



Part 2 of Form ADV: Firm Brochure

## Firm Brochure

Equity Logic, LLC

Thomas H. Kee Jr., President

415.999.9033

[tomkee@equitylogic.net](mailto:tomkee@equitylogic.net)

[www.equitylogic.net](http://www.equitylogic.net)

8110 El Paseo Grande Suite 406

La Jolla, CA 92037

This brochure provides information about the qualifications and business practices of Equity Logic. If you have any questions about the contents of this brochure, please contact us at 415.999.9033 and/or email [tomkee@equitylogic.net](mailto:tomkee@equitylogic.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Registration does not imply a certain level of skill or training.



## **Table of Contents**

- I. Advisory Business
- II. Fees and Compensation
- III. Types of Clients
- IV. Method of analysis
  - A. The Investment Rate
  - B. Strategies and Investment Decisions
  - C. Cash as an Integral Investment
  - D. Risk controls and the Risk of Loss
- V. Disciplinary actions
- VI. Financial Industry affiliations
- VII. Code of Ethics
- VIII. Brokerage Practices
- IX. Review of accounts
- X. Client Referrals and compensation
- XI. Custody of accounts
- XII. Investment Discretion
- XIII. Voting Client Securities
- XIV. Financial information
- XV. Other Business Activities
- XVI. Personal Information



## **Advisory Business**

Equity Logic is a Delaware Limited Liability Company. It is an Investment Advisory firm founded in October, 2010 with an office in La Jolla, CA. Thomas H. Kee Jr. is the principal owner and Managing Director.

Equity Logic provides managed account services and supervises those, but not supervisory services. Equity Logic specializes in managing proactively traded portfolios of US-based equities and ETFs and may incorporate sub advisors and traders who may from time to time engage in hedging strategies using options or futures but Equity Logic does not itself use those instruments. Market timing plays a critical role in some strategies, but not all. Equity Logic invests in US equities and ETFs, but it does not invest in bonds, preferred stock, or other asset classes unless those are part of equity-based investments such as ETFs which are traded on US exchanges, but sub advisors may do so from time to time. Instead, Equity Logic focuses on equity-based investments which are traded on established US stock exchanges. That may mean individual stocks, single weighted ETFs, double weighted ETFs, ETFs which have an embedded short bias, and ETFs which have an embedded long bias. That may also mean ETFs that engage in non equity or foreign equity transactions, but those ETFs must trade on US Exchanges as equities themselves to qualify for investment consideration in Equity Logic Managed accounts.

Equity Logic does not tailor its investment strategy to the client except in unique circumstances. Strategy allocations may be different between clients based on their choices, but the defined strategies used by Equity Logic LLC are not designed for any specific client. If a client is attracted to one of the strategies and it is deemed suitable for that client then allocations to that strategy can be considered. Clients may not impose restrictions upon Equity Logic outside the boundaries of the managerial agreement and brochure unless tailored strategies are created, which would require separate mutual consent. If prohibitions restrict accounts from taking advantage of the strategies offered by Equity Logic, Equity Logic may not serve that client within the scope of the Strategies offered by Equity Logic, but may develop a unique strategy for that client after mutual consent has been received.

As of March 22, 2012 Equity Logic had approximately \$2 million under management of which all is considered discretionary. No assets are being managed on a non-discretionary basis. There are no conflicts of interest to report which could be reasonably expected to impair the rendering of objective and unbiased investment advice.

## **Fees and Compensation**

The compensation of the Manager for its services under this Agreement shall be calculated and paid in accordance with the following Fee Schedule example, as the same may be amended from time to time by mutual written agreement between the Client and the Manager. The Client will provide written authorization to the Custodian to pay the fees of



the Manager directly from the Investment Account immediately upon a predefined schedule authorized by the client.

This fee schedule example is based on a monthly plan, although daily schedules may also be adopted with approval and acceptance by both the Client and Manager. If monthly, the monthly fee for management of the assets in the Investment Account will be billed and payable on the first day of each calendar month based upon the average monthly value of the assets in the Investment Account during the prior month.

Equity Logic does not receive any type of performance based fee of any kind.

On a monthly basis, the management fee is as follows (fees will adjust for daily schedules):

---

0.167%	-	if less than	\$5 million
0.146%	-	if between	\$5 and \$10 million
0.125%	-	if between	\$10 and \$20 million
0.104%	-	if between	\$20 and \$100 million
0.083%	-	if greater than	\$100 million

Clients may incur other fees, including commissions, but Equity Logic has no interest in and receives no consideration for those fees. Further, Equity Logic does not require pre-paid managerial fees and does not accept pre-paid management fees. Lower fees for comparable services may be available from other sources.

