable to you).

## Family Office Services

Typically, the fees for family office services (whether limited in scope or Comprehensive) are incremental to our portfolio management fee schedule as described above. The fees are charged in the same manner at the inception of a relationship and on an on-going basis, including termination of our relationship.

If a Client does not use Bristlecone to manage their portfolios (or accounts) we provide our family office services on a fixed fee basis. The fees are negotiated with each Family based upon the services we provide as your family office.

Fixed fees are documented in the family office agreement we have with you (subject to the same termination provision, above), with the fees pro-rated (for family office relationships opened or closed during a calendar quarter). Fixed fee family office services range up to \$500,000 per year (billed either monthly or quarterly as stipulated in the written family office agreement we have with you).

Consulting Services to one 401k plan's participants: For the educational services provided to the participants of one 401k plan, we charge for our services on a fixed fee basis, only. Our fee is paid by the employer / sponsor of the 401k plan on behalf of all plan participants.

This service is not available to or offered by Bristlecone to any other 401k plan or plan sponsor.

## General Information on Advisory Services and Fees

- We do not charge you a fee based upon the performance of the funds or securities under our management; however, certain external money managers may provide services through private funds (real estate, equity, etc.) that include a base and performance-based fee or incentive fee. These fees are stipulated in the private offering memorandum that you will review (with us) and the subscription agreement you will sign to subscribe as a limited partner or investor into these private investments.
- Bristlecone's fees as indicated above are separate and distinct from the fees charged by the EMM used, if applicable, for your asset allocation and investment objectives. Please see the Form ADV, Part 2 A for each EMM (their advisory fees and related information).
- Transactions for your accounts managed by EMM's are described under Item 12, Brokerage Practices, below.

- Additional Compensation / Fees: The fees you pay to us for our portfolio management services do not include the following. All of these fees or charges are borne by you (and we do not participate directly or indirectly in any of these items paid by you):
  - Brokerage commissions
  - Transaction fees
  - Other related costs and expenses, and
  - Charges imposed by custodians, brokers, third party investment and other third parties, including but not limited to:
    - Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)
    - Advisory fees charged by sub-advisers (if any are used for your account);
    - Custodial Fees
    - Deferred sales charges (on MF or annuities)
    - Deferred sales charges (charged by MFs)
    - Transfer taxes
    - Wire transfer and electronic fund processing fees
    - Commissions or mark-ups / mark-downs on security transactions

See Item 12 (Brokerage Practices) for additional information on “other costs” you may incur.

In addition:

- We have one Client to whom we provide Portfolio Management Services at a fixed annual fee. However, this fee option is no longer available to current or new clients
- We provide similar Portfolio Management Services to family members and family friends of the firm at no fee or at fees lower than those described above. These fees are available only to family members or family friends of Bristlecone and our employees

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a Client’s account. As a result, we do not have disclosures to provide to you under this item.

Our advisory fees are charged only as described above (see Item 3).

## **Item 7 – Types of Clients**

We provide our portfolio management and family office services to:

- Individuals and high net worth individuals
- Trusts, estates
- Corporate pension and profit sharing plans
- Not for profit entities
- Public or Private Foundations

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

### Analysis and Information

Bristlecone is a fundamental investment adviser. As a result, we evaluate managers based on the following criteria:

- Discipline; adherence to an intellectually defensible investment strategy
- Demonstrated long-term commitment to and competence in the asset class, sub-asset class or investment style
- Demonstrated commitment to the management of investment costs when compared to expected incremental return
- Long-term portfolio manager / manager team and overall management stability
- Long-term risk-adjusted performance that's compelling relative to peers and appropriate benchmarks
- A commitment to alpha generation (rather than asset gathering)

We also believe in rigorous due diligence on the managers we recommend. We identify managers who we believe will:

- Outperform their relative benchmarks
- Provide a consistent framework for evaluation and decision making (which assists us in avoiding decision errors)
- Provide us with the confidence for us to ride out the inevitable shorter periods of underperformance
- As part of our overall assessment of a manager; we look for the following additional information (some are our own qualitative assessments):
  - Integrity / disciplinary backgrounds
  - Appropriate asset size (that the manager currently manages)

- Team depth and breadth
- Robust operations and back-office functions
- Independently owned management group
- Long and attractive track record over various market cycles
- Logical and consistent processes
- Portfolio risk awareness, monitoring and mitigation
- Data-rich investment research
- Unique market perspectives, among others
- Of course, in our process, there are some items we desire to avoid, including:
  - Too large of a firm
  - Empire builders (large, conglomerate organizations)
  - Unexplainable past performance
  - Style drift or dilution
  - Changes in key personnel, the investment process or organizational structure
  - Among others

Our investment process involves several “key” steps:

- I. Sourcing managers by using our existing proprietary database and
  - a. Morningstar, Callan, existing managers, other managers, peers (endowments and foundations), research conferences and other sources of information (as listed below)
  - b. Initial screening techniques (quantities assessment)
    - i. track record
    - ii. portfolio manager tenure
    - iii. returns over market cycles compared to appropriate indexes
    - iv. consistency of returns
    - v. volatility and losses
    - vi. asset levels across products and product expenses / liquidity
  - c. Document review and initial conversations
    - i. Identify details of the investment process
    - ii. Portfolio management policies and controls, including risk controls
    - iii. Team members, structure and incentives
    - iv. Growth plans and expected “closing” levels of assets under management
    - v. In person meetings
      1. Assess the discipline: consistency between the manager’s description of the process and the actual securities purchased / sold
      2. Consistency across team members
      3. Evaluate the quality of the team
      4. Evaluate the culture

5. Understand the manager's vision / business plan
  - vi. Check references and use industry contacts
- d. Final "decision" to use the manager rests with Bristlecone's Investment Committee

We utilize both quantitative and qualitative assessments through our overall investment process.

