

**Item 1: Cover Sheet**

**PART 2A OF FORM ADV:  
INFORMATIONAL BROCHURE**

**FERRIS CAPITAL, LLC**  
325 Donald Lynch Blvd  
Suite 200  
Marlborough, MA 01752

David Ferris  
508-281-5200

**October 12, 2012**

**This brochure provides information about the qualifications and business practices of Ferris Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 508-281-5200. 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. Ferris Capital, LLC is a registered investment adviser. Registration does not imply any certain level of skill or training.**

**Additional information about Ferris Capital, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2: Statement of Material Changes**

Ferris Capital, LLC is seeking registration as an investment adviser with the United States Securities and Exchange Commission. This is its first ADV Part 2.

### Item 3: Table of Contents

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## INFORMATIONAL BROCHURE

### FERRIS CAPITAL, LLC

#### **Item 4: Advisory Business**

Ferris Capital, LLC has been in business since September, 2012. David Ferris, the firm's only principal, has 15 years experience in the business of providing investment advice to clients.

Ferris Capital, LLC provides personalized financial planning and/or investment management services. Clients advised may include individuals, trusts, foundations, and corporations.

##### Financial Planning

In most cases, the client will supply to Ferris Capital information including income, investments, savings, insurance, age and many other items that are helpful to the firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, we will discuss your financial needs and goals with you, and compare your current financial situation with the goals you state. Once these are compared, we will create a financial and/or investment plan to help you meet your goals.

The plan is intended to be a suggested blueprint of how to meet your goals. Not every plan will be the same for every client. Each one is specific to the client who requested it. Because the plan is based on information supplied by you, it is very important that you accurately and completely communicate to us the information we need. Also, your circumstances and needs may change as your engagement with us progresses. It is very important that you continually update us with any changes so that if the updates require changes to your plan, we can make those changes. Otherwise, your plan may no longer be accurate.

##### Asset Management

Ferris Capital requires each client to place at least \$1,000,000 with the firm. This minimum may be waived in the discretion of Ferris Capital.

Asset management services may be provided on a "discretionary" basis. When Ferris Capital is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You will receive written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive quarterly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and Ferris Capital.

For some clients, Ferris Capital may include certain transactional costs in the client's management fee. Fees included in the wrap fee include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, mark-ups and mark-downs, spreads, odd-lot differentials, fees charged by regulatory agencies, and any transaction fees for securities trades executed by a broker-dealer other than Schwab Advisor Services. Because Ferris Capital will be managing the assets of wrap fee program clients the same way as other non-wrap fee program clients, the use of external portfolio managers is expected to be limited. Therefore, there is no difference between how Ferris Capital manages wrap free accounts and how Ferris Capital manages other accounts. Any fees due to another portfolio manager will be paid by the client.

Because of the nature of a wrap fee program, the wrap fee program client may pay more or less than if the client had compensated Ferris Capital Management outside of the wrap fee program. For example, if a client's account is rarely traded, the transaction fees the client would have paid would be minimal, thus limiting the benefits of "wrapping" management fees and transaction fees. Ferris Capital receives a portion of the wrap fee for our services. Because Ferris Capital will be compensated the same amount whether an account participating in the wrap program is traded or not, we have a financial incentive to avoid trading the account. This creates a conflict of interest between the firm and its wrap clients. Ferris Capital attempts to mitigate this conflict by requiring that the firm's employees acknowledge their fiduciary duty to place client interests ahead of their own and by periodically comparing wrap program client performance against any clients who are not in the wrap program.

Ferris Capital will receive no additional compensation for offering the wrap fee program.

Clients should refer to the accompanying Wrap Brochure.

#### Out of Scope Consulting

From time to time, Ferris Capital may be engaged to perform consulting outside the scope of traditional financial planning or asset management services. Consulting topics by their nature may vary greatly, but may include discussions regarding a client's business, real estate or other personal assets. Clients who engage Ferris Capital to provide such consulting services will generally be required to execute a Consulting Agreement.