### **Types of Clients**

Equity Logic typically provides managed account services to all level of investor so long as Equity Logic deems them suitable, they have the same objective and risk tolerance as Equity Logic strategies, and meet the \$100,000 minimum initial investment requirement into Equity Logic unless the client comes to Equity Logic through a third party investment advisor. In that case the minimum initial investment is reduced to \$50K.

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

The Investment Rate:

The Investment Rate is one of the proprietary research instruments used by Equity Logic to determine the prospects for growth in the economy and the direction of the Stock Market. The Investment Rate was developed by Thomas H. Kee Jr., Managing Director of Equity Logic, as a leading stock market and economic indicator. The Investment Rate serves as the foundation for all investment strategies and is considered before every investment decision. According to The Investment Rate, the economy has already entered the third major down period in US history. The first was the Great Depression, the second was the Stagflation Period of the 1970s, and this third major down period will last longer than either one of those, according to The Investment Rate. This third major down period in US history



began in 2007, it ends in 2023, and The Investment Rate suggests that traditional investment techniques purporting buy and hold strategies will not work for the foreseeable future. According to The Investment Rate, proactive strategies are a much better option. Equity Logic offers proactively managed accounts.

### **Strategies:**

One or a combination of strategies may be recommended from time to time based on our determination of current and future market conditions but initial strategy allocations are also expected to change over time as market conditions themselves change. The Strategies listed herein are uniquely defined by Equity Logic and decisions to buy and sell are based on a number of uniquely created variables including technical analysis. The conclusions reached by Equity Logic may or may not be the same as those reached by any media, advisor, wealth manager, broker, newsletter, or other entity that may offer conclusions that may seem similar to those driving the decisions of Equity Logic.

- **Defined Opportunities** (Stick and Move)
- **PCG** (Proactive Conservative Growth)
- **Double Proactive** (Long/Short 2x ETFs)
- **DRS** (Defined Risk Strategy)
- **Uniquely Developed Strategies** (Exclusive)

\* Uniquely Developed Strategies will be defined in unique addendums for select clients who meet the unpublished discretionary criteria of management.

- **DEFINED OPPORTUNITIES:**

### **OBJECTIVE OF THE DISCIPLINE**

The Defined Opportunities Strategy is a 'Stick and Move' strategy, employing integrated risk controls, designed to enable investors to realize positive results regardless of market direction, economic conditions, and without sacrificing time or lifestyle.

### **DESCRIPTION OF THE STRATEGY**

The Defined Opportunities Strategy is a correlated market timing and stock selection strategy, which trades QID and QLD exclusively. We call this a 'stick and move' trading strategy because we will not hesitate to take profits quickly and revert to cash according to rule. This strategy also mitigates risk with a stop loss mechanism to attempt to limit losses when our assessments do not work in our favor. The trades can be held for more than one



day, but they could also be closed the same day if the Market satisfies our profit taking rule within the same day.

The Strategy is designed with the objective of simplicity as we believe that less complicated strategies result in more nimble portfolios. With that, there are only three possible positions for this strategy: cash, QID, or QLD.

Using a predefined methodology based on our combined market analysis, and the rules listed below, the Defined Opportunities strategy is a process that reacts directly to tests of important support and/or resistance levels in the NASDAQ as they are defined by us. We focus on the NASDAQ, and we could use either the Dow or the S&P 500 at our discretion, but only within the same scope of the rules outlined herein.

Although the strategy takes advantage of both up and down market cycles, the trades suggested in this strategy are never actually short, and that makes this strategy suitable for IRAs provided the client is deemed qualified and his risk tolerance matches the risk profile and expected volatility of the strategy. This strategy allows us to profit from downside moves just as much as from upside moves in the market. Within this strategy these opportunities are virtually the same, with the exception of a simple symbol change.

Of paramount importance, the Defined Opportunities strategy weeds out the noise surrounding the Market every day and allows every day to be approached in the same objective fashion, within our predefined rules.

#### **RULES ASSOCIATED WITH THE STRATEGY**

1. Begin trading 5 minutes after the open.
2. Expect to hold all trades overnight.
3. Use the NASDAQ to guide all trading decisions.
4. Use Technical Analysis to define entry levels.
5. Trade QID and QLD exclusively.
6. Use the same dollar amount for every trade.
7. Do not use margin.
8. Buy either when support is tested or when resistance breaks higher.
9. Short either when resistance is tested or when support breaks lower.
10. Buy signals tell us to buy QLD and target the next level of resistance.
11. Short signals tell us to buy QID and target the next level of support.
12. If ever 2% in gains are achievable, secure gains and go to cash.
13. If gains are secured prepared for a new trade based on the rules.
14. Use conditional market orders.
15. Do not use traditional stop losses. Instead stop when support or resistance breaks.
16. If support breaks after being tested, sell QLD immediately.
17. If resistance breaks after being tested sell QID immediately.
18. **Three point rule:** tests are official when the market comes within 3 points of support or resistance respectively.
19. **Balance Rule:** If support or resistance levels break slightly after the 3 point rule is satisfied sell immediately. Ex. 0.001 is a break.



