

**Form ADV Part 2A: Disclosure Brochure**

**Crest Investment Partners LLC**

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This brochure provides information about the qualifications and business practices of Crest Investment Partners LLC. If you have any questions about the contents of this brochure, please contact us at 561-959-5889. 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 Crest Investment Partners LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Crest Investment Partners LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Advisory Business

### Description of Services and Fees

Crest Investment Partners LLC ("CIP") is a registered investment adviser based in Palm Beach, Florida. We are organized as a limited liability company under the laws of the State of Florida and we have been providing investment advisory services since 2011. We are principally owned by Cypress Capital Group, Inc. whose principal owner is Jayaram Chigurupati.

CIP provides model portfolio strategies, discretionary investment management services and customized advisory services as discussed below.

### Model Portfolio Strategies

CIP offers multi-asset and equity model portfolio strategies to Third Party Institutions ("Third Party Institutions"), for the Third Party Institutions to offer to their respective clients/investors.

Our multi-asset strategies are designed to target specific risk levels and/or specific objectives such as income or real wealth preservation. We employ a combination of mutual funds, separate accounts, Exchange Traded Funds, and proprietary strategies.

When selecting external investment managers, we evaluate several dimensions of performance such as past track record, investment process and investment team.

Our equity strategies are designed to exploit market inefficiencies as identified by our research.

Our model portfolio strategies are not created based on the specific investment objectives or restrictions of any person or individual and are created to be used by clients as a guide when managing their underlying clients' portfolios and accounts.

Third Party Institutions and their underlying clients are solely responsible for all investment services provided to their clients or investors, including determining suitability for any of the model portfolio strategies, recommending asset allocations and investments, purchasing and selling securities for their clients' accounts, and all other investment decisions and/ recommendations.

### Discretionary Investment Management Services

We provide discretionary investment management services where our investment advice provided is tailored to meet the needs and investment objectives of the client.

At the inception of the relationship, we will determine your investment objectives, risk tolerance and other relevant information and we will recommend an initial portfolio to you, which may be customized and/or may consist of multi-asset, equity and/or other model portfolios developed by our firm.

Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary investment management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm or trading authorization forms.

## Customized Advisory Services

CIP provides customized advisory services based on specific client mandate. Services may include but are not limited to advisory consulting services, co-advisory services and sub-advisory arrangements. Each engagement will be determined on a case-by-case basis.

## Types of Investments

Our services are based on two main portfolio products: multi-asset portfolios and equity portfolios. Multi-asset portfolios include mutual funds, Separately Managed Accounts, Exchange Traded Funds, and individual securities. Equity portfolios, consisting entirely of individual securities, span different styles and market capitalizations globally. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) or that CIP may consider for inclusion in particular models by providing our firm with your restrictions and guidelines in writing.

## Assets Under Management

As of March 21, 2012, we managed \$5,448,421 in client assets on a discretionary basis.

## Item 5 Fees and Compensation

CIP's fee for investment advisory services is based upon the percentage of the value of clients' assets invested in a particular portfolio strategy as stated below and is generally charged quarterly or monthly in arrears.

| Strategy               | Annual Fee  |
|------------------------|-------------|
| Multi-Asset Portfolios | .20% - .50% |
| Equity Portfolios      | .30% - .70% |

Our investment advisory fees are negotiable. In some cases, fees may be higher than those stated above, depending on the scope and complexity of the services provided.

In lieu of and/or in combination with an asset based fee, we may also charge performance based fees to "qualified clients" who are generally persons or entities having a net worth of more than \$2 million or at least \$1 million under management immediately after entering into the advisory agreement. Our performance based fee arrangements are negotiable and may be payable upon achievement of any performance over an agreed upon benchmark, may be payable only if a specific threshold of performance is reached or other formula.

For customized advisory services, our fees and fee-paying arrangements are negotiated on a case-by-case basis depending on the scope and complexity of the services provided.

We will send you an invoice for the payment of our advisory fee, or the custodian of your account will directly debit our fee from your account. The custodian will deduct our advisory fee only when you have given written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

Each Third Party Institution is required to provide us with periodic written reports that reflect the amount of assets invested in accordance with the allocation of each portfolio/strategy.

Clients may have the right to terminate their agreements with CIP in accordance with notice provisions included in client agreements and under the specific circumstances contained in the agreements. Upon termination of an agreement, clients will be charged fees on a pro rata basis based upon the number of days in the quarter or month, as applicable, for which advisory services were provided. In the event there are any pre-paid unearned fees, they will be refunded on a pro rata basis based on the portion of the work performed or the number of days in the month or quarter for which you were a client.

### **Additional Fees and Expenses**

We may invest, or recommend that you invest, in mutual funds and exchange traded funds. Our fees for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Transaction charges and/or brokerage fees are incurred when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom transactions are executed. To fully understand the total costs, the fees charged by mutual funds, exchange traded funds, our firm, and others should be reviewed.

We may recommend unaffiliated Third Party Advisers ("TPAs") to manage a portion of your account. You will receive full disclosure of the TPA's services, fees and other relevant information at the inception of the relationship by way of the Manager's disclosure document. Fees charged by TPAs are separate and apart from the advisory fees charged by the Firm

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

We may charge performance-based fees to "qualified clients" as described above. Performance-based fees are fees based on a share of capital gains or capital appreciation.

We may provide advisory services to clients that are charged performance-based fees while at the same time providing advisory services to clients (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management may create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees may create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews portfolios to ensure that investments are suitable according to the client's investment strategy.

Performance based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities, to clients who are charged performance-based fees over clients who are charged asset based fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

## Item 7 Types of Clients

CIP provides investment advisory services to various types of clients including individuals, pension and profit sharing plans, trusts, institutions, corporations and other business entities.