### **Item 5: Fees and Compensation**

#### **A. Fees Charged**

All clients will be required to execute a written agreement that will describe the type of services to be provided and the fees, among other items.

#### Financial Planning

Financial planning fees can be hourly, fixed fee basis, or included with asset management services. Our hourly charge is \$400 per hour. Fixed fees will be between \$2,500 and \$20,000. The fee range stated is a guide. Fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable, and will depend on the anticipated complexity of your plan.

## Asset Management

Generally, fees vary from 0.25% to 2.00% per annum of the market value of a client's assets managed by Ferris Capital. The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors.

## Consulting

Consulting fees can be hourly, fixed fee basis, or included with asset management services. Our hourly charge is \$400 per hour. Because of the varied nature of consulting services, fixed fees will vary greatly, but generally between \$500 and \$10,000. The fee range stated is a guide. Fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable, and will depend on the anticipated complexity of the services to be provided.

### B. Fee Payment

Fees for financial planning and/or consulting will be billed to each client. If the client terminates the agreement prior to completion of the services, any unearned fees will be returned to the client.

Investment advisory fees will be deducted directly from each client's account. The advisory fee is paid quarterly in arrears based upon the average daily balance of your managed assets for the prior quarter. This means that if your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00% then divide by 4 to calculate our fee. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to Ferris Capital.

### C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. You will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. Ferris Capital can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Section 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

### D. *Pro-rata* Fees

If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will pay a management fee for the portion of the quarter during which you were a client. Because payment is in arrears, unearned fees will be unlikely, if not impossible, but in the event there are any fees ever collected in advanced and you terminate, because they are earned, we will refund the unearned fees to you in whatever way you direct (check, wire back to your account).

E. Compensation for the Sale of Securities.

Certain professionals of Ferris Capital are registered representatives of Purshe Kaplan Sterling Investments ("PKS"), a FINRA member broker-dealer. Because PKS supervises the activities of these professionals as registered representatives of PKS, the relationship may be deemed material. However, PKS is not affiliated with Ferris Capital or considered a related party. PKS does not make investment decisions for client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of variable annuity products, including those he recommends to clients. Commissions charged for these products will not offset management fees owed to Ferris Capital.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with Ferris Capital. Ferris Capital attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

**Item 6: Performance-Based Fees.**

Ferris Capital will not charge performance based fees.

**Item 7: Types of Clients.**

Clients advised may include individuals, trusts, foundations, and corporations.

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

It is important for you to know and remember that all investments carry risks. Investing in securities involves risk of loss that clients should be prepared to bear.

Each client's portfolio will be invested according to that client's investment objectives. We determine these objectives by interviewing the client and/or asking the client to put these objectives in writing. Once we ascertain your objectives for each account, we will develop a set of asset allocation guidelines. An asset allocation strategy is a percentage-based allocation to different investment types. For example, a client may have an asset allocation strategy that calls for 40-60% of the portfolio to be invested in equity securities, with 20% of that allocated to international equities and the remaining balance in fixed income. Another client may have an asset allocation of 50-60% in fixed income securities and the remainder equities. The percentages in each type that we recommend are based on the typical behavior of that security type, individual securities we follow, current market conditions, your current financial situation, your financial goals, and the timeline to get you to those goals. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client's. Once we agree on allocation guidelines, risk tolerance, time horizon, and how to achieve these results, we will develop a

written investment policy statement to guide all parties involved in the execution of these goals, including but not limited to, Ferris Capital, the client, the custodian, and the investment managers.

Upon execution of the investment policy statement, we will periodically recommend securities transactions in your portfolio to meet the guidelines of the asset allocation strategy. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

The specific securities we recommend for your account will depend on market conditions and our research at the time. Generally, we recommend a mix of mutual funds, index funds, exchange traded funds, stocks, bonds and options. Specific funds are chosen based on where its investment objective fits into the asset allocation recommended by Ferris Capital, its risk parameters, past performance, peer rankings, fees, expenses, and any other aspects of the fund Ferris Capital deems relevant to that particular fund. We base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses. We will also utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future.