20. **Five point rule:** If the Market moves 5 points above or below a parameter after balance initiate a second trade in the direction of that break. If the direction is up, a long position is implemented (QLD). If the direction is down a short position is implemented (QID).
21. **One point rule:** if the Market reverses direction after establishing a second long or short according to the 5 point rule, and the reversal causes the Market to break that respective parameter again too, close that position and revert to cash if the break is equal to or greater than 1 point.
22. Limit stops to two stops per parameter. This would occur if a second stop occurs after the 5 point rule has been satisfied.
23. Stop trading around that parameter after 2 stops. Refrain from trading around that parameter again until another parameter is tested first or a new day begins.
24. Never initiate trades in the middle of a channel.
25. Only initiate trades when support or resistance levels are tested.
26. If a position is open at the end of the day hold it overnight.

#### RISK CONTROLS AND ASSESSMENTS

The risk associated with the Defined Opportunities strategy includes overnight risk. Given the added degree of risk associated with this strategy, an additional risk assessment is necessary too. The possibility of a surprise overnight event could affect the results of this strategy. If that surprise has a negative impact on the overnight position a greater than expected loss could occur. We would immediately take our loss and then revert to cash and re-engage the strategy based on the rules.

Additionally, the risk controls integrated into this strategy are not traditional stop losses, but they do serve a similar purpose. Instead of setting a stop loss, we know exactly where we will sell our position before we enter it based on Market levels, with the understanding the correlated ETFs we trade should move measurably in line with the market, barring extraneous circumstances. This is part of our predefined rules.

Strictly, for every test of support or resistance, only two stops are allowed. The first is the stop from the initial test. Because we limit our entries to within three market points of support or resistance, our first stop should be equivalent to approximately three market points as well. The second stop is based on the 5-point rule and the associated 1-point break. Therefore, if we are stopped a second time our loss should be about six market points. Therefore, because we limit the stops to two stops per test, we also limit our losses to approximately nine market points (NASDAQ). This may fluctuate from time to time given varying market conditions and volatility. For example, the market may move faster than reasonably possible to achieve our ideal stop, therefore causing skew to our ideal risk control objective, but at no time will that skew change the discipline. If two stops occur around a given parameter we draw the line, and consider that parameter ineffective for the time being. That parameter can be used again, but only after another support or resistance level has been tested first, or a new day has begun. Given occasional volatility, our losses



can fluctuate slightly, but the process is also unyielding. Therefore, we will revert to cash and control our risk no matter what.

- **PCG (Proactive Conservative Growth)**

#### **OBJECTIVE OF THE DISCIPLINE**

To integrate the broad observations of management to obtain better than market returns by selling at relative market peaks and buying back at relative market troughs. This Strategy is not intended to be actively traded, but instead focuses on long-only market based investments that pay high dividends. With the reality of the existing environment, this strategy is designed to buy when everyone is panicking, and sell when investors are too happy, and repeat the process again every year. There are only a few opportunities to do this every year, so trading is expected to be light, and cash is an integral component to this objective and therefore considered an investment as well.

#### **DESCRIPTION OF THE STRATEGY**

Almost every year the Market goes through a capitulatory phase. PCG attempts to leverage that reality with the understanding that better than market returns are achievable if the strategy is able to buy during the capitulatory phase every year, with the intention of selling when investors become happy, or complacent.

Therefore, this strategy is a proactive strategy, because there is an exit strategy for every trade, it is not an actively traded strategy, but it is not a traditional investment portfolio either. Instead, it is a proactive conservative growth strategy that will buy what some people believe are core large cap equity positions that pay high dividends, ones that could be held forever if that was the intention, but our intention is to hold for only a short while.

All too often, investments in such securities create Golden Handcuffs where investors fail to adhere to exit disciplines, but because this strategy will have an exit strategy based on market sentiment, those Golden Handcuffs will be broken and this strategy will move to cash when we believe the timing is right.

Of course, the only way the strategy could possibly buy when everything looks bad is to have first sold, so with the intent of achieving better than market returns, PCG is proactive, but not active, conservative, but not traditional, and growth oriented with the goal of beating the Market measurably over time.