- Quantitative includes (but is not limited to):
  - Expenses and fees
  - Asset levels
  - Risk v. return v. benchmarks and peers
- Qualitative includes (but is not limited to):
  - The disciplined approach
  - Obsessive at seeking an edge / differentiator
  - Focus
  - Culture and stability of the manager
  - Quality of the investment professionals
  - Shareholder and/or investor orientation

As a result of our research and due diligence process; our Investment Committee reviews all recommendations of a new manager or product; if approved, the manager is "added" to our list of approved managers. We monitor all of these managers (mutual funds, ETFs, separate account managers or alternative asset class managers) to maintain a re-affirmation of the criteria that initially caused us to use the manager.

Manager Terminations do occur; typically for the following reasons (in order of frequency):

- Departure of one or more key investment professionals
- A material or adverse change in the management or ownership of the manager
- A fundamental change in the investment philosophy or process
- Our identification of a more compelling alternative
- Poor performance

Sources of Information (to supplement security analysis):

- Financial industry publications
- Inspection of corporate activities (we visit the issuers of securities)
- Third party research materials
- Corporate rating services
- Annual reports, prospectus, filings with the SEC
- Company press releases, and

- Callan & Associates (Please see Item 4)
- Advisory Intelligence (a software platform)
- We often will use our professional contacts within our industry to facilitate gaining additional insight and information on managers

Investment Strategies (types of transactions used for your accounts):

- Long term purchases (those securities that are held at least 1 year)
- Short term purchases (securities sold within a 1 year)
- Limit orders on concentrated positions for specific clients (as requested or appropriate)
- Margin transactions (or leverage within a portfolio) which may be used for a Client with a large, concentrated, low cost basis stock position to manage tax liability while affording diversification); however, there are added costs associated with margin as the custodian / broker is “loaning” the Client the margin amount
- Options (consistent with a Client’s objectives or needs)
- External Money Managers (traditional or alternative asset classes)

**Risk of Loss:**

Investments in securities always carry the potential for the risk of loss of your invested assets.

To be clear: Your decision to invest in securities carries the potential for a loss of your invested assets (your principal amount) or any appreciation of your holdings that have not been realized. Losses in an investment portfolio are a potential event you should be prepared to bear.

We do not represent to any client, either directly or indirectly, any level of performance or any representation that our professional services will not result in a loss to your invested assets.

We do our very best as an investment adviser to manage risk exposures and to prevent losses; however, losses cannot be prevented in all cases.

## **Item 9 – Disciplinary Information**

As a registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Bristlecone or any of our management persons (as identified above).

As of the date of this Part 2 A brochure, Bristlecone does not have any information applicable to this requirement for the firm or any management person (or other employee).



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

As a registered investment adviser, we are required to disclose under this Item outside financial services activities or affiliations.

We do not have outside business activity or affiliations to disclose to you on our firm or our management persons.

## **Item 11 – Code of Ethics**

As required by regulation (SEC Rule 204A-1), Bristlecone has developed and adopted a Code of Ethics to oversee potential and actual conflicts of interest associated with the investment advice we provide to you.

Our Code is comprised of the following sections:

1. Prohibition on the use of Material, Non-Public Information / Personal Securities Reporting / Gifts and Entertainment Reporting / Political Contribution Reporting
  - a. Each identified section has specific policies, procedures and reporting requirements that apply to each of our employees, upon hire, quarterly and annually
2. Identification of all members of an employee's household; disclosure of brokerage accounts and the personal transactions required to be reported (by the Code) within each family member's brokerage accounts
3. Limits on the receipt of or giving of gifts or gratuities and quarterly reporting
4. Limitations on political contributions employees and their families can provide to candidates for whom the employee (or family member) can vote for.
  - a. This is to monitor political contributions to meet regulatory requirements and to ensure we do not earn advisory business for Bristlecone from political figures or governmental figures (this is called "pay-to-play")

The Code also reminds each of our employees that there is personal responsibility associated to individuals as we identify and mitigate (manage) the potential conflicts of interest inherent in our overall business. Especially when we allow our employees to purchase or sell the same securities we recommend to customers (stocks, bonds, mutual funds, exchange traded funds, etc.) and / or use EMMs. Our Code addresses the areas listed above and requires periodic (upon hire, quarterly and annual disclosures).

For personal trading, we require:

- Pre-clearance of reportable security transactions by an employee or an account to which they are a beneficial owner
- A holding period for any security purchased of at least 30 days
- Periodic reporting
- Among others

The Code generally requires:

- Confidential treatment of non-public and confidential information on all clients
- A prohibition on trading (for Bristlecone, their personal accounts or any client account when we are in possession of material, non-public information on an issuer of a security (until such time the information is generally available to the investing public))
- Prohibition on rumor mongering
- Recertification of the Code (and compliance with the Code) on at least an annual basis and whenever the Code is materially updated

To obtain a copy of Bristlecone's Code of Ethics, please contact Matt Talbot, Chief Compliance Officer at 206-664-2500 or via email at [mtalbot@bristleconeadvisors.com](mailto:mtalbot@bristleconeadvisors.com).

## **Item 12 – Brokerage Practices**

### **Discretionary Brokerage**

We have the authority to select the broker for your portfolio transactions that we manage directly.

As with our investment discretionary authority, you may restrict our brokerage activities on your behalf. However, our experience indicates that Clients typically do not restrict our brokerage activity (please see below). We utilize our brokerage discretionary authority on a limited basis.

**Recommendation of a Broker / Custodian**

Due to the nature of our business, and as requested by Clients, we recommend the following broker dealer / custodian in need of brokerage and custodial services:

Charles Schwab and Company (Schwab)

We participate in Schwab's "Advisor Services" program. This program is sponsored by Schwab and made available to Bristlecone (and other investment advisers).