There are always risks to investing. Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear. It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that Ferris Capital may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. Ferris Capital endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Risks Related to Investment Term.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but



its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.

- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Risks specific to sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.
- **Short Sales.** “Short sales” are a way to implement a trade in a security Ferris Capital feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. Ferris Capital utilizes short sales only when the client’s risk tolerances permit.

**Item 9:                   Disciplinary Information**

None to report.

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

Ferris Capital does not have any relationships, nor do any of its related persons, with other financial industry entities.

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

- A.       A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.
- B.       Not applicable. Ferris Capital does not recommend to clients that they invest in any security in which Ferris Capital or any principal thereof has any financial interest.
- C.       On occasion, an employee of Ferris Capital may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one’s own account. To avoid placing a trade before a client (in the case of a purchase) or after a client

(in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of Ferris Capital may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12: Brokerage Practices**

### **A. Recommendation of Broker-Dealer**

Ferris Capital recommends that investment accounts be held in custody by Schwab Advisor Services ("Schwab"). Schwab offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Schwab is wholly independent from Ferris Capital. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

Ferris Capital recommends Schwab to its clients based on a variety of factors. These include, but are not limited to, commission costs. Schwab has what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. Schwab adds value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. Schwab also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). Schwab has the highest market share of investment adviser business which makes them the most experienced in matters likely to arise for our clients. Ferris Capital re-evaluates the use of Schwab at least annually to determine if they are still the best value for our clients.

Schwab provides us with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Such non-cash benefits are referred to as "soft dollars". Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, Ferris Capital will determine a reasonable allocation of investment to non-investment use and soft dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). Ferris Capital receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause us, or another adviser, to want to place

more client accounts with a broker-dealer/custodian such as Schwab, solely because of these added benefits. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received via soft dollars will generally be used for the benefit of all clients. However, it is possible that a given client's trades will generate soft dollars that acquire products and/or services that are not ultimately utilized for that same client's account. Soft dollars provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to Ferris Capital as part of our evaluation of these broker-dealers.

**B. Aggregating Trades**

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example,  $\frac{1}{4}$  of a share, or a position in the account of less than 1%.)

**Item 13: Review of Accounts**

All accounts will be reviewed by a senior professional on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

All clients will receive a quarterly report from Ferris Capital. This report will include valuations as of the end of each quarter and current asset allocations.

We encourage you to compare the information on your quarterly report prepared by Ferris Capital against the information in the statements provided directly from Schwab and alert us of any discrepancies.

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

Not currently applicable.

**Item 15: Custody**

Ferris Capital deducts fees from client accounts, but would not have custody of client funds otherwise. Clients will receive statements directly from Schwab, and copies of all trade confirmations directly from Schwab.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by Ferris Capital

against the information in the statements provided directly from Schwab. Please alert us of any discrepancies.

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

Asset management services may be provided on a “discretionary” basis. When Ferris Capital is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and Ferris Capital.

We generally recommend that clients utilize Schwab Advisor Services to act as the broker-dealer/custodian for their accounts. However, the client may use another broker-dealer if the client wishes to do so. Ferris Capital will not, however, direct trades through another broker-dealer aside from Schwab Advisor Services in exchange for any sort of fee-sharing or commission-splitting

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

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. Ferris Capital will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. Ferris Capital will not give clients advice on how to vote proxies.

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

Ferris Capital does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.