#### **RULES ASSOCIATED WITH THE STRATEGY**

1. Buy when everyone is panicking.
2. Sell when everyone is complacent.
3. Buy again when everyone panics again.
4. Repeat the process over time.





## **RISK CONTROLS AND ASSESSMENTS**

The risk controls associated with PCG are not traditional, but they can be effective. PCG will only buy when the market appears to be capitulatory, and that means it will only buy on meaningful weakness. It is also restricted to buying only large cap high dividend paying blue chip stocks that can be held for long periods of time, which we consider to be a relatively conservative strategy for periods of market volatility

- **DOUBLE PROACTIVE**

## **OBJECTIVE OF THE DISCIPLINE**

To realize aggressive growth in both directions using double weighted ETFs that are directly or almost directly correlated to the Dow Jones Industrial Average, S&P 500, Russell 2000, or the NASDAQ. This is a Market-Based Strategy that can take advantage of downside moves in the Market by buying double-short ETFs when defined market channels call for it. This strategy will use the broad observations of Equity Logic in conjunction with the channels defined by Equity Logic to attempt to achieve its goal.

## **DESCRIPTION OF THE STRATEGY**

This strategy relies on the prowess of Equity Logic to identify market cycles.

Markets offer tradable ranges on a regular basis and this strategy attempts to take advantage of those ranges using double weighted ETFs. The allocation is divided into four segments, each representing 25% of the Portfolio. For example, if one Position is allocated, the strategy will allocate approximately 25% of the available cash for investment to that Position. This strategy does not use margin, but the ETFs are double weighted, and that means the strategy will be more volatile than traditional investment strategies.

If the Market is deemed to be poised to increase, this strategy will allocate Positions to the long side of the Market, and if the Market is deemed poised to decline the strategy will allocate to the short side, but the strategy will never actually short any particular security. As a result, so long as the strategy is deemed suitable to the risk tolerance and investment objectives of the client, this strategy is also something that can be used in IRAs.

## **RULES ASSOCIATED WITH THE STRATEGY**

1. Identify current Market cycles and channels.
2. Determine expected market direction.
3. Develop an allocation strategy.
4. Define an exit strategy.
5. Engage the strategy.
6. Re-apply the process after exiting.



## RISK CONTROLS AND ASSESSMENTS

The risk controls associated with this strategy are not 'tight' risk controls, nor are they traditional stop losses. The Market may move against us from time to time and these positions are expected to be volatile, so losses can occur. This risk of meaningful loss exists because of the aggressive nature of these positions. Although we attempt to buy at relative lows and sell at relative highs, therefore attempting to add Alpha to the portfolio, we cannot be sure that the Market will not go lower from what appears to be a low, or higher above what appears to be a high, so in cases where timing is not ideal losses can be more than normal.

- **Defined Risk Strategy (DRS)**

The DRS involves one primary investment strategy for managing investment accounts and is managed by Randy Swan. Although The DRS employs certain risk mitigation techniques which are designed to limit losses, investing in securities involves risk of loss that all clients should be prepared to bear. Swan manages client accounts with the goal of protecting wealth and accumulating gains. Utilizing statistical probability, Swan's investment management philosophy is based upon absolute risk management and reduction using multiple layers of hedging techniques across multiple time horizons with the goal of maximizing gains and minimizing losses.

The DRS has two components; Basket I and Basket II. Basket I consists of an S&P 500 exchange traded fund and a put option to minimize risk. The option portion of Basket I is specifically designed to limit a portfolio's exposure to falling markets. The option component is an investment similar to an insurance policy on your house (i.e. equity). The deductible for this policy is specifically chosen by Swan to limit (not eliminate) losses and/or secure profits. Basket II consists of covered spread option income trades executed in each account and then monitored daily for optimization adjustments. The monthly frequency of Basket II trades helps to smooth out overall DRS returns in that it generates income over various market conditions. At the same time these trades are executed, all adjustments points and liquidations for these positions are prepared in advance. This trading policy is similar in effect to circuit breakers in your home's electrical panel in that it protects profits and minimizes losses. The DRS is designed to eliminate most, but not all of the downside of the stock market. DRS Baskets work together to limit risk. In most cases, when one component is losing value, at least one of the other components is gaining value.

## Grouping

Equity Logic will operate strategies in the same manner for every account with the exception of strategies uniquely tailored for a unique client. The strategies we offer are designed to take advantage of relative market extremes (durationally dependent on the strategy) in a proactive manner. Some are designed to trade actively at times, especially when those trades occur around relative market extremes. Sometimes intraday trades are required and sometimes these accounts will end in cash. By limiting the entry points to relative market extremes, depending on the strategy being used, Equity Logic attempts to



strategically position client's assets on either the long or the short side of the market in order to grow those accounts in a meaningful manner every year, regardless of economic conditions, and regardless of market direction.