We recommend Schwab because we have independently evaluated Schwab and the brokerage / custodial services that are available to our Clients. We have, as a result, determined that the following items are of value to both Bristlecone and our Clients when compared to other brokers or custodians (see also Item 14, below):

- Name and financial strength
- Reputation and expertise in providing services to independent investment advisers such as Bristlecone (and our clients)
- A mix of brokerage, custodial and execution services that benefit our Clients
- Access to the types of securities that can be purchased or sold (including a large number of mutual funds at a load waived or no-load basis (no commission charges) with many on a no-transaction fee basis
- Superior service (as compared to other brokers we have evaluated)
- Competitive fees and commissions for Client transactions
- Industry leading technology platform to facilitate the service deliver to our clients
- Dedicated trading desks / on line trading access

Although we independently evaluate Schwab and have elected to participate in the Schwab program as described above, you need to separately evaluate Schwab to determine that Schwab will meet your needs and expectations for custodial, execution and related services. This includes your determination that the services provided by Schwab to you are reasonable as your broker / custodian.

**Commissions**

Bristlecone does not have the discretionary authority to negotiate commissions with Schwab. We initially negotiated a commission schedule for Clients based upon our business activity with Schwab. This commission schedule is provided directly to you in your Schwab account agreement; however, if you would like a copy of the commission schedule, please contact us.

## Types of Brokerage Activity

### I. Prime Brokerage:

As indicated above, we recommend Schwab. As a result, we have the “discretionary” authority to pick brokers other than Schwab to execute your portfolio trades, when we believe to do so is in your best interest. In your best interest means that if we believe doing so assists us in achieving best execution for your transactions. The term “best execution” is not a defined term; it is a concept based upon a number of factors:

- Price
- Commission
- Size of the transaction
- Broker dealer expertise, response and reputation,
- Among other factors that vary transaction by transaction

We place transactions at other brokers only for those client accounts that qualify and only when appropriate; these are called “Prime Broker Transactions.” There are a number of influences we consider when determining to use a broker other than Schwab via the Prime Broker network<sup>4</sup>; these include:

- Minimum portfolio / account size (Schwab imposed requirement)
  - Qualification is on an account-by-account basis (a minimum of \$130,000 of assets)
- Specific expertise of the executing / prime broker; for example, a market maker in an in fixed income securities
  - When we use another broker or dealer on a prime broker basis, the trades are executed on a principal basis. This means that when we are purchasing a corporate or municipal (or other bond) for your account the price received for the purchase or sale includes the commission (called a mark-up or mark-down) which is earned by the broker executing the trade. When commissions are included in the “price” these are called Principal Transactions
    - When the trade is “delivered” to your account at Schwab, an additional “settlement fee” of \$25.00 per account, per trade is charged by Schwab to “receive” the trade, post the transaction to your account and send the funds to the broker (from your account) to settle the transaction
- A benefit of using other brokers includes different inventories of securities (bonds) from underwriters or market makers, thus affording Bristlecone the opportunity to negotiate price and find securities that may not be available from Schwab

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<sup>4</sup> Prime Brokers are part of an electronic network that facilitates a more efficient (and electronic process) to place, and settle the transactions across the prime broker network. They are regulated by the SEC and have a mandatory account size restriction of \$100,000. .

## **2. Directed Brokerage**

If your accounts (one or more) do not meet the minimum Prime Broker requirement imposed by Schwab, we will not trade those accounts on a prime broker basis. As a result, those accounts will be considered to be “directed” with all brokerage transactions placed at Schwab without regard to other brokers or dealers. This means that there is the possibility that some of your accounts are traded on a prime broker basis and others are not. For those transactions placed at Schwab only, (which are the vast majority of the trades executed by Bristlecone for our Clients), you must realize that the transactions may not be aggregated with other orders (or, if they are, they will only be aggregated (or blocked) with those of other client accounts at Schwab).

Thus, our ability to negotiate price, obtain volume discounts are not possible (when compared to prime broker transactions); as a result, best execution may not be achieved and ultimately, this may cause you to pay higher overall costs for execution services. In addition, there may be variances between clients who direct us to use other brokers or custodians as compared to Schwab (commissions may be higher or lower).

Due to the nature of our business we utilize Schwab for the vast majority of our Client transactions that we place for you. Our use of prime brokerage may be limited (depending upon a number of factors, including the additional \$25.00 fee that is charged by Schwab for transactions placed at other brokers or dealers).

## **3. Block Trading**

We may, but are not obligated to aggregate the transactions of more than one client together with other clients in the same security. Due to the customized nature of our portfolio management services, we do not often block security transactions for more than one client together.

We may, block trade trades and execute those trades at other brokers or dealers on a Prime Broker basis; however, it is not anticipated that this will occur frequently, if at all.

Block trading may occur on a min-block basis across multiple accounts in the same security for your accounts held at Schwab, especially for accounts that do not meet the prime broker minimums.

Block trading derives certain benefits to the participating clients in the block (typically for equity or exchange traded funds (ETFs) or similar securities). As mutual funds are purchased or sold at the previous day's closing price, the benefits of block trading are not applicable.

Block trading the same security for multiple accounts are one method we can use to meet our fiduciary obligation of best execution, which is a concept and not a defined standard. When blocking transactions for multiple clients the size of the transaction is larger than placing all the transactions individually, which allows Bristlecone to negotiate the price of the security within the spreads available at that time (a spread is the quoted low and high side of the security; low price is what the broker is willing to pay for the security, the quoted high price is what we would typically be expected to pay for the security).

We do not, however, have the authority to negotiate commissions on a transaction-by-transaction basis. If we use a prime broker the price of the security is negotiated with the commission (mark-up or down) included in the net price. As a result, you will be charged both a commission (net price) and the additional \$25.00 per account per transaction fee charged by Schwab to receive and settle the prime broker transaction.