**Item 1:           Cover Sheet**

**PART 2B OF FORM ADV:**

**BROCHURE SUPPLEMENT**

**David Ferris**  
FERRIS CAPITAL, LLC  
325 Donald Lynch Blvd  
Suite 200  
Marlborough, MA 01752  
508-281-5200

**October 12, 2012**

**This Brochure Supplement provides information about David Ferris that supplements the Ferris Capital LLC Brochure. You should have received a copy of that Brochure. Please contact David Ferris at the number above if you did not receive Ferris Capital, LLC's Brochure or if you have any questions about the contents of this supplement. Ferris Capital, LLC is a registered investment adviser. Registration does not imply any certain level of skill or training.**

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

**Item 2: Educational Background and Business Experience**

**David Ferris**

**Born: 1970**

**EDUCATION:**

B.A., Boston College, 1990

J.D., Loyola University at New Orleans School of Law, 1993

**BUSINESS EXPERIENCE:**

Ferris Capital, LLC

Managing Member, 10/2012 – present

Bank of America

Representative

12/2009 -- 03/2012

Ferris Development Group

Owner

09/2000 – Present

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Representative

09/2002– 03/2012

Thomas Weisel Partners LLC

Representative

03/2000 – 09/2002

**Item 3: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for Mr. Ferris.

**Item 4: Other Business Activities**

Registered investment advisers are required to disclose all material facts regarding any investment related outside business activity. No information is applicable to this Item for Mr. Ferris.

David Ferris is a registered representative of Purshe Kaplan Sterling Investments (“PKS”), a FINRA member broker-dealer. Because PKS supervises Mr. Ferris activities as a registered representative of PKS, the relationship may be deemed material. However, PKS is not affiliated with Ferris Capital or considered a related party. PKS does not make investment decisions for client accounts. Mr. Ferris’ status as a registered representative enables Mr. Ferris to receive customary commissions for the sales of various products, including variable annuity products. Mr. Ferris may receive such a commission on the sale of a product he recommends to clients.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with Ferris Capital. Ferris Capital attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

#### **Item 5: Additional Compensation**

David Ferris is a registered representative of Purshe Kaplan Sterling Investments (“PKS”), a FINRA member broker-dealer. Because PKS supervises Mr. Ferris’ activities as a registered representative of PKS, the relationship may be deemed material. However, PKS is not affiliated with Ferris Capital or considered a related party. PKS does not make investment decisions for client accounts. Mr. Ferris’ status as a registered representative enables Mr. Ferris to receive customary commissions for the sales of various products, including variable annuity products. Mr. Ferris may receive such a commission on the sale of a product he recommends to clients.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with Ferris Capital. Ferris Capital attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

#### **Item 6: Supervision**

Mr. Ferris is the firm’s only principal, and as such has no direct supervisor. However, all employees of Ferris Capital are required to follow the supervisory guidelines and procedures manual which is designed to ensure compliance with securities laws in the states where Ferris Capital are registered.

## **FERRIS CAPITAL, LLC**

### **PRIVACY NOTICE**

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

#### **INFORMATION WE COLLECT**

FERRIS CAPITAL, LLC must collect certain personally identifiable financial information about its clients to ensure that it offers the highest quality financial services and products. The personally identifiable financial information which we gather during the normal course of doing business with you may include:

1. information we receive from you on applications or other forms;
2. information about your transactions with us, our affiliates, or others;
3. information collected through an Internet "cookie" (an information collecting device from a web server); and
4. information we receive from a consumer reporting agency.

#### **INFORMATION WE DISCLOSE**

We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as permitted by law. We do not disclose your personal information to any third party for the purpose of allowing that party to market other products to you. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

#### **CONFIDENTIALITY AND SECURITY**

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.



**Item 1: Cover Sheet**

**PART 2A APPENDIX 1 OF FORM ADV:**

**WRAP FEE PROGRAM BROCHURE**

FERRIS CAPITAL, LLC  
325 Donald Lynch Blvd  
Suite 200  
Marlborough, MA 01752

David Ferris  
508-281-5200

**October 12, 2012**

**This wrap fee program brochure provides information about the qualifications and business practices of Ferris Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 508-281-5200. Information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Ferris Capital, LLC is a registered investment adviser. Registration does not imply any certain level of skill or training.**

**Additional information about Ferris Capital, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2: Statement of Material Change**

Ferris Capital, LLC is a new investment adviser, and this is the first wrap fee program brochure for the firm. Therefore, there are no material changes.