For example, each account can be divided into core segments, segments can represent a position, and those positions together can make up a concentrated portfolio designed to take advantage of the market direction anticipated by Equity Logic. Traditional investment philosophy suggests that concentrated portfolios have a higher degree of risk than diversified portfolios, and that means added volatility, but Equity Logic believes that the restriction on entry levels for these positions implemented by Equity Logic and explained in this brochure will enable it to successfully manage risk while still taking advantage of opportunities. Sometimes all assets will be placed into a single ETF which, by definition, is itself well diversified. Every election will also be restricted to diversified ETFs, although sometimes those may be concentrated in a specific sector.

#### Investment Decisions:

With the exception of uniquely developed strategies, investment decisions, including the timing of said decisions, will be made by Thomas H. Kee Jr., by way of strategy definition and governance, but trading responsibilities may be designated to employees or sub-advisors operating under the direction of Thomas H. Kee Jr. Always, his first observation will come from The Investment Rate, followed by the Periodic Oscillator, Long Term Technical Channels, and Fibonacci Calculations. The decisions to invest or move to cash will be made at the discretion of Thomas H. Kee Jr. using those tools mentioned as well as sentiment tools, hands-on observations, traditional economic models and technical analysis.

Mr. Kee will provide a quarterly update to managed account holders whenever daily performance reports are not available. Purposefully, Equity Logic intends to use resources that offer daily performance reporting so clients can evaluate their accounts at will. If quarterly reports are offered, these reports will not be available in real time.

#### Cash:

Cash is an integral investment. There will be substantial periods of time when cash positions are held, and Equity Logic patiently waits for entry opportunities on either the long or short side of the curve. During those times, investors should be patient, and understand that trading intra channel leads to unnecessary risk, and often unnecessary stops. Therefore, cash positions are not only accepted, but embraced.

#### Risk Controls

Risk controls are a critical element to successful proactive investment strategy, and they are an essential element to the ongoing business practice and managed account decisions made by Equity Logic. Equity Logic will purposefully limit investment decisions to times in which tests of technically important support or resistance levels are occurring, or have recently occurred. These technical determinations will be based on the assessments of Thomas H.



Kee Jr., by limiting entry levels to tests of technically important parameters, risk controls become obvious. If a test begins to break, for example, and that break is confirmed, risk controls can be implemented.

Risk of loss:

Often, Equity Logic will use double weighted ETFs to take advantage of moves in the market. These instruments are more volatile than traditional investments, and that volatility increases the risk profile of these instruments. Although measures will be taken to control risk, there is no guarantee that the market will remain stable, there is no guarantee that the market will not surprise, there is no guarantee that stops will not occur, and if that happens there is a higher probability of loss because double weighted ETFs have twice the exposure than single weighted instruments.

In fact, Equity Logic expects stops to occur in the accounts it manages, and it expects losses from time to time. By definition, proactive trading strategies require stops to be made and transitions to occur when technically important support or resistance levels break.

### **Disciplinary Information**

There has been no disciplinary action taken against Thomas H. Kee Jr. or Equity Logic.

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

Neither Equity Logic nor Thomas Kee had any financial industry activities or affiliations that would cause a conflict of interest. There is no relationship or managerial arrangement that Thomas Kee or any associated person at Equity Logic has to report with any issuer of securities.

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

Equity Logic does not recommend to clients, or buy or sell for client accounts, securities in which we or a related person has a material financial interest, invests in the same securities, or do we or a related person that recommends securities to clients, or buys or sell securities for client accounts, at or about the same time that we or a related person buys or sells the same securities for his own (or the related person's own) account. This code of ethics creates a completely unbiased and objective environment from which to operate. Any break of this code of ethics will be punishable by Equity Logic. A copy of the Equity Logic LLC Code of Ethics will be provided to the client on request.

### **Brokerage Practices**

Equity Logic does not recommend broker-dealers nor receive compensation from broker-dealers. Equity Logic processes orders on an open exchange, based on the supply and demand of securities at various market makers, ECNs and brokerage firms, and orders may be placed at random. Equity Logic does not direct trades to brokerage firms unless



that brokerage, ECN, or market maker happens to have the best liquidity at the time of the trade, and Equity Logic will not accept direction from a client to do so.

If a broker recommends or refers a client to Equity Logic he will do so at his discretion and it will not have a material impact or create a conflict of interest for any of the accounts managed by Equity Logic. Referred clients will be treated like every other client. If a conflict of interest arises, Equity Logic will report that conflict to all managed accounts.