At the time we place the block transaction, we issue instructions to purchase a particular number of shares of a security (stock, bond or exchange traded fund) and all participating clients and their pro-rated shares of the block are known at the time of the transaction. Should we not receive the full amount of the request, or if multiple executions are required the following apply:

- If the full amount we requested is not obtained (and we determine to stop trading, for whatever reason may apply), we will pro-rate the purchased shares equally across all participating accounts. However, if employee transactions are included in the block and only a partial fill is completed, employee transactions are excluded (per our Code) until all client trades are completed
- If multiple fills occur to complete the full block then all purchases are averaged to price and each participating client receives their full allocation at that average price

#### **4. Prohibited Brokerage Practices**

Agency or Agency Cross Transactions: Bristlecone, itself does not place or instruct brokers to execute cross or agency cross transactions between your account(s) and the accounts of other Clients. We cannot accomplish these transactions because we are not a broker dealer or affiliated (under common control or ownership) with a broker dealer.

Cross transactions and agency cross transactions are generally defined as transactions that are sold from one Client account and purchased into another Client account for a commission (or no commission).

Principal Transactions: We also do not place or request a broker to place principal transactions; however, we may as described above, purchase securities that are principal transactions by certain broker, dealers or custodians. In this context, Bristlecone does not:

Place a transaction as principal for our own account or any other party or purchase or sell security from or to any advisory account.

We also do not sell a security from one client account and purchase that security into another client account.

Soft Dollars: We do not participate in Soft Dollar transactions or services, where Client Commissions are utilized to generate “commission credits” available to Bristlecone to pay for research and execution services.

Brokerage for Client Referrals: We do not direct or recommend brokers (or use brokers) in exchange for Client Referrals. We evaluate and use brokers (including Prime Brokers) as described above.

## **5. External Money Managers – Trading Activity**

As described under Item 4, above, Bristlecone may recommend that a Client utilize the services of an External Money Manager (EMM) to fulfill your asset allocation and investment objectives. In selecting and recommending the EMM, you enter into an advisory agreement directly with the EMM. In that agreement the EMM has investment and brokerage discretionary authority.

However, for the same reasons described above (prime broker qualification account-by-account; the \$25.00 settlement fee when other brokers are used, etc.), the EMM may (or may not) exercise their brokerage discretionary authority for your account transactions the EMM manages. As a result, your transactions may be:

- Aggregately Blocked by the EMM
- Traded on a Blocked basis by the EMM for all Bristlecone managed accounts at Schwab
- Aggregate block your transactions with those of their other clients on a prime broker basis with settlement to Schwab and your account, or
- Utilize your transactions and the transactions of their other clients to generate soft dollar credits to defray their payment of hard dollars (cash) for research or other execution services. Please note that the transactions for your account may generate soft dollar credits by the EMMs that are used to service all of their accounts, and not just yours or the accounts that generated the credits. Soft dollars are subject to the safe harbor afforded money managers under Sec 28(e) of the Securities Exchange Act of 1934 (Section 28e is a “safe harbor” under the Exchange Act)

Please see the Form ADV, Part 2 A for your specific EMM and the written advisory agreement you execute with the EMM for specific detail related to brokerage and trading practices for your assets managed by the EMM. .

## Trade Errors

Bristlecone and the EMMs who may manage your assets have fiduciary responsibilities related to the correction of trade errors.

If Bristlecone creates the error (or the EMM), we will make you, the Client “whole;” this means you will not suffer an economic loss due to our error. We have policies and procedures related to the identification, documentation and correction of errors. If a third party caused or created the error the third party is responsible for the correction of the error and making your account(s) whole.

We endeavor to catch all errors before settlement; typically errors are corrected by a simple cancel (of the error trade) and re-bill (or re-run of the trade as it should have been originally placed). Examples of errors include but are not limited to the following:

- Are not legally authorized for an account
- Are prohibited by investment policy or style
- Are prohibited by the contract
- Include an incorrect security or transaction (buy v. sell or vice versa)
- Block trades that are incorrectly allocated
- Etc.

At times, a trade error will result in a “gain” in the impacted Client account (whether by Bristlecone or an EMM). If this occurs, the gain remains in the Client account unless the error violated a Client imposed restriction and the Client authorizes the removal of the gain for personal or moral reasons (for example, a prohibition on sin, tobacco, and child labor) caused the error. You may also decide to not keep the error if there are tax implications to you.



Schwab Trade Error Policy:

For errors that result in a gain (and that you do not retain in your account), Schwab will donate the amount of any gain \$100 and over to charity

For errors that result in a gain of less than \$100 that are removed from your account are kept by Schwab as they are determined to be de minimis (small). These small gains are used by Schwab to offset Schwab's administrative time and expense related to the processing of errors.

If a loss occurs greater than \$100, Bristlecone will pay Schwab for the loss which is then credited to your account to "make the account whole."

If Bristlecone's trade errors result in both gains and losses in your accounts at Schwab, they may be netted against each other by Schwab (but not by Bristlecone). We process all errors individually.

Bristlecone does not, itself, maintain a trade error account.

## **Item 13 – Review of Accounts**

### **Reviews of Accounts**

We review Client accounts quarterly for consistency with your IPS and to evaluate whether compliance with investment restrictions and performance targets are consistent with expectations.

An annual review is conducted to revisit each Client's:

- IPS
- Changes to your individual needs or circumstances (not previously communicated to us)
- Existing asset allocation
- Individual security holdings
- The EMMs managing your assets, including Private Securities (as applicable)

More frequent reviews may be triggered by dramatic changes in world markets, political or economic events or by changes in your personal circumstances or family obligations.

Reviews are conducted by our Partners and /or other investment professionals. All of these individuals have a Part 2 B Brochure Supplement attached to this ADV Part 2 A Brochure. Please see Item 4, above, for the identification of the five partners of our firm.