### Item 3: Table of Contents

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## INFORMATIONAL BROCHURE

### WRAP FEE PROGRAM

### FERRIS CAPITAL, LLC

#### **Item 4            Services, Fees and Compensation**

Ferris Capital, LLC has been in business since September, 2012. David Ferris is the firm's only principal.

Ferris Capital, LLC provides personalized financial planning and/or investment management services. Clients advised may include individuals, trusts, foundations, and corporations.

#### Financial Planning

In most cases, the client will supply to Ferris Capital information including income, investments, savings, insurance, age and many other items that are helpful to the firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, we will discuss your financial needs and goals with you, and compare your current financial situation with the goals you state. Once these are compared, we will create a financial and/or investment plan to help you meet your goals.

The plan is intended to be a suggested blueprint of how to meet your goals. Not every plan will be the same for every client. Each one is specific to the client who requested it. Because the plan is based on information supplied by you, it is very important that you accurately and completely communicate to us the information we need. Also, your circumstances and needs may change as your engagement with us progresses. It is very important that you continually update us with any changes so that if the updates require changes to your plan, we can make those changes. Otherwise, your plan may no longer be accurate.

#### Asset Management

Ferris Capital requires each client to place at least \$1,000,000 with the firm. This minimum may be waived in the discretion of Ferris Capital.

Asset management services may be provided on a "discretionary" basis. When Ferris Capital is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You will receive written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive quarterly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and Ferris Capital.

For some clients, Ferris Capital may include certain transactional costs in the client's management fee. Fees included in the wrap fee include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, mark-ups and mark-downs, spreads, odd-lot differentials, fees charged by regulatory agencies, and any transaction fees for securities trades executed by a broker-dealer other than Schwab Advisor Services. Because Ferris Capital will be managing the assets of wrap fee program clients the same way as other non-wrap fee program clients, the use of external portfolio managers is expected to be limited. Therefore, there is no difference between how Ferris Capital manages wrap free accounts and how Ferris Capital manages other accounts. Any fees due to another portfolio manager will be paid by the client.

Because of the nature of a wrap fee program, the wrap fee program client may pay more or less than if the client had compensated Ferris Capital Management outside of the wrap fee program. For example, if a client's account is rarely traded, the transaction fees the client would have paid would be minimal, thus limiting the benefits of "wrapping" management fees and transaction fees. Ferris Capital receives a portion of the wrap fee for our services. Because Ferris Capital will be compensated the same amount whether an account participating in the wrap program is traded or not, we have a financial incentive to avoid trading the account. This creates a conflict of interest between the firm and its wrap clients. Ferris Capital attempts to mitigate this conflict by requiring that the firm's employees acknowledge their fiduciary duty to place client interests ahead of their own and by periodically comparing wrap program client performance against any clients who are not in the wrap program.

Ferris Capital will receive no additional compensation for offering the wrap fee program.

Clients should refer to the accompanying Wrap Brochure.

#### Out of Scope Consulting

From time to time, Ferris Capital may be engaged to perform consulting outside the scope of traditional financial planning or asset management services. Consulting topics by their nature may vary greatly, but may include discussions regarding a client's business, real estate or other personal assets. Clients who engage Ferris Capital to provide such consulting services will generally be required to execute a Consulting Agreement.

#### F. Fees Charged

All clients will be required to execute a written agreement that will describe the type of services to be provided and the fees, among other items.

#### Financial Planning

Financial planning fees can be hourly, fixed fee basis, or included with asset management services. Our hourly charge is \$400 per hour. Fixed fees will be between \$2,000 and \$25,000. The fee range stated is a guide. Fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable, and will depend on the anticipated complexity of your plan.