Equity Logic will aggregate client accounts that have the same custodian so as not to create favorable or unfavorable incentives for any other client account. In doing so, the ability to execute trades as efficiently as trades in individual account transactions may be reduced. In addition, if more than one custodian exists, orders for aggregated accounts will be made for accounts at each custodian at reasonably the same time, so as not to create a conflict amongst accounts.

### **Review of Accounts**

Equity Logic, designated employees and/or sub-advisors will review client accounts regularly and maintain a close eye on every position held therein. Because trades will often be aggregated amongst all accounts, a review of all accounts separately is not necessary every time an aggregated trade is made. From there, because the same positions will be held in all accounts so long as those accounts were funded and active at the time of the transaction, a close review of the stocks held in all accounts serves as a constant review of the positions in the accounts themselves.

Equity Logic will provide clients with a quarterly report describing all transactions that were made during that respective quarter. These reports will be made available through e-mail and on Equity Logic. Because trades will be aggregated, the reports will not be specific to each account. The quarterly reports will instead be ascribed to transactions may by Equity Logic, explain the rationale for those transactions, including the risk and opportunity assessments when those transactions were made for each grouped strategy

Account statements will not be provided by Equity Logic, but Equity Logic assumes that the individual brokers for each client's managed account will provide regular account statements and direct access to such accounts through the Internet which the client can access regularly.

### **Client Referrals and Other Compensation**

Equity Logic does not receive consideration for the account management services it provides from anyone other than its clients. Nor does Equity Logic provide compensation to anyone for referrals who is not already registered. If Equity Logic does pay a registered entity a referral fee, that will not create a material conflict of interest, as the referral fees paid by Equity Logic will not cause client account fees to increase, and the referring party will have no authority, responsibility, or obligation to supervise the accounts referred to Equity Logic.



## **Custody**

Equity Logic will not have custody of client accounts. Instead, Equity Logic will work with the custodian of client accounts to manage those accounts properly. Fees are calculated and paid through the custodian of each account managed by Equity Logic and Equity Logic does not take custody of any monies other than the fees it is paid through the custodial transaction, which is a third party operating between Equity Logic and the Client for purposes of avoiding custody issues.

## **Investment Discretion**

Equity Logic, designated employees or sub-advisors, maintain discretionary authority over the accounts it manages. Equity Logic will manage securities on behalf of its clients and aside from the limitations stated in this brochure, execute transactions in the good faith of its clients. Equity Logic will at no time have the authority to withdraw from or deposit monies into client accounts. Equity Logic acts as a manager for those accounts only, in accordance with managerial agreements submitted to the custodian of client accounts.

## **Voting Client Securities**

Equity Logic does not vote client securities. The custodian, transfer agent, or broker for client accounts is responsible for providing proxies to the client. Equity Logic will not entertain questions about security specific solicitations.

## **Financial Information**

Equity Logic has not been the subject of any bankruptcy proceeding over the past 10 years, further, Equity Logic does not require payment or prepayment of fees in advance from any client at any time.

Equity Logic has no financial condition which might impair its ability to meet the contractual commitments of its clients. In the event of a major disaster or collapse of the financial system whereas transactions could not be executed and financial markets could not be accessed as a result of, but not limited to, natural disaster, technological collapse, or otherwise, Equity Logic would not be able to meet its contractual duties.

Equity Logic has no conflicts of interest, but if any material conflicts of interest arise Equity Logic would immediately notify its clients and address the conflict so that no conflicts of interest exist.

## **Other Businesses**

Although Equity Logic does not represent any other businesses be it in the financial industry or otherwise, Thomas H. Kee Jr., the President and CEO of Equity Logic, the chairman of both the Economic and Investment Committees, and the Managing Director of the managed accounts who are clients of Equity Logic does operate an investment newsletter focusing on market analysis. Mr. Kee spends two hours per day on average after the close of the stock market. The analysis that he conducts for that business and the communications he has through that business are integral elements to his ongoing market



analysis and that enhances his ability to oversee Equity Logic managed accounts. Outside responsibilities are not expected to impair Mr. Kee's ability to act as Managing Director nor Equity Logic's ability to follow the strategies and disciplines as outlined by Mr. Kee.

### **Personal Information**

Mr. Kee has been engaged in the business of writing this newsletter, Stock Traders Daily, for more than 10 years. Through that newsletter he is able to gauge investor sentiment, demand, and overall interest by observing the results of computerized marketing systems which have already been developed and are operative in conjunction with Google, Reuters, MarketWatch, and other notable financial websites. These observations, in addition to the ongoing market analysis Mr. Kee conducts, serve as an added benefit and enhances his ability to properly manage accounts at Equity Logic. Because his market analysis will overlap, Mr. Kee does not expect to spend more than one additional hour per day managing Stock traders daily. This should be of no material impact to Equity Logic and will not create a conflict of interest because Equity Logic will not be the same as that newsletter. No one affiliated with Equity Logic LLC has been the subject of any arbitration nor has anyone been found liable in a civil proceeding.