## Reports

Clients to whom we provide Portfolio Management Services receive periodic reports on a quarterly basis (or more or less frequently as specifically requested by some clients) detailing some or all of the following information:

- Positions summary
- Portfolio performance (including Monitored assets)
- Asset allocation targets and actual asset allocations
- Projected cash flow
- Asset classes
- Transactions
- Identification of Unmanaged Assets

Reports we send to you are prepared and delivered by a third party vendor (Tamarac) with whom Bristlecone has entered into a servicing contract. This contract includes provisions related to privacy and the protection of your personal data and information. Reports are:

- Delivered to you via postal service
- Or, you are emailed a notice that your report is available; the email includes a link to the report available for your review via the vendor's secure website. You may then download or print the report from this secure website

Reports we provide to you are separate from and in addition to the reports that you receive directly from your independent, third party qualified custodian (Schwab). As we are an investment adviser that has custody of some Client's funds (or securities), we encourage you to carefully review the reports we provide you to you on a quarterly basis to the reports you receive from Schwab and other financial institutions. If you do not receive your Schwab statements directly from Schwab, please contact Schwab (or you Bristlecone account manager) know immediately.

Note: When you compare the assets under management or held in your Schwab account(s) to the reports we send to you, there may be differences in the asset or portfolio value. This may be due to a number of factors, however, the primary factor is that all of your assets managed by Bristlecone are not (or may not be) in your Schwab account. These are typically the Private Funds or other Private Security Transactions that you have subscribed to (based on our recommendation). We "manually" input into our portfolio accounting system these securities or interests that you have purchased (subscribed to) in our portfolio accounting system.

## Item 14 – Client Referrals and Other Compensation

Bristlecone does not directly or indirectly pay any entity or person for Client referrals. We also do not receive (directly or indirectly) any commissions or fees from brokers, dealers or custodians.

### Schwab Adviser Services Program:

Bristlecone participates in the Schwab Advisor Services program (see Item 12). As a participant, Schwab provides Bristlecone and our Clients certain benefits that we would otherwise not receive if we were not part of the program. These benefits include:

- Access to securities that are not typically available to non-institutional investors
- Access to institutional trading, operations and services
- Brokerage, custodial and information services
- Software and technology that allow us to review Client accounts and trade electronically via Schwab platforms
- Pricing information, market data and related information
- Directly debiting of our advisory fees directly from your Schwab custodial account
- Back-office support, recordkeeping, duplicate confirmations / statements and reconciliation services
- Additional services provided may include:
  - Consulting or consulting advice
  - Publications or presentations on practice management information technology
  - Business management
  - Regulatory compliance
  - Marketing advice / information
  - Or the availability of these services to Bristlecone at discounted fees (payable directly by Bristlecone to a selected vendor, if applicable)

### Loan from Schwab

Schwab has provided a loan to Bristlecone to assist us in our business operations; the loan is guaranteed by our principals. The terms of the loan require that management fees to Bristlecone are paid to an account at Schwab for the deduction of the interest and principal payments pursuant to the loan agreement before Bristlecone is paid (or has access to) that account which is our revenue from providing management services to you. The loan agreement contains various representations by Bristlecone, including that we will maintain \$600 million of Client assets (under our management) at Schwab and other requirements. The other requirements include:

- Our compliance with applicable laws
- Contracts and licenses
- Permits (among other requirements)

If we were to default under the terms of the loan agreement, Schwab may terminate and/or accelerate the loan which could have a material adverse impact on our ability to provide contracted services to you. Should this even occur, you will be notified promptly.

#### One-Time Payment (Benefit Agreement) with Schwab

In December of 2010, Bristlecone and Schwab entered into a one-time, fixed fee payment to facilitate our technology related expenses. This agreement provided Bristlecone with \$30,000 for technology improvements. There are, of course, a number of stipulations, representations and warranties in the agreement, including the requirement that we have and maintain \$600 million in equity assets (in Client accounts) at Schwab. An additional requirement is that we disclose this payment to our Clients as we are doing here.

### **Item 15 – Custody**

Bristlecone has “custody” of the funds for certain clients to whom we provide Family Office Services. Custody is created for Clients to whom we provide check writing and bill paying services, as we have access or possession of your check books and check writing privileges.

We also have custody in at least one additional case as a partner serves as a Trustee for a Client’s trust. As the Trustee, we (through our partner) have the authority to appropriate and direct the funds or securities of the Trust.

However, the actual physical custody of most Client assets for whom we have custody reside with an independent (of Bristlecone), third party qualified custodian: A bank, broker (i.e., Schwab), trust company or insurance company.

For those Clients for whom we have custody, we remind you of the following:

1. You should receive, directly from your qualified custodian, monthly account statements showing all transactions in your brokerage or bank account (debits, credits, payments, and related transactions)
  - a. We encourage you to carefully review these statements as this is your money or other assets held in custody for you by these third parties
2. In addition, you receive (as indicated above) from Bristlecone a quarterly report (or a report prepared more or less frequently as you request) showing the holdings in your account(s) under our Portfolio Management Services. These are in addition to the statements from your bank, trust company or broker

3. We encourage you to compare the account statements from your bank, broker or other qualified custodian to those quarterly reports we send to you
  - a. Reminder: not all of the assets managed by Bristlecone are held at your qualified custodian. Certain securities, such as private placements (hedge funds or limited partnership interests) are held by the issuer of the securities. As a result, the account values reported by your custodian may differ from the quarterly statements we provide to you for a number of reasons (dividends, interest paid or due, valuation issues, including lagging valuations on certain of the private placement securities that we “manually” add to our portfolio accounting system which generates the reports to you
4. Finally, if you do not receive your statements from your qualified custodian(s) please contact them immediately (and let your Bristlecone relationship manager know).

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

Bristlecone has investment discretionary authority for our portfolio management accounts. This means that consistent with your IPS and our obligations to make only suitable recommendations for your account(s) we may purchase and sell securities for you without obtaining your consent to each transaction. Investment discretionary authority is documented in the Portfolio Management Agreement we enter into with you. You may also impose reasonable investment restrictions on our portfolio management services (which are documented in the agreement we have with you). These may be modified from time-to-time by providing the changes to us in writing. Restrictions are not implemented until reviewed and accepted by Bristlecone. If we believe the requested restrictions are too restrictive for us to deliver our contracted services to you, we will review the reasons with you (and try to find a solution).