## Asset Management

Generally, fees vary from 0.25% to 2.00% per annum of the market value of a client's assets managed by Ferris Capital. The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors.

## Consulting

Consulting fees can be hourly, fixed fee basis, or included with asset management services. Our hourly charge is \$400 per hour. Fixed fees will be between \$2,000 and \$25,000. The fee range stated is a guide. Fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable, and will depend on the anticipated complexity of the services to be provided.

### G. Fee Payment

Fees for financial planning and/or consulting will be billed to each client. If the client terminates the agreement prior to completion of the services, any unearned fees will be returned to the client.

Investment advisory fees will be deducted directly from each client's account. The advisory fee is paid quarterly in arrears based upon the average daily balance of your managed assets for the prior quarter. This means that if your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00% then divide by 4 to calculate our fee. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to Ferris Capital.

### H. Other Fees

For some clients, Ferris Capital may include certain transactional costs in the client's management fee. Fees included in the wrap fee include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, mark-ups and mark-downs, spreads, odd-lot differentials, fees charged by regulatory agencies, and any transaction fees for securities trades executed by a broker-dealer other than Schwab Advisor Services. Because Ferris Capital will be managing the assets of wrap fee program clients the same way as other non-wrap fee program clients, the use of external portfolio managers is expected to be limited. Therefore, there is no difference between how Ferris Capital manages wrap fee accounts and how Ferris Capital manages other accounts. Any fees due to another portfolio manager will be paid by the client.

### I. *Pro-rata* Fees

If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will pay a management fee for the portion of the quarter during which you were a client. Because payment is in arrears, unearned fees will be unlikely, if not impossible, but in the event there are any fees ever collected in advance and you terminate, we will refund the unearned fees to you in whatever way you direct (check, wire back to your account).

J. Compensation for the Sale of Securities.

Certain professionals of Ferris Capital are registered representatives of Purshe Kaplan Sterling Investments ("PKS"), a FINRA member broker-dealer. Because PKS supervises the activities of these professionals as registered representatives of PKS, the relationship may be deemed material. However, PKS is not affiliated with Ferris Capital or considered a related party. PKS does not make investment decisions for client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of variable annuity products, including those he recommends to clients. Commissions charged for these products will not offset management fees owed to Ferris Capital.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with Ferris Capital. Ferris Capital attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

**Item 5 Account Requirements and Types of Clients**

Clients advised may include individuals, trusts, foundations, and corporations.

**Item 6 Portfolio Manager Selection and Evaluation**

The wrap fee program offered by Ferris Capital is sponsored by the firm, and does not include the fees paid to any third party portfolio manager. The only fees covered under the wrap fee program are transaction fees associated with the purchase and sale of securities in an account managed by Ferris Capital. All client accounts managed by Ferris Capital, including wrap fee program clients, are managed with similar processes, although account recommendations may differ. Any fees paid to a third party portfolio manager, if such a manager is recommended, is not included in the wrap fee program. If a third party manager is utilized, only the client information required for the manager to manage the account will be provided to the manager. Ferris Capital will communicate with any such manager at least quarterly, and provide such information to the clients (including wrap fee clients).

**Item 7 Client Information provided to Portfolio Managers**

Please see response to Item 6, above.

**Item 8 Client Contact with Portfolio Managers**

Clients may contact any third party manager at any time.

**Item 9 Additional Information**

A. Disciplinary Information: None to report.

## B. Code of Ethics

A copy of our Code of Ethics is available upon request.

On occasion, an employee of Ferris Capital may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## C. Review of Accounts

All accounts will be reviewed by a senior professional on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

All clients will receive a quarterly report from Ferris Capital. This report will include valuations as of the end of each quarter and current asset allocations.

We encourage you to compare the information on your quarterly report prepared by Ferris Capital against the information in the statements provided directly from Schwab and alert us of any discrepancies.

## D. Client Referrals and Other Compensation

Not currently applicable.

## E. Financial Information

Ferris Capital does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.