Thomas H. Kee Jr. has a Bachelor of Science in both Economic and Business from St. Mary's College of California. He is the author of "Buy-and-Hold is Dead", the founder of The Investment Rate, his work has been featured by major financial media such as Barron's and Reuters, and renowned investors such as Prince Al Waleed of Saudi Arabia have taken interest in his strategies. Mr. Kee was born on September 6, 1970 and resides with his wife in La Jolla, California.

### **Supervised Persons:**

The supervisory roles are a hierarchy whereas Thomas Kee supervises Scott Kyle, who in turn supervises Brian Lavoie, and both Scott and Brian supervise Andrew Hallengren. Mr. Kee observes strategy execution remotely, whereas the supervisory roles that exist between all other parties are hands on, with inter-office supervision. When necessary, Mr. Kee will also participate in hands-on supervision, but network-based supervision is most typical.

Scott G. Kyle  
Coastwise Capital Group, LLC  
888 Prospect Street, Suite 201  
La Jolla, CA 92037  
Phone: (415) 999-9033

#### **A. Item 2: Educational Background and Business Experience**

Educational Background: Scott G. Kyle holds Bachelor's degrees in Economics and International Relations from Tufts University (Sept. 1984-June 1989), a General Course Degree in International Relations from the London School of Economics (Sept. 1986-June 1987) and a MBA from Harvard University (Sept. 1991-June 1993).





Date of birth: 1966

**Business Experience:** Mr. Kyle He has over 20 years of money management experience. He is the Managing Member, Chief Executive Offer, and Chief Investment Officer of the Adviser since its formation in January 2006. Previously he was the Managing Director of G2 Capital Management, LLC (Sept. 2002-Dec. 2005).

Mr. Kyle has negotiated, performed due diligence, and consummated the purchase of equity stakes in over twelve (12) privately held businesses. As a co-founder and principal source of early stage investment funding for The Active Network, Inc., a technology and marketing solutions company for the participatory sports and recreation industry, Mr. Kyle served as CFO since its inception in January of 1998 through 2002.

During his tenure, Mr. Kyle was directly involved in raising over fifty-four million dollars (\$54,000,000) of financial and strategic capital from venture capital firms and publicly traded companies including Canaan Partners, Austin Ventures, Enterprise Partners, Deutsche Bank/Alex Brown and TicketMaster (formerly TMCS, now IACI).

In addition, he managed the successful acquisition and integration of seven companies: ActiveUSA, Inc., LeagueLink, Inc., EnterOnline, GetSetGo, Inc., eTeamz.com, Inc., Sierra Digital, Inc., and MyTeam.com, Inc. Prior to co-founding Active, Mr. Kyle was the CEO and Publishing Director for Triathlon Group North America, LLC (TGNA), the parent company of Triathlete Magazine. During his tenure, Mr. Kyle was responsible for managing the turnaround of the twenty (20) year old publication to then record growth and profitability.

From 1993 - 1997, Mr. Kyle was the Publisher at Dearborn Trade and the Director of Dearborn's International Division. As Publisher of the Trade Division, Mr. Kyle was responsible for managing a group of over sixty (60) people and a budget in excess of five million dollars (\$5,000,000) in sales. Mr. Kyle served on the parent company's Board of Directors from 1996 until the company was sold to the publicly traded Washington Post Company for over thirty-six million dollars (\$36,000,000) in 1998.

#### Item 3: Disciplinary Information

Scott Kyle (the "supervised person") has not been involved with any legal or disciplinary events material to a client's or prospective client's evaluation of the supervised person.

#### Item 4: Other Business Activities

Scott Kyle serves on the Board of Directors for Pro Player Connect Inc. Mr. Kyle's involvement with Pro Player Connect, Inc. is not substantial, is not investment related and represents less than 10% of his time and income.

#### Item 5: Additional Compensation





Scott Kyle is compensated by his activity with Pro Player Connect Inc. with a 2% equity position in the company vested over four years. Pro Player Connect Inc. is not a publicly traded company.

Item 6: Supervision

Scott Kyle is supervised by Thomas Kee.

Item 7: Requirements for State-Registered Advisers: N/A

Brian M. Lavoie  
Coastwise Capital Group, LLC  
888 Prospect Street, Suite 201  
La Jolla, CA 92037  
Phone: (415) 999-9033

Item 2: Educational Background and Business Experience

Educational Background: Brian M. Lavoie holds a Bachelor's Degree in Business Management from Providence College in Providence, Rhode Island (Sept. 1993-May1997).