The EMMs used for your account have the investment discretionary authority to purchase and sell securities for your accounts assigned to them consistent with our written instructions on your behalf and the IPS we provide to them (including any limitations on their discretionary authority you may place on them, or on us (see Item 5, above).

For some clients, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. We may, but are not obligated to consider tax implications on purchase or sale decisions.

The use / recommendation of EMMs (whether for a separate account for you or an alternative asset class) are recommended by Bristlecone pursuant to our investment discretionary authority. This is true, even though you have to enter into a separately managed account agreement or through a subscription to private partnerships via a subscription agreement.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

You may elect to retain your own proxy voting responsibilities. Or, you may delegate proxy voting responsibility to Bristlecone.

When delegating to Bristlecone, we will vote the proxies for your accounts pursuant to our standard Proxy Voting Guidelines. Your custodial paperwork with Schwab (or any other of your custodians) will indicate that your proxy ballots be delivered directly to Bristlecone for us to cast the vote on your behalf.

We vote proxies only when we receive the ballots from your custodian. Proxies are typically issued by companies (issuers of securities) that proxy matters (traded securities, including equities, mutual funds and exchange traded funds, etc.). If proxy voting responsibility is delegated to Bristlecone, we will vote your proxy materials on only the accounts that are managed directly by Bristlecone. For accounts managed by EMM's, they will vote Proxies on your behalf.

To vote your proxies, we have developed a Proxy Voting Guidelines; a summary of the Procedure includes:

- We vote as recommended by the management of the public company or mutual fund / ETF on routine matters.
  - However, we may determine to vote against management if believe there is an issue with management's recommendation on the matter that is inconsistent with a shareholder's (your) best interests.
- If we become aware of controversial proxy issues, that may actually harm you, the shareholder, we will vote against management's recommendations.

If you wish to vote your own proxies or designate an independent third party to vote (or another named fiduciary), we would request these instructions be providing in writing (you shall bear solely all associated costs, if any).

March 27, 2012

If we vote your proxies; you may request a report showing how Bristlecone has voted proxies for your account(s). However, proxy reports are “aggregated” for all of our Clients for whom we vote, not just your account (and are segregated by security in an aggregated ballot or as the custodian provide them to us). The report will show:

- The name of the security
- The various proxy proposals and,
- How we voted the proxies on each ballot.

To receive a copy of Bristlecone’s Proxy Voting Policies and Procedures (or a summary of the Proxy Voting Policies and Procedures); please contact your Bristlecone Relationship Manager or Matt Talbot, CCO at 206-664-2486.

Corporate Actions: Bristlecone does not typically process or vote, for any Client, corporate actions (including law suits, proxy solicitations or other matters). These will be forwarded directly to you upon receipt from us (when received from your custodian).

## **Item 18 – Financial Information**

Bristlecone is required in this Item to provide you with certain financial information or disclosures about our financial condition if our financial condition is present that impairs our ability to meet contractual and fiduciary commitments to you, including a bankruptcy proceeding.

As of the date of this Brochure, there are no such issues to disclose to you regarding Bristlecone or any of our Principals / Partners.

## Part 2B of Form ADV: Brochure Supplement

### Item I Cover Page

***This brochure supplement provides information about the following Partners and Employees who manage Client Portfolios, provide Family Office Services or provide Investment Advice to Clients. We include this Part 2 B with our Part 2 A Brochure.***

The listed individuals are associated with either of our Bristlecone offices (Seattle or Bellevue):

Seattle: 1000 2 <sup>nd</sup> Avenue, Suite 3110 Seattle, WA 98104 206.664.2500	Bellevue: 10900 NE 4 <sup>th</sup> Street, Suite 2260 Bellevue, WA 98004 206.664.6813
Keith Vernon	Kevin Berry
Matt Talbot	Chris Taylor
Robyn Meyer	Anthony Waltier
Scott Oswald	Piper Hanson
Colette Chan	Stephanie Garhart
Loressa Lau	
Adam Guenther	
Stephen Sweeny	

***You should have received a copy of the Part 2 A brochure as we include these supplements with all copies. Please contact Matt Talbot, CCO if you did not receive Bristlecone's Brochure, or if you have any questions related to the brochure or this supplement.***

***Additional information about all of the individuals listed above is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)***



## Item 2 Educational Background and Business Experience

**Name: Keith R. Vernon, CFA**

**Born: 1970**

**Education after High School:**

BA Business – University of Puget Sound (1992)

Chartered Financial Analyst<sup>5</sup> (1995)

Masters in Business Administration – University of Washington (1998)

**Employment History, Past 5 years:**

Bristlecone Advisors – April 1999 to Present

## Item 3 Disciplinary Information

We do not have any legal, financial or other “disciplinary” item to report to you for Keith R. Vernon.

## Item 4 Other Business Activities

Keith R. Vernon is not involved in any other outside business activity.

## Item 5 Additional Compensation

Keith R. Vernon does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

## Item 6 Supervision

Keith R. Vernon is supervised by Matt Talbot, CCO. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meeting / discussion as a partner in our business. In addition, Matt conducts periodic tests of our compliance program (including sampling client portfolios, security holdings to investment objectives).

Matt can be reached at 206.664.2500 or via email at [mtalbot@bristleconeadvisors.com](mailto:mtalbot@bristleconeadvisors.com).

<sup>5</sup> The Chartered Financial Analyst Certification: is an international [professional certification](#) offered by the [CFA Institute](#) (formerly AIMR) to [financial professionals](#) who complete a series of three [examinations](#). To become a CFA, candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFAs are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

**Item 2 Educational Background and Business Experience**

**Name: Kevin S. Berry**

**Born:** 1956

**Education after High School:**

BA Economics – University of California, Santa Barbara (1978)

**Employment History, Past 5 years:**

Bristlecone Advisors – April 2010 to Present

Bank of America, N.A. – September 1989 to April 2010

**Item 3 Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report to you for Kevin S. Berry.

**Item 4 Other Business Activities**

Kevin S. Berry is not involved in any other outside business activity.