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

### Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice:

**Fundamental Analysis** - Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The primary risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Quantitative Analysis** - Quantitative analysis involves examination of historical returns, current and historical holdings and qualitative assessment of the management team, investment process and corporate structure.

### Equity Strategies

For equity portfolios, we employ a combination of fundamental and quantitative analysis. We identify fundamental factors (stocks' attributes) that have displayed ability to predict future returns and that we believe will continue to do so. Our fundamental analysis and insights are captured in a disciplined, rule-based portfolio process.

Our equity strategies may display greater volatility than the overall market as they tend to be concentrated portfolios of 30-60 stocks. These strategies rely on historically estimated and empirically tested relationships between stocks attributes (alpha factors) and future returns. Potential erosion of factors' predictive power may result in below-expectation portfolio performance.

### Multi-Asset Strategies

For multi-asset portfolios, we employ a combination of quantitative and qualitative analysis. Extensive historical simulations drive our strategic asset allocation process. We employ optimization tools such as mean-variance and Black-Litterman methods to construct efficient portfolios. In selecting Exchange Traded Funds, we consider various factors such as costs, liquidity, structure and sponsor. In selecting mutual funds, we evaluate patterns of historical performance, risk characteristics, fees and management quality.

Multi-asset portfolios may invest in more volatile asset classes such as high yield bonds, emerging market bonds and equities, commodities and small-cap stocks. Mutual funds entail "manager risk": The risks associated with ineffective, destructive or underperforming management, which hurts shareholders and the company or fund being managed.

### Risk of Loss

Investing in securities involves risk of loss. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate from losses due to market corrections or declines. We cannot offer any guarantees or promises that financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## Item 9 Disciplinary Information

Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

We are owned by Cypress Capital Group, Inc. a registered investment adviser and we are under common control with Cypress Trust Company, a State of Florida chartered Trust Company. The services provided by and fees charged by Cypress Capital Group and Cypress Trust Company are separate and apart from those of CIP. In some circumstances clients of the firm may also be clients of Cypress Capital Group, Inc. and/or Cypress Trust Company Inc and we may recommend the services of our affiliated companies. You are under no obligation to use the services of either Cypress Capital Group, Inc. and/or Cypress Trust Company and lower fees for comparable services may be available elsewhere.

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

### Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information.

A copy of our Code of Ethics is available by contacting us at the telephone number on the cover page of this brochure.

### Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### Personal Trading Practices

From time to time, persons associated with CIP may buy or sell securities that are held in the portfolios recommended and/or managed by our firm. It is our firm's policy that associated persons shall not have priority over any client in the purchase or sale of securities.

## Item 12 Brokerage Practices

For investment management services, we routinely recommend that you direct our firm to execute transactions through the broker-dealer of your choice. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

In some cases, we may recommend a broker-dealer custodian for custodial and brokerage services, however, the responsibility to choose one remains with you. We may recommend the services of a variety of custodians.



We believe that custodians we recommend provide quality execution services at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the custodian, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients.

### **Research and Other Soft Dollar Benefits**

We do not receive any additional brokerage products or services ("soft dollars") from any broker-dealer, however our affiliates Cypress Capital Group and/or Cypress Trust Company may receive research and/or brokerage products and services from broker-dealers custodians, which we recommend to clients. The receipt of such products/services may influence our decision to recommend some broker-dealers over others.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Block Trades**

We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). If we engage in block trading, we will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

In the event orders are not block-traded, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

## **Item 13 Review of Accounts**

Massimo Santicchia and/or Katherine Gallagher, Members of the Firm, monitor and review portfolios on an ongoing basis and, as necessary/applicable, rebalance, reallocate and/or recommend changes to the recommended asset allocation, securities, and/or substitute securities in the portfolios.

We may provide quarterly performance reports to certain clients.

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

We directly compensate non-employee (outside) consultants, individuals, and/or entities ("solicitors") for client referrals. If clients are referred by a solicitor, the solicitor will provide the client a copy this Disclosure Brochure along with a solicitor's Disclosure Statement at the time of the referral. If you become a client, the person that referred you to our firm will receive a percentage of our advisory fee for as long as you are a client with our firm or until the solicitor's agreement is terminated. Clients will not pay additional fees because of this referral arrangement. Referral fees paid to the solicitor are contingent upon the client entering into an advisory agreement with our firm. Therefore, the person making the referral has a financial incentive to recommend our firm for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

We have also entered into contractual arrangements with some employees under which the employee receives compensation from our firm for the establishment of new client relationships. Clients will not be charged additional fees based on this compensation arrangement.

## **Item 15 Custody**

While we generally invoice clients for fees, as paying agent for our firm, your independent custodian may directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

## **Item 16 Investment Discretion**

If you retain our firm for investment management services you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms granting our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

We will not provide any advice on proxies for securities in model portfolios. In most cases, proxy materials are forwarded to account holders by the account custodian. For investment management clients, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonable likely to impair our ability to meet our contractual commitments to clients

## **Item 19 Registration Requirements for State Registered Investment Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## Item 20 Additional Information

### **Privacy**

CIP views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, we have instituted policies and procedures to ensure that customer information is kept private and secure.

CIP does not disclose any nonpublic personal information about its customers or former customers to any non-affiliated third parties, except as permitted by law.

CIP restricts internal access to nonpublic personal information about clients to those employees who need to know that information in order to provide products or services to the client. As emphasized above, it has always been and will always be CIP's policy never to sell information about current or former customers to anyone. It is also the Firm's policy not to share information unless necessary to provide services, at the request of a customer, or as required by law.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.