Date of birth: 1975

Business Experience: Mr. Lavoie has over 13 years of experience in the finance. He is currently a financial analyst and trader at Coastwise Capital Group, LLC, where he has worked since June of 2011. His responsibilities include portfolio trading, industry and company analysis, compliance policy and procedure implementation. Mr. Lavoie has worked in mutual fund custody accounting in Boston, MA and Dublin, Ireland at Investors Bank & Trust, in mutual fund pricing and asset support at JP Morgan in Boston, MA, and in product development and product integration at Deutsche Bank Alternative Fund Services/HedgeWorks LLC in Carlsbad, CA. His prior roles include fund administration, fund custody, reconciliations, training, valuation, project management, and systems development, as well as extensive work in team management and client services.

Item 3: Disciplinary Information: Mr. Lavoie (the "supervised person") has not been involved with any legal or disciplinary events material to a client's or prospective client's evaluation of the supervised person.

Item 4: Other Business Activities:

- (A) Mr. Lavoie (the "supervised person") is not actively engaged in any investment-related business or occupation, including being registered, or having an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), or commodity trading advisor ("CTA"), nor is the supervised person an associated person of an FCM, CPO, or CTA.



- (B) Mr. Lavoie (the “supervised person”) is not actively engaged in any business or occupation for compensation not discussed in response to Item 4.(A), above, that provides a substantial source of the supervised person’s income or involves a substantial amount of the supervised person’s time.

Item 5: Additional Compensation: Mr. Lavoie (the “supervised person”) does not receive, from any non-Client, any economic benefit associated with advising Clients (such as sales awards and prizes, any bonus that is based on number or amount of sales, client referrals or new accounts, not including salary).

Item 6: Supervision: Mr. Lavoie is supervised by Mr. Kyle.

Item 7: Requirements for State-Registered Advisors: N/A

Andrew C. Hallengren  
Grunion Capital Management, LLC  
888 Prospect Street, Suite 201  
La Jolla, CA 92037  
Phone: (415) 999-9033

Item 2: Educational Background and Business Experience

Educational Background: Andrew C. Hallengren holds a Bachelor’s degree in Economics from the University of California, San Diego.

Date of birth: 1989

Business Experience: Andrew Hallengren has over two years of experience in the finance industry. He is currently an analyst at Grunion Capital Management, LLC, where he has worked since July of 2010. His responsibilities currently include trading, fundamental analysis, and risk management. Mr. Hallengren also serves as trading support on a limited basis for Coastwise Capital Group, LLC.

Item 3: Disciplinary Information: Mr. Hallengren (the “supervised person”) has not been involved with any legal or disciplinary events material to a client’s or prospective client’s evaluation of the supervised person.

Item 4: Other Business Activities

- (C) Mr. Hallengren (the “supervised person”) is not actively engaged in any investment-related business or occupation, including being registered, or having an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant (“FCM”), commodity pool operator (“CPO”), or commodity trading advisor (“CTA”), nor is the supervised person an associated person of an FCM, CPO, or CTA.



- (D) Mr. Hallengren (the “supervised person”) is not actively engaged in any business or occupation for compensation not discussed in response to Item 4.(A), above, that provides a substantial source of the supervised person’s income or involves a substantial amount of the supervised person’s time.

Item 5: Additional Compensation: Mr. Hallengren (the “supervised person”) does not receive, from any non-Client, any economic benefit associated with advising Clients (such as sales awards and prizes, any bonus that is based on number or amount of sales, client referrals or new accounts, not including salary).

Item 6: Supervision: While acting in the trade support role, Mr. Hallengren is supervised by Mr. Lavoie and Mr. Kyle of Coastwise Capital Group, LLC.

Item 7: Requirements for State-Registered Advisors: N/A

## **Randall W. Swan**

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

#### ***Randall W. Swan - President Swan Wealth Advisors***

Year of Birth: 1967

Education: University of Texas, B.S. Accounting, Master of Professional Accounting 1990

Business Background: 1990-1996 KPMG in Houston, TX, Senior Manager.

1996-Present: Swan Wealth Advisors

### **Item 3 – Disciplinary Information**

There are no legal or disciplinary actions to report on this professional.

### **Item 4 – Other Business Activities**

Randall W. Swan provides tax accounting and business consulting to clients. Mr. Swan spends approximately 100 hours per year providing these services.

### **Item 5 – Additional Compensation**

There is no additional compensation to report for this professional.

### **Item 6 – Supervision**

Thomas Kee supervises activities in the accounts Mr. Swan Manages.

### **Item 7: Requirements for State-Registered Advisors:**

N/A