**Item 5 Additional Compensation**

Kevin S. Berry does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

**Item 6 Supervision**

Kevin S. Berry is supervised by Matt Talbot, CCO. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meeting / discussion as a partner in our business. In addition, Matt conducts periodic tests of our compliance program (including sampling client portfolios, security holdings to investment objectives).

Matt can be reached at 206.664.2500 or via email at [mtalbot@bristleconeadvisors.com](mailto:mtalbot@bristleconeadvisors.com)

## Item 2 Educational Background and Business Experience

**Name: Matthew P. Talbot**

**Born:** 1971

**Education after High School:**

BS Finance – Oregon State University (1994)

Chartered Alternative Investment Analyst<sup>6</sup> (2006)

Masters in Business Administration – University of Washington (2003)

**Employment History, Past 5 years:**

Bristlecone Advisors – May 2000 to Present

## Item 3 Disciplinary Information

We do not have any legal, financial or other “disciplinary” item to report to you for Matthew Talbot.

## Item 4 Other Business Activities

Matthew Talbot is not involved in any other outside business activity.

## Item 5 Additional Compensation

Matthew Talbot does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

## Item 6 Supervision

<sup>6</sup> The right to use the CAIA (Chartered Investment Analyst certification) is earned by  
(1) successfully completing the CAIA program (passing both the Level I and Level II exams) and  
(2) becoming a member of the CAIA Association. To qualify for membership in the Association, you must fulfill all the following requirements:

1. Pass the Level II exam within three years of passing the Level I exam.
2. Hold a U.S. bachelor's degree or the equivalent, and have more than one year of professional experience, or alternatively have at least four years of professional experience.\*
3. Submit payment for the annual CAIA Association membership fee.
4. Agree on an annual basis to abide by the Member Agreement.

Membership is the final requirement for individuals who wish to use the CAIA designation.

\*Professional experience is defined as full-time employment in a professional capacity within the regulatory, banking, financial, or related fields.

March 27, 2012

Matt Talbot is supervised for certain of his activities by the other Partners of Bristlecone, including Keith R. Vernon. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system, discussion of products, services and EMMs recommended (or used). As CCO, Matt also has the responsibility to implement and supervise the compliance program on continual (and annual) basis for the firm. Keith Vernon can be at 206.664.2500 or via email at [kvernon@bristleconeadvisors.com](mailto:kvernon@bristleconeadvisors.com)

**Item 2 Educational Background and Business Experience**

**Name: Christopher J. Taylor**

**Born: 1966**

**Education after High School:**

BA Economics - University of Washington (1989)

**Employment History, Past 5 years:**

Bristlecone Advisors – April 2010 to Present

Bank of America, N. A. – September 1989 to April 2010

**Item 3 Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report to you for Christopher J. Taylor.

**Item 4 Other Business Activities**

Christopher J. Taylor is not involved in any other outside business activity.

**Item 5 Additional Compensation**

Christopher J. Taylor does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

**Item 6 Supervision**

Christopher J. Taylor is supervised by Kevin Berry. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meeting / discussions.

Kevin can be reached at 206.664.6813 or via email at [kberry@bristleconeadvisors.com](mailto:kberry@bristleconeadvisors.com)

**Item 2 Educational Background and Business Experience**

**Name: Anthony D. Waltier**

**Born:** 1962

**Education after High School:**

BA Business – Gonzaga University (1985)

**Employment History, Past 5 years:**

Bristlecone Advisors – April 2010 to Present

Bank of America, N.A. – January 1986 to April 2010

**Item 3 Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report to you for Anthony D. Waltier.

**Item 4 Other Business Activities**

Anthony D. Waltier is not involved in any other outside business activity.

**Item 5 Additional Compensation**

Anthony D. Waltier does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

**Item 6 Supervision**

Anthony D. Waltier is supervised by Kevin Berry. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meeting / discussions.

In addition, Kevin samples (or supervises sampling) of the services provided by Anthony to Clients on a periodic basis (including sampling client portfolios, security holdings to investment objectives), among others.

Kevin may be reached at 206.664.6813 or via email at [kberry@bristleconeadvisors.com](mailto:kberry@bristleconeadvisors.com).

**Item 2 Educational Background and Business Experience**

**Name: Robyn P. Meyer**

**Born:** 1973

**Education after High School:**

BA Business – University of Vermont (1995)

**Employment History, Past 5 years:**

Bristlecone Advisors – September 2006 to Present

**Item 3 Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report to you for Robyn Meyer.

**Item 4 Other Business Activities**

Robyn Meyer is not involved in any other outside business activity.

**Item 5 Additional Compensation**

Robyn Meyer does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

**Item 6 Supervision**

Robyn Meyer is supervised by Matt Talbot, CCO. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meeting / discussions. In addition, Matt conducts periodic tests of our compliance program (including sampling client portfolios, security holdings to investment objectives).

Matt can be reached at 206.664.2500 or via email at [mtalbot@bristleconeadvisors.com](mailto:mtalbot@bristleconeadvisors.com)

**Item 2 Educational Background and Business Experience**

**Name: Piper D. Hanson**

**Born:** 1974

**Education after High School:**

BA Finance and Marketing - University of Washington (1997)

**Employment History, Past 5 years:**

Bristlecone Advisors – April 2010 to Present

Bank of America, N.A. – October 2001 to April 2010

**Item 3 Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report to you for Piper Hanson.

**Item 4 Other Business Activities**

Piper Hanson is not involved in any other outside business activity.

**Item 5 Additional Compensation**

Piper Hanson does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

**Item 6 Supervision**

Piper D. Hanson is supervised by Kevin Berry. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meeting / discussions.

In addition, Kevin samples (or supervises sampling) of the services provided by Piper to Clients on a periodic basis (including sampling client portfolios, security holdings to investment objectives), among others.

Kevin may be reached at 206.664.6813 or via email at [kberry@bristleconeadvisors.com](mailto:kberry@bristleconeadvisors.com).



**Item 2 Educational Background and Business Experience**

**Name: Scott A. Oswald, CFA**

**Born:** 1977

**Education after High School:**

BA Finance – Syracuse University (2000)

Masters in Business Administration – University of Washington (2006)

Chartered Financial Analyst (2006)

Chartered Alternative Investment Analyst (2007)

**Employment History, Past 5 years:**

Bristlecone Advisors – July 2006 to Present

Safeco Life & Investments – June 2001 to August 2004 2001 to April 2010

**Item 3 Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report to you for Scott A. Oswald.

**Item 4 Other Business Activities**

Scott A. Oswald is not involved in any other outside business activity.

**Item 5 Additional Compensation**

Piper Hanson does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

**Item 6 Supervision**

Scott A. Oswald is supervised by Keith Vernon. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meetings.

In addition, Keith samples (or supervises sampling) of the services provided by Scott to Clients on a periodic basis (including sampling client portfolios, security holdings to investment objectives), among others.

Keith can be reached at 206.664.2500 or via email at [kvernon@bristleconeadvisors.com](mailto:kvernon@bristleconeadvisors.com)

**Item 2 Educational Background and Business Experience**

**Name: Stephanie Garhart**

**Born:** 1980

**Education after High School:**

BA Sociology and Communications – University of Washington (2003)

**Employment History, Past 5 years:**

Bristlecone Advisors – April 2010 to Present

Bank of America N.A. – November 2004 to April 2010

**Item 3 Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report to you for Stephanie Garhart.

**Item 4 Other Business Activities**

Stephanie Garhart is not involved in any other outside business activity.

**Item 5 Additional Compensation**

Stephanie Garhart does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

**Item 6 Supervision**

Stephanie Garhart is supervised by Kevin Berry. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meetings.

In addition, Kevin samples (or supervises sampling) of the services provided by Stephanie to Clients on a periodic basis (including sampling client portfolios, security holdings to investment objectives), among others.

Kevin may be reached at 206.664.6813 or via email at [kberry@bristleconeadvisors.com](mailto:kberry@bristleconeadvisors.com).

**Item 2 Educational Background and Business Experience**

**Name: Adam Guenther**

**Born:** 1979

**Education after High School:**

BA, Accounting; Finance, Western Washington University, 2003

**Employment History, Past 5 years:**

Bristlecone Advisors, Sr. Associate – 09/2011 to Present

US Trust, Portfolio Manager Associate – 04/2010 to 09/2011

WMS Financial Planners, Financial Planner – 08/2006 to 05/2009

**Item 3 Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report to you for Adam Guenther.

**Item 4 Other Business Activities**

Adam Guenther is not involved in any other outside business activity.

**Item 5 Additional Compensation**

Adam Guenther does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

**Item 6 Supervision**

Adam Guenther is supervised by Keith Vernon. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meeting / discussions.

Keith can be reached at 206.664.2500 or via email at [kvernon@bristleconeadvisors.com](mailto:kvernon@bristleconeadvisors.com)

**Item 2 Educational Background and Business Experience**

**Name: Colette Chan**

**Born: 1986**

**Education after High School:**

BA, University of Washington (2008)

**Employment History, Past 5 years:**

Bristlecone Advisors – July 2008 (Jr. Associate); Associate – 2009 to Present

College Student 2004-2008 (and part-time office assistant; English Instructor, China)

**Item 3 Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report to you for Colette Chan.

**Item 4 Other Business Activities**

Colette Chan is not involved in any other outside business activity.

**Item 5 Additional Compensation**

Colette Chan does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

**Item 6 Supervision**

Colette Chan is supervised by Keith Vernon. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meeting / discussions.

Keith can be reached at 206.664.2500 or via email at [kvernon@bristleconeadvisors.com](mailto:kvernon@bristleconeadvisors.com)

**Item 2 Educational Background and Business Experience**

**Name:** Loressa Lau

**Born:** 1979

**Education after High School:**

BA Sociology, University of Washington (2003)

**Employment History, Past 5 years:**

Bristlecone Advisors – 2006 to Present

**Item 3 Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report to you for Loressa Lau.

**Item 4 Other Business Activities**

Loressa Lau is not involved in any other outside business activity.

**Item 5 Additional Compensation**

Loressa Lau does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

**Item 6 Supervision**

Loressa Lau is supervised by Keith Vernon. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meeting / discussions.

Keith can be reached at 206.664.2500 or via email at [kvernon@bristleconeadvisors.com](mailto:kvernon@bristleconeadvisors.com) .

**Item 2 Educational Background and Business Experience**

**Name: Stephen Sweeny**

**Born: 1988**

**Education after High School:**

BA History and Economics; Hobart College (2010)

**Employment History, Past 5 years:**

Bristlecone Advisors, Trading and Operations Analyst – 07/2011 to Present

Bank of New York / Mellon, Portfolio Accountant, 08/2010 07/2011

**Item 3 Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report to you for Stephen Sweeny.

**Item 4 Other Business Activities**

Stephen Sweeny is not involved in any other outside business activity.

**Item 5 Additional Compensation**

Stephen Sweeny does not receive, directly or indirectly any additional compensation for providing investment advice or other services to Clients.

**Item 6 Supervision**

Stephen Sweeny is supervised by Keith Vernon. Supervision is accomplished by the monitoring of the securities recommended to clients, the use of our portfolio accounting system and by periodic meeting / discussions.

Keith may be reached at 206.664.2500 or via email at [kvernon@bristleconeadvisors.com](mailto:kvernon@bristleconeadvisors.com)